PARLIAMENTARY DEBATES

(HANSARD)

SIXTH SERIES—VOLUME 478 (Part 1)

HOUSE OF COMMONS

OFFICIAL REPORT

THIRD SESSION OF THE FIFTY-FOURTH PARLIAMENT
OF THE UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND
FIFTY-SEVENTH YEAR OF THE REIGN OF
HER MAJESTY QUEEN ELIZABETH II

SESSION 2007–2008

COMPRISING PERIOD
23 June 2008—10 July 2008

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THE PARLIAMENTARY DEBATES

OFFICIAL REPORT

IN THE THIRD SESSION OF THE FIFTY-FOURTH PARLIAMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND
[WHICH OPENED 11 MAY 2005]

FIFTY-SEVENTH YEAR OF THE REIGN OF
HER MAJESTY QUEEN ELIZABETH II

SIXTH SERIES **VOLUME 478**

TWELFTH VOLUME OF SESSION 2007-2008

House of Commons

Monday 23 June 2008

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

CULTURE, MEDIA AND SPORT

The Secretary of State was asked—

Swimming

1. **Mr. Michael Jack** (Fylde) (Con): If he will make a statement on his Department's policy to increase public participation in swimming [212566]

The Secretary of State for Culture, Media and Sport (Andy Burnham): The Secretary of State for Health and I have today written to all Members of the House following the announcement that we made on 6 June of a £142 million fund to help local authorities in England to offer free swimming to people aged over 60 and under 16, in support of a longer-term ambition to offer free swimming for all by 2012.

Mr. Jack: I welcome what the Secretary of State will confirm in writing to us. I was about to buy a new pair of swimming trunks, when I realised that in the borough of Fylde, the problem would not be accessing a swimming pool. The financially hard-pressed borough is committed to closing one of its two municipal pools. The borough is not isolated in the pressures it experiences in maintaining publicly available swimming facilities. In pursuance of the answer that the Secretary of State has just given, may I ask whether the right hon. Gentleman will work with the Local Government Association to investigate the financial pressures that hard-pressed district councils such as mine face in maintaining their swimming facilities?

Andy Burnham: I thank the right hon. Gentleman for his question. I should not want to dissuade him from purchasing his swimming trunks—we want to get as many people active as possible in time for 2012. Local authorities must make a judgment about providing enough pools for the local population. His council must take its own decisions on that. The scheme that I announced gives incentives to councils that are prepared to do the most to make swimming more accessible to people, including giving them the opportunity to access capital funding to support their swimming pool stock. I hope that he will talk to Conservative colleagues on his local council so that they can come up with proposals to get more people into pools, rather than let them decline, ensuring that more people are active in time for the Olympic games.

Mr. Ian McCartney (Makerfield) (Lab): I welcome the announcement by my right hon. Friend. In 2005, Wigan metropolitan borough council—a Labour borough—introduced free swimming for under-16s, and in the following year it did the same for the over-60s. There have already been some 300,000 free swims, and tens of thousands of young and older people are taking up sport and leisure for the first time. In April 2009, the scheme is to be extended to all citizens of the borough. As a consequence, we will improve health opportunities for all in sport, and people like me will start swimming rather than end up having triple heart bypasses to save their lives.

Andy Burnham: I say to my good friend and neighbour that the Wigan scheme was very much the inspiration for the policy that we announced a few weeks ago. As he

rightly says, it is popular and it gets people active. That is the best use of public money in my view—getting people healthy and happy, and getting them out of their homes to lead an active and independent life. My right hon. Friend puts it so well; I am proud that Wigan is one of the first councils that want to make swimming universally free by next year. I hope that will set a path for others to follow. He is right to say that in the long term the policy can relieve pressure on the national health service, and social services, too.

Mr. Adrian Sanders (Torbay) (LD): When will the funds allowing people to claim for maintenance or capital projects be available, and will a community-owned and run pool be able to apply to access that fund?

Andy Burnham: The hon. Gentleman is right to say that there are different models of swimming provision throughout the country, and in some cases community organisations own swimming pools. The idea is that the council is in the driving seat. We want councils to make swimming as available as possible and to remove the barriers. Whatever people say, for many families throughout the country, entry charges are still a significant barrier to going to the pool. We will announce more details before the summer recess, but the hon. Gentleman makes a good point. We want to be as flexible as possible in helping councils throughout the country come with us on this journey of removing entry charges for swimming.

Mrs. Ann Cryer (Keighley) (Lab): Is my right hon. Friend aware that Conservative-led Bradford district council proposes the closure of four swimming pools in the district? I have a letter from a constituent of mine at Oxenhope, in which she says:

"I am writing to voice my dismay about the proposed closure of four of our local swimming pools."

That includes Bingley, which is in the constituency of the hon. Member for Shipley (Philip Davies), but the lady who has written to me is my constituent. She has been taking her daughter for swimming lessons for the past 30 weeks, and if the pool closes, they will cease. Will my right hon. Friend make representations to Bradford and persuade it not to close those pools?

Andy Burnham: I have been concerned about some of the local plans in Bradford and the area, where, it has been brought to my attention, five pools were earmarked for closure. The whole idea of the scheme is to stop councils managing a process of decline in swimming—in pools, stock and use—and get them thinking more positively about the contribution that swimming can make to people's sense of well-being, happiness and activity. I have made the judgment that swimming is universally popular—something that everyone can imagine themselves doing and that different generations of families can do together. I believe that, if councils take a positive view of the contribution that swimming can make to managing other costs, they will reach different decisions. However, I am happy to talk to my hon. Friend and other colleagues about pursuing those discussions locally.

Mr. Jeremy Hunt (South-West Surrey) (Con): I have a simple question: will the swimming offer be funded by the lottery?

Andy Burnham: A range of Departments contributed to the fund. The Departments for Work and Pensions, for Children, Schools and Families and for Communities and Local Government and the Department of Health came together and contributed to the fund that the Department for Culture, Media and Sport had initiated and to which we, too, have contributed.

Mr. Hunt: And the lottery?

Andy Burnham: Will the hon. Gentleman hear me out? The Departments' contributions make an important statement about the way in which the Government can collectively pursue a positive policy that will have an impact on people throughout the country.

Let us have the discussion: if people think that the policy is the right way to go and that we should develop it further, I personally believe that that sort of activity would be a good use of lottery funds because it gives something back to everybody. However, the fund that I described is drawn from the Departments that I mentioned and will show that not only people who work in sport but the wider public endorse that way of working.

Mr. Hunt: I am not sure whether the Secretary of State appreciates the significance of what he has said. In January, his predecessor gave a categorical assurance in the House that there would be no more lottery raids to fund Government Olympic budget miscalculations. Yet the Secretary of State claims that the lottery would be a good source of money, and the Under-Secretary said in a parliamentary answer last week that he would discuss with Sport England a lottery contribution this summer. When will Ministers leave the lottery alone and stop using it to fund Government Olympic budget incompetence?

Andy Burnham: It is amazing that the shadow Secretary of State can come to the House and try to proclaim as a bad news story an unprecedented announcement to take promoting physical activity to a different level. Five Departments are lining up behind that initiative, and that sends an incredibly positive signal to those who work in sport and to councils.

Mr. Hunt: Plus the lottery?

Andy Burnham: I said quite clearly that the lottery has not contributed to the fund that I have assembled. I said that I was open minded about whether it could have a role if we wanted to take the initiative further, but it is wrong of the hon. Gentleman to mix up the £9.3 billion Olympic budget with the wider scheme, which will help sport, physical activity and the Olympic games to touch the lives of and have meaning for people throughout the country.

Mike Gapes (Ilford, South) (Lab/Co-op): Ilford has had a swimming pool since 1931, and I swam there as a child. However, the Conservative council in Redbridge proposes to close the pool by December. What advice can the Secretary of State give to the more than 100,000 people in my constituency who will no longer have a pool because of Conservative council incompetence?

Andy Burnham: My hon. Friend is a living embodiment of the good that swimming can do early, often and throughout one's life. I would give his council similar advice to the advice that I would offer the council of my

hon. Friend the Member for Keighley (Mrs. Cryer): to come out of a position whereby swimming is an easy target—the item to be cut and the first thing to take away from people when the pressure is on—and take a more enlightened view. If councils invest in sport and physical activity in the long run, they can relieve pressure on other parts of the council budget. Given that we have made the money available and are providing incentives for councils to take up the scheme, I hope that my hon. Friend can persuade his council to follow that route with us.

Swimming

2. **Mr. Andrew Robathan** (Blaby) (Con): What estimate he has made of the number of people likely to take up regular swimming as a result of free access to swimming pools. [212567]

The Secretary of State for Culture, Media and Sport (Andy Burnham): Experience from existing schemes, such as in Wales and Wigan, leads us to believe that our free swimming initiative will make an important contribution to the aim of getting 2 million more people active in time for the London Olympics games in 2012.

Mr. Robathan: Unlike my right hon. Friend the Member for Fylde (Mr. Jack), I have a pair of swimming trunks and I swim regularly. I pay tribute to the Government for wanting people to go swimming. However, from the Secretary of State's answer, it appears that the Government have no evidence that their proposal will increase the uptake of swimming among the over-60s or the under-16s. People who already swim will get free swimming, which is very nice for them, but that will not encourage swimming. In fact, let us be blunt: the Government are just spending money on an eye-catching gimmick.

Andy Burnham: If the hon. Gentleman will forgive me, the thought of him and his right hon. Friend in their swimming trunks is nearly putting me off my stride, but I will try to banish it from my mind. What I am beginning to hear, floating up, as it were, from the Opposition Benches, is a negativity and cynicism that is not shared by the public at large, who like the initiative and want the Olympic games to improve the way the country embraces sport and physical activity. The evidence is clear. My local authority has seen a nearly 50 per cent. increase in the number of young people going swimming. Trevor Barton, who was chair of Wigan borough sports council, and Rodney Hill, the chief executive of the Wigan leisure and culture trust, have said and proven that if we go down that path, people will take up swimming and new people will be brought into the pool. The hon. Gentleman might be cynical about that, but I most certainly am not.

Dr. Brian Iddon (Bolton, South-East) (Lab): Will my right hon. Friend congratulate Labour-controlled Bolton council, which has already introduced free entrance to all swimming pools for all pensioners and children? This year, the council will introduce free swimming lessons for children. Furthermore, it will build a brand new swimming pool in partnership with the university and, surprisingly, the primary care trust, because the pool will have a health facility built within it. Is that not a good thing?

Andy Burnham: It is a very good thing. I was at the Bolton arena not long ago to see the efforts being made to engage young people in sport in my hon. Friend's constituency, and a mighty fine thing that is, too. What you are hearing today, Mr. Speaker, is that this policy—a Labour policy—is about the Government making sport available to as many people as possible. The Opposition carped about free entry to museums and galleries, which has seen the number of people using museums and galleries double, and they are doing the same today. I congratulate Bolton. I will have the courage of my convictions and say that what we are doing is the right thing to do. As a result, we can make lots more people healthy and active.

Mr. Lee Scott (Ilford, North) (Con): Will the Secretary of State congratulate the London borough of Redbridge on its investment in leisure facilities, with improvements in my swimming pool in Ilford, North and the commitment that it has given to swimming in Ilford, South? Under health and safety regulations, the council may indeed have to close the pool later this year, but is consulting the entire borough on how to raise the £50 million needed to replace the swimming pool in Ilford, South. Will the Secretary of State congratulate the Conservative-led Redbridge administration?

Andy Burnham: I will congratulate any council, of any political colour, that takes a bold vision on sport and physical activity. Let there be no doubt about that. Let me say also that we are talking about a fund to benefit everybody in the country. Any council is absolutely welcome to make its case to benefit from it. In the past four years, more local authority pools have opened than have closed in this country, contrary to popular belief. In the local area agreement process, which my right hon. Friend the Secretary of State for Communities and Local Government has been conducting, more than half of all councils have selected participation in sport as a priority indicator. That tells me that, at the local level, councils are prioritising sport. I congratulate them, but I ask them to work with us and to persuade those who have a different view to change tack.

Mr. Peter Kilfoyle (Liverpool, Walton) (Lab): Does my right hon. Friend wonder, like me, how we can encourage swimming under councils such as the Liberal Democrat council in Liverpool? It closed New Hall swimming pool in my constituency, which had been specially adapted for special needs? The next pool along, in Queen's drive, was merged into Alsop school, thereby taking it out of public use for half the day. How is that encouraging people in a deprived part of the city to take up swimming?

Andy Burnham: On my frequent visits to Goodison Park, I see the new facility at Alsop school. It looks like a very good facility, and I hope that my hon. Friend will work hard to ensure that it is made as widely available to the community as possible. As much as possible, we need to work with councils to identify the barriers that prevent facilities from being used, and to help them to overcome them. If all else fails in making progress down this path in my hon. Friend's constituency, I am sure that he will agree that swimming will always be free in the River Mersey.

Miss Julie Kirkbride (Bromsgrove) (Con): The Secretary of State has just told the House that £142 million has been designated for this budget from a variety of Government Departments. Will he tell us how long he expects this budget to last, and at what point and in what financial year he will start raiding lottery funds?

Andy Burnham: The fund that we have put together is within the spending limits from the current comprehensive spending review. It predominantly covers the financial years 2009-10 and 2010-11—the back two years of the current spending review. We will want to see how the initiative develops, but, as I have already said in response to my right hon. Friend the Member for Makerfield (Mr. McCartney), councils such as ours are already saying that they are minded to make swimming universally free from April next year. We shall look at the evidence that emerges from Wigan, and from Blackburn, where the primary care trust has already agreed to make swimming universally free from April next year. Let us work with the areas that are going down this path, examine the evidence and consider whether to extend the scheme further as we approach the next spending review.

BMX Tracks

3. **John Mann** (Bassetlaw) (Lab): How many international standard BMX tracks there are in the UK; and how many of these are indoors. [212568]

The Parliamentary Under-Secretary of State for Culture, Media and Sport (Mr. Gerry Sutcliffe): The UK has three tracks capable of hosting European standard series events, none of which is indoors. As part of the development of cycling facilities for the London 2012 Olympic games and Paralympic games, a velopark will be created in the Olympic park consisting of an Olympic standard BMX track with 6,000 spectator seats. After the games, the facility will remain as a permanent open-air BMX track.

John Mann: Here we have a sport at which Britain excels, and Bassetlaw, which was the centre of the cycling revolution in Britain from the time of Tommy Simpson in the 1960s onwards, has one of the three BMX tracks. Will the Minister consider how much opportunities for our cyclist athletes would be improved, not least in terms of medal contention, if the BMX track at Harworth could be encased so that it is available in bad weather as well as in good weather? If that were to happen, we could be the very top team in the world, rather than just being among the top teams.

Mr. Sutcliffe: I congratulate my hon. Friend on championing some great sports. He will be aware that we have a BMX world champion in Shazane Reade, who is one of the leaders in the sport. My hon. Friend needs to speak to British Cycling, the national governing body for cycling, on the basis that it has transformed cycling. Anyone who saw the world cycling championships recently will know that Great Britain got 10 of the 17 gold medals available. Cycling is a progressive sport, and the organisation will perhaps consider my hon. Friend's bid in the light of the new sports plans.

Adam Price (Carmarthen, East and Dinefwr) (PC): As the international standard cross-country mountain biking tracks are in Wales, Scotland, the north and the west, why is public money being used to create a new track in Essex, which lacks one of the key essential requirements for mountain biking—mountains? Could we not hold the event in south Wales, where there is an excellent track at Margam?

Mr. Sutcliffe: I understand that there are a few hills in Essex. However, the hon. Gentleman makes a fair point, in that we need to ensure that the recent Sport England review actually works. We need to talk to sports governing bodies to ensure that their whole sport plans will benefit everyone through different types of sport. The cycling governing bodies are leaders in reacting to proposals, and I am sure that the hon. Gentleman will be able to take up this issue with the relevant organisation.

Delivery Agreements

4. **Ms Celia Barlow** (Hove) (Lab): When he last met Arts Council England's chief executive to discuss delivery agreement monitoring; and what the outcomes of that meeting were. [212569]

The Minister of State, Department for Culture, Media and Sport (Margaret Hodge): The Secretary of State and I have regular meetings with the chair and the chief executive of the Arts Council. We will meet them at the beginning of July to discuss the new three-year funding agreement and arrangements for monitoring.

Ms Barlow: Brighton and Hove arts commission has benefited from Arts Council England and Millennium Commission funding over the past few years, which has made a huge difference. The making a difference programme itself has put on nearly 2,000 performances and 300 events. Will the Minister tell me how she believes such funding will benefit not only the cultural diversity of my city but the run-up to the cultural Olympiad in 2012?

Margaret Hodge: We are very proud of our record of investment in culture. Two out of three people nowadays go to a performance of some kind every year. All the figures show that, with a real-terms increase in spending, people's participation and enjoyment of cultural experiences has more than doubled. Much of the work over the last decade or so—and, indeed, the work that we will be taking forward—has been to widen the pool of people who enjoy culture. Many who were perhaps disadvantaged in the past are now getting the benefit of that. In my visits to theatres, concerts, art exhibitions and dance performances, I am increasingly proud of the growing diversity of the audience and of the participation in those media.

Tote

6. **Mr. Ben Wallace** (Lancaster and Wyre) (Con): What progress he is making on future plans for the Tote. [212571]

The Parliamentary Under-Secretary of State for Culture, Media and Sport (Mr. Gerry Sutcliffe): The Government have now received advice on the strategic sale options to

which I referred in my written statement to the House on 5 March this year. The Government are considering that advice and will announce as soon as possible how they intend to proceed.

Mr. Wallace: It is now some seven years since the Government gave their manifesto commitment to privatise the Tote for the benefit of racing. As a result of dithering and failures in policy, the work force and the management are now still unclear about the Tote's future. Will the Minister please give a commitment to a final date when we will really know the future for the work force and the management so that we can ensure that the Tote continues as an independent successful model that benefits racing and Wigan?

Mr. Sutcliffe: I know that the hon. Gentleman, along with other Members, takes a close interest in the Tote's future—not only its development, but what will happen to its staff. The Goldman Sachs report is now with us and we will take a decision on the way forward at the earliest opportunity.

Jeff Ennis (Barnsley, East and Mexborough) (Lab): What recent meetings and discussions has the Minister had with representatives of the British Horseracing Authority? Will he reassure the House that once the sale of the Tote has been completed, racing will receive its fair share of the sale as soon as practicably possible?

Mr. Sutcliffe: Again, I know that my hon. Friend, as co-chair of the all-party racing and bloodstock industries group, takes a keen interest in this issue. He will understand the complexity of the issues we face in trying to meet our manifesto commitment while also giving 50 per cent. back to racing. I have had recent meetings with the British Horseracing Authority, the Racehorse Owners Association, the Racecourse Association and others, and they all have a view on what should be done with the 50 per cent. amount after the sale. First things first, however, as we need to take a decision on the way forward, and when we have done that we can talk to the racing authorities about how to divvy up the profits.

Mr. Malcolm Moss (North-East Cambridgeshire) (Con): After seven years of dithering, incompetence and indecision, what confidence can the horse racing industry have in this Government to deliver any benefit to it from the sale of the Tote when Goldman Sachs is now reporting a £90 million black hole in the accounts and the price tag for the Tote has reduced by £100 million since last year alone?

Mr. Sutcliffe: I do not accept at all that there has been dithering. The issues are complex, involving state aid rules, the price of the Tote and how to give money back to racing. I believe that we have already shown in our discussions with the racing bodies that we are keen to move forward quickly and we will do so. We will honour the commitments that we have made.

David Taylor (North-West Leicestershire) (Lab/Co-op): Have we not already gone through plan A, plan B and plan C to get to the current plan D, and cannot we only surmise how many more alphabetic characters are to follow? Will not Brussels in any case veto any deal that redistributes any significant part of the proceeds to the racing industry; and in that light, should we not abandon the whole sorry saga?

Mr. Sutcliffe: We could do that, but it would be the wrong direction of travel. What we have to do is look at the options made available to us through the report that I mentioned. We will study it as quickly as we can and then take the appropriate decisions. In the interests of racing and of the staff who work at the Tote, I believe that we have to move forward. It is important to consider all the options, which I hope to do as quickly as possible.

Mr. Laurence Robertson (Tewkesbury) (Con): Half the proceeds of the sale would be welcome to racing, if indeed the Minister can get that past Europe, but probably more important is the ongoing contribution that the Tote makes year on year to racing. If the Tote is sold on the open market, how will he guarantee that the money remains available to racing year after year after year?

Mr. Sutcliffe: That is the difficulty if we sell. We will also have to determine what the 50 per cent. should go to by working through what the definition of "racing" should be. Everybody in racing thinks that they should receive the 50 per cent. following the sale, but I have tried to get the racing industry to be more modern in its outlook, which is why we have tried to find a different way of dealing with the levy.

Whether it is with the pitch tenure positions or with the Tote, we are positively engaged with racing. All round the House, there are people who support racing and know that it is a great sport, but we have to try to move from a mentality of looking for handouts and towards the sport standing on its own two feet.

Mr. Tobias Ellwood (Bournemouth, East) (Con): There is a sense of déjà vu: I understand that this question has been posed to the Government more than 40 times since 2001, when the manifesto commitment was made. The Minister must, at some point, make a decision - not only on the Tote, but, as he mentioned, about on-course bookmakers and the future of the levy. To add to that, we have the eagerly anticipated announcement, so to speak, on stakes and prizes. I plead with the Minister: may we please have some support for the £4 billion racing industry?

Mr. Sutcliffe: I will not take any lessons from the Conservative party on investment in racing. We have worked properly with racing to ensure that it modernises, which is why we have seen great developments and great strides forward. The issue involving the Tote is complex and governed by state aid rules. We want to ensure that we act in the best interests not only of racing and the people who work at the Tote, but of the taxpayer. On the other issues that the hon. Gentleman mentions, we will make announcements very soon.

Television Services (Sight-impaired People)

7. **Alun Michael** (Cardiff, South and Penarth) (Lab/Co-op): If he will take steps to encourage the incorporation of voice-over narration and talking menus for elderly and sight-impaired people in the digital switchover process. [212572]

The Minister of State, Department for Culture, Media and Sport (Margaret Hodge): Blind or partially sighted people and those aged 75 or over are two of the groups eligible for the digital switchover help scheme. Voice-over narration, or audio description, is accessible through the equipment provided by the scheme. Recent trials of a talking electronic programme guide developed by the Royal National Institute of Blind People appear promising and will be kept under consideration by my Department in relation to the scheme.

Alun Michael: I am sure that the RNIB and others who are concerned about people with sight impairment will welcome my right hon. Friend's response. I am sure that she appreciates that the digital switchover, which could open up access to so many services, might extend the digital divide unless this process is put in place expeditiously.

Will my right hon. Friend agree to ensure that voice-over narration and talking menus are made available without delay through the core receiver requirements and for the set-top boxes that are available through that support scheme, which she mentioned? Will she also ensure that they are in place and available in good time for switchover in south Wales and my constituency of Cardiff, South and Penarth—that is, the middle part of next year?

Margaret Hodge: First, I acknowledge the contribution that my right hon. Friend made to digital switchover during his time as a Minister at the Department of Trade and Industry. He is right to say that if we do not get this right it will increase the digital divide just when the opportunity of digital switchover ought to extend access to more programmes. We will ensure that audio description is integrated into the offer for all who need it. If we make progress as swift as technology allows on the electronic programming guide, clearly we will want to incorporate that, too, into the digital switchover programme.

Ann Winterton (Congleton) (Con): Is the Minister aware that switchover in the borders later this year will affect hundreds of disabled and elderly people for whom it is essential that controls and menus are easy to use, if they are able to access digital TV at all? Will she assure the House that an individual's need, not the cost, will be the deciding factor in which type of digital receiver is provided, because some disabled people find freeview easier to use than Sky?

Margaret Hodge: Indeed, we must ensure that individuals have access to the system that suits them best. We have been working to ensure that the equipment available is accessible not just to the general population but to those with the greatest need, who might find it difficult to use buttons on a handset or whatever. That concern has driven our negotiations with manufacturers over the nature of the equipment.

Swimming

8. **Mr. David Kidney** (Stafford) (Lab): What the timetable and procedure will be for local authorities to apply for funding from the swimming challenge fund. [212573]

The Secretary of State for Culture, Media and Sport (Andy Burnham): We are working with the Amateur Swimming Association, the Local Government Association, Sport England and others to develop the arrangements for implementing the scheme. We will issue guidance to local authorities as early as possible, and, in any event, in plenty of time to allow them to prepare for setting budgets in the autumn. I will make a further statement, outlining progress, before the House rises for the summer recess.

Mr. Kidney: I am grateful to my right hon. Friend for that answer. We dived into the swimming pool for Questions 1 and 2, and now we are on the surface for some swimming. Will he note that in Stafford the local council has just opened a brand-new, modern-design swimming pool, which has plenty of happy swimmers? The council is very interested in the scheme, but is anxious to know the criteria so that its plans for a new swimming pool can fit them. May I urge him to keep to the timetable that he has described, and to consult local government about design?

Andy Burnham: We have been very grateful for the help, co-operation and advice of the Local Government Association so far, and we will continue to have the closest possible dialogue with it in taking the scheme forward. As I said, the intention is to have a partnership with local government, not to impose anything on anybody. We want councils voluntarily to come up with the basic idea, and to help make swimming as free as possible. It is a fantastic statement to the public that brand-new facilities such as those described by my hon. Friend are available free. We will start with the over-60s and then hope to make progress on the under-16s. We will give details before the summer recess, which will allow his council to plan accordingly.

Mr. Philip Hollobone (Kettering) (Con): In many parts of the country, local authority swimming pools are already very busy, whereas swimming pools in private gyms are often underused. Has the Minister thought about encouraging the participation of the private sector in the initiative?

Andy Burnham: The hon. Gentleman makes a good point. In the past few years, many private sector pools have opened, and making the best possible use of them is a matter for local decision making. As I said earlier, more local authority pools have opened than have closed, which is in itself a positive statement. In constructing the scheme, we want to provide the capital that is available to those local authorities that are prepared to do most. If the hon. Gentleman will accept the logic, the more that people use pools, the more that such local authorities deserve help with the maintenance and improvement of facilities. He makes a good point: some councils' pools are run by private organisations on a contractual basis. I am prepared to be flexible to help all councils make the best possible use of the pools located in their areas.

Ticket Touts

9. **Chris Bryant** (Rhondda) (Lab): If he will introduce legislative proposals to tackle ticket touts. [212574]

The Parliamentary Under-Secretary of State for Culture, Media and Sport (Mr. Gerry Sutcliffe): The Government do not intend to introduce new regulation to tackle ticket touting. Ticket touting is banned for football matches on public disorder grounds, and for the Olympic games in 2012 to meet International Olympic Committee bid conditions. The Government have consistently taken the view that the consumer interest comes first, and market-led measures to benefit consumers are a far better option than the burden of legislation.

Chris Bryant: I thought that the Minister would say that, and I must say that I profoundly and utterly disagree with him. The truth is that ticket touts are parasites who prey on the legitimate interests of fans and the sporting and cultural achievements of this country. As he says, ticket touting is illegal in relation to the Olympics and football. Why should it be legal in relation to Wimbledon or big arts events? Let us make it illegal.

Mr. Sutcliffe: I have sympathy with my hon. Friend. As he knows, the Select Committee on Culture, Media and Sport failed to reach a consensus on the issue. He sits on the Committee—

Mr. Tobias Ellwood (Bournemouth, East) (Con): No, he doesn't.

Mr. Sutcliffe: Well, he did; anyway, he has been vociferous in his support for making ticket touting illegal. The consumer should come first. First, we want to work with the governing bodies to see what the primary market can do to stop ticket touting. Secondly, we want to work with the secondary market to see what safeguards can be put in place in future. A market-led approach is better than a legislative one.

Topical Questions

T1. [212533] **Tom Brake** (Carshalton and Wallington) (LD): If he will make a statement on his departmental responsibilities.

The Secretary of State for Culture, Media and Sport (Andy Burnham): Today, I shall place the interim report from the digital radio working group in the Libraries of both Houses. Millions of people are already enjoying the benefits of digital radio, and I believe that radio must have a digital future if it is to remain relevant.

I am pleased that the working group has set a possible framework for digital radio migration, but a number of issues must be resolved before a decision on the framework can be made, not least the impact of digital migration on consumers. I look forward to the group's final report at the end of the year, and to considering what steps can be taken to build a strong digital future for radio.

Tom Brake: What discussions has the Secretary of State had with the Secretary of State for Innovation, Universities and Skills about the consultation that that Department is conducting on informal learning, especially on the future of courses such as the exercise class that I attended at the Sutton College of Learning for Adults last Friday? Such provision is key to the delivery of the 1 per cent. increase in participation in physical activity that the Secretary of State wants to see. Can he promise some joined-up government and no cuts in exercise-related adult learning classes?

Andy Burnham: I have had one discussion with my right hon. Friend the Secretary of State for Innovation, Universities and Skills. Both he and I recognise that the worlds of sport, music, the arts and culture have the potential to contribute enormously to informal learning provision for older people.

I accept the hon. Gentleman's broad suggestion. The discussions are at the earliest stage and I do not want to imply that they are anywhere near finished, but I am thinking about how the DCMS world can make a contribution, and I will keep the hon. Gentleman up to date on progress.

Mr. Ian McCartney (Makerfield) (Lab): The hon. Member for Lancaster and Wyre (Mr. Wallace) raised the issue of the Tote. May I remind my hon. Friend the Under-Secretary of State that there is a wider issue for the industry as a whole? In constituencies such as mine and that of my hon. Friend the Member for Wigan (Mr. Turner), literally hundreds of jobs are at stake. It is important for the final decision to be right for not just the short term but the long term. Will it take account of the fact that in metropolitan areas such as Wigan, investment of this kind has been a driver for change in the labour market over the past decade? We should like that change to be sustained through the ensuring of good access to the excellent jobs that the Tote currently provides.

The Parliamentary Under-Secretary of State for Culture, Media and Sport (Mr. Gerry Sutcliffe): I am grateful to my hon. Friend, and to my hon. Friend the Member for Wigan (Mr. Turner). Both have shown considerable interest in matters relating to the Tote, especially those involving the work force. The decision will affect 600 jobs, so it is important that we get it right, not only for the taxpayer but for people who work in the north-west. I shall be happy to meet both my hon. Friends later today to discuss the issue in more detail.

T2. [212534] **Bob Russell** (Colchester) (LD): In November 2004, the most exciting archaeological discovery for decades occurred: the discovery of the only Roman chariot-racing stadium in Britain. The setting of the Roman circus is now threatened with residential development. Will the relevant Minister come to Colchester with officials and representatives of English Heritage? This is a matter of national and international importance, and more than just a matter for a local authority to determine.

The Minister of State, Department for Culture, Media and Sport (Margaret Hodge): I am always interested in issues of national importance. I suggest that the hon. Gentleman write to me with the details so that I can consider this matter properly. If it requires me to visit his constituency, of course I shall be happy to do so.

T3. [212535] **Rosie Cooper** (West Lancashire) (Lab): Can the Secretary of State assure me that people in West Lancashire—including Skelmersdale, where there appears to be a problem—will be able to go on receiving television programmes after the analogue signal is switched off next year?

Andy Burnham: My constituency is very close to that of my hon. Friend. When I look at Winter Hill and think about the signal being switched off in a little over a year's time, it certainly focuses my mind.

I am aware of the problems in Skelmersdale, where people have historically received television programmes via a local authority-operated cable system that is now approaching the end of its useful life. Ofcom has required that a new relay transmitter to serve the town must be built and operational before switchover in the Granada area late in 2009. I understand that the process is likely to be completed as planned, subject to the availability of a suitable site, local planning permission and the allocation of suitable frequencies, but I assure my hon. Friend that I will pay the closest possible attention to the issue, and will ensure that her constituents benefit from switchover when the time comes.

Mr. John Whittingdale (Maldon and East Chelmsford) (Con): Is the Secretary of State aware of the concern that has been expressed about his recent remarks that appear to rule out the possibility of taking advantage of the European Union audiovisual media services directive to allow some product placement on commercial television? If he has made up his mind on this issue, what is the point of having a consultation on it?

Andy Burnham: May I say to the Chairman of the Culture, Media and Sport Committee that the Government often conduct a consultation on the back of a preference—a clearly stated view—and that is what I did in this instance? I take the view that British television has benefited from having standards and integrity, and that it has an international reputation for that. I further take the view that, especially when we contemplate the pressures that commercial television may face in the future, we in this country should think about allowing the space between programmes to be sold, and not the space within them. I do not believe that British viewers want to think that the hand of the ad sales director might have been at play in editorial decisions. That is my preference, but I said in my speech that I understood that others would say that there are benefits to product placement. We will conduct the consultation, and although I have made my initial preference clear I am prepared to hear other sides of the debate. If the hon. Gentleman holds different views, he is welcome to put them to me, and at the end of the process we will come to a considered decision.

T5. [212537] **Sarah McCarthy-Fry** (Portsmouth, North) (Lab/Co-op): Paulsgrove in my constituency is an area of high deprivation with no local swimming pool. Under the Building Schools for the Future programme, a learning campus is being built and the local community would very much like a swimming pool to be part of that development. What can we do to ensure that local authorities work with other partners, use all the means at their disposal and take up all opportunities to encourage swimming in deprived areas such as Paulsgrove?

Andy Burnham: I would be very willing to meet my hon. Friend to discuss those issues in order to see how we might be able to help take further forward the discussions in her area. Only on Friday, I opened the Leigh indoor sports centre. It is part of the £80-million Leigh sports village, which, frankly, is my pride and joy. It is a scheme that will, in a deprived part of the country such as my hon. Friend's, give people access to the highest quality sports facilities. I could not be more proud of anything I have ever achieved than I am of that. If she is seeking to do something similar in her constituency, she will have my full support.

Mr. Jeremy Hunt (South-West Surrey) (Con): In January, the Arts Council announced that it was cutting funding to respected organisations such as the Derby playhouse, the Yvonne Arnaud theatre in Guildford and the City of London Symphonia, yet over seven years its spending on administration has risen from 5p in every pound distributed to 12p in every pound distributed. What measures will the Department take to ensure that the public's money is being spent on arts, not arts administration?

Margaret Hodge: Let me first say that in that same settlement, which was very generous, and under which there has been a £50 million increase in the money available to the Arts Council over what is a very tight spending review period, more than 80 new organisations received Arts Council funding for the first time. That is as it should be, because the arts change and it is important that the Arts Council reflects that in its distribution of moneys. I share the hon. Gentleman's concern that we should always work towards reducing the money spent on administration and ensuring that it goes out to the front line. The Arts Council has been taking steps over the past years to reduce its administrative costs, and it has succeeded in doing so. *[Interruption.]* From the figures I have in front of me, I do not recognise the figures the hon. Gentleman puts to us, but of course there is more work to be done on this, and part of the Arts Council's remit over the current spending review settlement period is to produce a cut in the administrative costs year on year.

T6. [212538] **Ian Lucas** (Wrexham) (Lab): Ashes cricket will be on television free to view next year, but only in Australia. Will the Government please take into account the additional money coming into English cricket through Stanford and through the Indian premier league and act now, rather than awaiting a review, to reinstate live Test cricket on the TV A-list?

Andy Burnham: I am as passionate about cricket—not just Test cricket but all cricket—as my hon. Friend is, and I understand how high passions run on this issue. However, I point out that when Test rights were drawn up on the secondary list—on the B-list—that allowed the England and Wales Cricket Board significantly to increase the amount of money it was able to invest in grass-roots cricket: £30 million in investment in facilities and clubs, and there is also the "Chance to shine" scheme, which has been a real success. There always has to be a balance between grass-roots investment and access to the sport. I hear what my hon. Friend says and I have a lot of sympathy with his wish to get more people watching cricket, but we always have to listen to the governing body and get money into the grass roots to get more young people playing.

Mr. Don Foster (Bath) (LD): Do the Government acknowledge that amusement arcades and bingo clubs are on their knees? In February, the Minister with responsibility for such matters promised to respond to

recovery proposals within a week. In March, he said that he would respond shortly; in May, he said that it would be very soon. And yet we are still waiting. Is he aware that while the softer forms of gambling are collapsing, there is a huge growth in the highly addictive and super-lucrative gaming machines in betting shops? Has he not got his priorities wrong, and how soon is very soon?

The Parliamentary Under-Secretary of State for Culture, Media and Sport (Mr. Gerry Sutcliffe): The hon. Gentleman knows that I have referred the issue of fixed-odds betting terminals to the Gambling Commission because of our concern about the migration to FOBTs. I am pleased to reassure him with the announcement that we will make a written statement this Wednesday to answer the issues of the British Amusement Catering Trade Association and the bingo industry.

T7. [212539] **John Robertson** (Glasgow, North-West) (Lab): The "Creative Britain" paper outlined that internet service providers must take concrete steps to curb illegal downloads, or consultation would begin in the spring on anti-piracy legislation. Given the obstinacy of some ISPs, such as Carphone Warehouse, in not doing their duty, can my right hon. Friend say when he proposes to introduce the proposals to regulate these people that have long been needed in this industry?

Margaret Hodge: My hon. Friend is absolutely right to raise this issue, which is of prime importance. The question is how, given the changing technology, we ensure that proper value is obtained for creators across all our sectors—be it music, film or the written word. We said in our "Creative Britain" document that if we could not get a voluntary agreement between the ISPs and the industry on these issues, we would introduce proposals for regulation. We stand by that, but I am pleased to report to my hon. Friend that the mere publication of the document is already encouraging both parties to come to the table. We are hopeful that we can in the near future obtain a voluntary agreement between them, to the benefit of all those who create in Britain today.

T10. [212542] **Mark Pritchard** (The Wrekin) (Con): The BBC is one of the few foreign broadcasting organisations that have been given permission to broadcast from the Olympics. Will the Minister give a commitment to the House that the Minister concerned will speak to the BBC Trust and to the BBC director-general to ensure that if there are human rights protests at the Olympic games in Beijing, they will not be censored by the Chinese or, indeed, by the BBC?

Andy Burnham: The questions that the hon. Gentleman raises are straightforwardly an editorial matter for the BBC, but in all her discussions with the Chinese authorities my right hon. Friend the Minister for the Olympics has repeatedly made the point that there should be progress toward full freedom of speech on all issues. She continues to make that case at every opportunity.

T8. [212540] **Mr. Jim Cunningham** (Coventry, South) (Lab): How will the new arrangements between Sport England and the national bodies encourage people to participate more in sport?

Andy Burnham: As my hon. Friend knows, we have made our new policy for Sport England public in the past few weeks, and it is very much a policy of working through the national governing bodies of sport. We want to get 1 million more people playing organised and competitive sport, and that means having a clear relationship with the governing bodies in order to provide more coaching and more competitive opportunities to young people, thus expanding the talent pool at the very bottom, so that we can increase the chances of international success for the country. That is the vision that we have set out. It is a clear vision that sharpens the distinction between sport and physical activity. We think it is the right way to go, when coupled with initiatives such as free swimming, which will help to get more people active.

T9. [212541] **Mr. John Grogan** (Selby) (Lab): In view of FIFA's statement that our world cup bid for 2018 will be decided entirely on its merits, with no reference having been made to the fact that we insist, as a nation, that all matches are shown on live, free-to-air TV, will Ministers now vigorously defend the principle that all matches in future world cup and European finals tournaments should be kept on the A-list of protected events and thus be available to the many, not the few?

Andy Burnham: I pay tribute to my hon. Friend's work on listed sporting events and his robust defence of the need for such a list to ensure free-to-air access to our main national sports. I am as committed as he is to that principle, because it is important to balance giving sports access to the widest possible public and getting money into the grass roots. He will be aware that the list is subject to some challenge in Europe—for example whether it is possible to maintain such a policy. I assure him that I am vigorously defending the principles of the list, and I look forward to having continued discussions with him on this subject.

OLYMPICS

The Minister for the Olympics was asked—

Training Sites

1. **Mr. Ben Wallace** (Lancaster and Wyre) (Con): What assistance she plans to give to potential Olympic training sites to make contact with overseas sporting bodies. [212558]

The Minister for the Olympics (Tessa Jowell): Responsibility for promoting Olympic training sites lies with the London Organising Committee of the Olympic Games and Paralympic Games, which will publish a pre-games training camp guide at the Beijing games this summer. In addition, £25,000 will be made available by LOCOG as a credit to help attract national Olympic committees to the UK to set up pre-games training camps.

I would like to take this opportunity to remind all Members that they can act as advocates for their local authorities and constituencies. The hon. Gentleman's constituency contains a training camp, which has been deemed suitable for equestrian events. There is the possibility for Members of this House to act as advocates and bring teams to this country.

Mr. Wallace: As the Minister rightly says, Myerscough college in my constituency has been deemed a place for equestrian training. Unfortunately, although it has great facilities, it lacks the international networking skills that perhaps the larger venues already have. Will she assure us that any plans that Sport England and the Olympic committee put in place will help to target the smaller venues as well as to assist the larger ones?

Tessa Jowell: That is absolutely the case in respect of smaller sports, smaller countries and smaller venues. May I underline the hon. Gentleman's role in advocating, on behalf of the equestrian movement, the benefits of the facilities in his constituency?

Michael Jabez Foster (Hastings and Rye) (Lab): My home town of Hastings has made an offer, through the high commissioner, to provide some facilities to Sierra Leone. In respect of both pre-training and the occasions of the Olympics, the problem is frequently the cost of getting athletes from highly indebted countries to the event. Could some assistance be provided to help with the plane fares?

Tessa Jowell: This is precisely the kind of issue that LOCOG is addressing. I am happy to have further discussions with my hon. Friend about this matter, so that he can continue to pursue the interests of the Sierra Leone team.

Hugh Robertson (Faversham and Mid-Kent) (Con): The key concern on Olympic training sites and, indeed, the wider London 2012 project is security. Last week, a KPMG report was extremely critical of security planning, noting:

"It is...difficult to have confidence in current cost estimates in the absence of a full, costed security plan."

That conclusion was then backed by the National Audit Office report on Friday. Three years after Singapore, and given the obvious importance of the issue, why is there no full, costed security plan?

Tessa Jowell: The fully costed security plan, as the hon. Gentleman well knows, is in the process of being prepared. It is being led by the Home Office with proper oversight and management arrangements. Yes, work has been under way for some time, but we wish to ensure that the security budget pays only for those matters that are specifically relevant to the Olympics, and that no further additionality or other wish lists are being funded from the Olympic budget. Because of the lead that my right hon. Friend the Home Secretary has taken, there is confidence that the planning of security is properly under control and we will have a safe and secure games, with security a proportionate part of the way in which the games are run and managed.

Ms Sally Keeble (Northampton, North) (Lab): Are the funds that my right hon. Friend mentioned just for the training camps or will local authorities and local sports partnerships be able to access them to help to attract sporting bodies to our areas, as we want to do in Northamptonshire?

Tessa Jowell: The £25,000 credit to which I referred is specifically available to encourage national Olympic teams to come to any of the 600-plus preferred and approved training camp venues. That money is not available if an Olympic team chooses to use non-approved facilities.

Tom Brake (Carshalton and Wallington) (LD): Will the Minister confirm also that the assistance that will be given will include advising potential Olympic training sites on what to tell overseas sporting bodies about the action that the Government intend taking in relation to safeguarding the future of the Olympic village and how much additional investment might be required to ensure that that is delivered?

Tessa Jowell: That is a good try at getting in a question about the financing of the Olympic village, on which the hon. Gentleman has been briefed, as has the Conservative spokesman. The hon. Member for Carshalton and Wallington (Tom Brake) will understand that because of the economic downturn, Lend Lease has experienced difficulty in raising all the debt that it originally sought to finance the village, but there is full confidence that the financing package will be completed by the end of this year, and work on the site has already begun.

Target Pistol Shooting

2. **Mr. David Amess** (Southend, West) (Con): What facilities she plans to provide for target pistol shooting at the 2012 London Olympics. [212559]

The Minister for the Olympics (Tessa Jowell): The Royal Artillery Barracks at Woolwich has been designated as the venue for all the shooting competitions at the 2012 games, including target pistol shooting. The London Organising Committee of the Olympic and Paralympic Games and the Olympic Delivery Authority are currently developing their plans for the facilities at Woolwich.

Mr. Amess: As an enthusiastic supporter of the Olympic games coming to London, I am increasingly worried about the state of the British economy. Will the Minister now explain how she can justify having this competition in a temporary building in Woolwich at a cost of £28 million, which is against the Olympic charter of a lasting legacy, when the competition could easily be held at the headquarters in Bisley?

Tessa Jowell: First, the cost that the hon. Gentleman refers to has not been confirmed. Secondly, yes, the venue at Woolwich will be temporary, but the intention

is that the facilities will be relocated in other parts of the country. Part of the commitment to holding down costs and living within the Olympic budget is the need to strike a proper balance between temporary venues, which the Olympic park will include, and the permanent venues that will provide a lasting legacy.

Paul Farrelly (Newcastle-under-Lyme) (Lab): The target pistol shooters will of course be housed with the other athletes in the Olympic village, for which the private sector financing deal is now in some difficulty. Last week, I saw some Olympic Delivery Authority figures: £450 million from the private sector and £550 million from the ODA for that facility. However, my understanding is that the baseline contribution of the ODA in the budget is only £300 million, with the balance—of up to £1.5 billion, not £1 billion—to be provided from the private sector and other contributions. Can my right hon. Friend shed some light on the discrepancies in these figures?

Tessa Jowell: With respect to my hon. Friend, I think that he might be referring to the figures for the Olympic village, not the figures for target pistol shooting, which have not been published. The figures for the Olympic village have been subject to some coverage. They have been fully disclosed at this stage to the National Audit Office and are on the public record. The important thing is that the deal is a matter for commercial negotiation and as such, it is not right nor possible—neither is it the best way to protect taxpayers' money—to make every step of the negotiations available. However, in the spirit of the cross-party running of the games, I have shared the information *in real time with Opposition spokesmen* and the Select Committee.

European Council

3.35 pm

The Prime Minister (Mr. Gordon Brown): With permission, Mr. Speaker, I should like to make a statement about the European Council held in Brussels that I attended with the Foreign Secretary on 19 and 20 June. The main business of the Council on Thursday and Friday evening was to focus on the economic challenges ahead—the triple challenge of rising oil prices, rising food prices and, because of the credit crunch, the rising cost of money—and, in the wake of the US downturn, on measures to keep the European economy moving forward.

Important conclusions were also reached on the Irish referendum, on climate change, on the millennium development goals and on the European response to the deteriorating situation in Zimbabwe. On Thursday evening, in the discussion on the Irish referendum vote, the Irish Taoiseach, Brian Cowen, offered to the Council meeting in October a report on the next stage for Ireland. The Council held that other member states will continue with their ratification processes and I was able to report for the UK that—like in 18 other countries—the Lisbon treaty had completed its parliamentary process and that the Bill received Royal Assent on Thursday. Once we have received the judgment in the ongoing legal case, we will move to ratification.

This time last year the price of oil was about $65 a barrel. At the last European Council in March it stood at $107. At the June Council, the oil price had risen further still to more than $135 a barrel. The global challenge that we face is a rising demand for oil—particularly from China and the other emerging economies now and in the future—that has so far been only partly met by an increase in supply, driving up fuel bills for families across the whole of Europe. Governments are taking action domestically to help—including our winter allowance and the new agreement that we have signed with utility companies for low-income households—but we know that those are ultimately global problems that require global solutions. The shared European view is that we must take action to reduce our dependence on oil and to improve our energy efficiency.

The new technology of carbon capture and storage will help us continue to use coal, oil and gas in a way that avoids harmful emissions, so earlier this year we reiterated our commitment to move forward with up to 12 commercial scale carbon capture and storage plants by 2015. Last week, accepting UK arguments about the importance and urgency of the matter, the Council called on the Commission to bring forward an incentive mechanism to achieve that goal. Britain is ready to have the first such plant in Europe.

Transport will account for two thirds of future increases in oil demand so improving fuel efficiency and exploring alternatives to petrol and diesel is essential to incentivise innovation among car manufacturers. The UK will continue to push for a commitment to an EU-wide car emissions target of 100 g per kilometre by 2020—down from 160 g, and a 40 per cent. reduction—saving the British family about £500 a year in fuel costs. At Britain's urging, the Council also agreed to explore the scope to accelerate the introduction of commercially viable electric vehicles and the infrastructure that their widespread use would require across the EU. Generating electricity is significantly less carbon intensive than using oil, and with all major car manufacturers—including all UK-based ones—now close to developing commercially viable hybrid and electric vehicles, they have the potential to reduce our dependency on oil and our carbon emissions as well as to create thousands of jobs in the British automotive industry.

All those measures will help to meet our overall target of reducing carbon emissions by 20 per cent. by 2020—or by 30 per cent. as part of a wider international agreement—but these decisions are made in the context of a dialogue between oil producers and consumers, where both should commit to greater transparency and a better balance between supply and demand. The Council therefore welcomed Saudi Arabia's high-level meeting between oil producers and consumers, which I attended, in Jeddah this weekend. I am today writing to all European leaders to inform them of the results of the Jeddah process, which will lead to a follow-up summit in London later this year. I can tell the House that the summit discussed measures to deliver a more sustainable global oil price, to reduce the risks and uncertainty that can increase prices and to ensure greater investment in oil production as well as energy efficiency and alternatives to oil.

I proposed that Britain and other oil consumers should open up our markets to new investment from oil producers in all forms of energy, including renewables and nuclear, providing all producers with a long-term future in non-oil energy. In return, oil producers should be open to increased funding and expertise in oil exploration and development through co-operation with external investors, providing increased oil supply in the medium term while growing economies adjust to a less oil-intense long-term future. The House will know that Saudi Arabia announced at the summit its increases in oil production.

The prices of rice and wheat are now double what they were only a year ago. Higher food prices cause concern to many of us here at home, but in poor countries, where food often accounts for more than half a family's spending, they can be even more devastating. To tackle rising prices both here and overseas and to help boost agricultural production, the Council agreed to implement the conclusions of the Rome food summit. It also agreed to assess the evidence of the indirect impact of biofuel, and the UK's Gallagher review on the indirect impact, due to report shortly, will be part of that process.

We also committed to work towards a successful outcome to the Doha trade round, where eliminating trade-distorting subsidies and import restrictions could increase global gross domestic product by as much as $300 billion a year by 2015. That is something that I have discussed with President Bush, President Lula, Chancellor Merkel and President Barroso as well as with the European Trade Commissioner, Peter Mandelson, in recent days. I believe that while we are at the eleventh hour in getting a trade deal, a trade deal is definitively within our grasp.

The European Union must take action on the elements of the common agricultural policy that raise the cost of food for consumers across Europe. Removing incentives for taking arable land out of production, for example,

could reduce cereal prices by up to 5 per cent. The Council agreed to re-examine the issues of fair competition and sustainable agriculture.

As part of the year of action on the millennium development goals, and ahead of the G8 in July and the United Nations meeting in September, the European Council signed up to an agenda for action that reaffirms EU aid targets and sets specific milestones for the developing countries, to be achieved by 2010: increased European investment of €4 billion to recruit 6 million more teachers, and, on health, an extra €8 billion to help save 4 million children's lives and provide for 75 million more bed nets against mosquitoes in Africa. I will be pushing the G8 in July to ensure that we have as a world the 120 million nets that we need, so that every child in every family in the world is able to sleep safely at night. The Commission has also agreed to establish millennium development goal contracts, linking European Union spending to specific and agreed outcomes by developing countries, that will secure value for money. I am pleased to announce a British contribution of £200 million to that fund.

The Council also discussed the deteriorating political and humanitarian situation in Zimbabwe. In recent weeks under Mugabe's increasingly desperate and criminal regime, Zimbabwe has seen more than 80 killings, 2,700 beatings, the displacement of 34,000 people and the arrest and detention of Opposition leaders, including Tendai Biti and Morgan Tsvangirai. In the face of that unacceptable situation, the European Council reiterated its readiness to take further measures against those responsible for the violence. We will seek to impose travel and financial sanctions on those in the inner circle of the criminal cabal running the regime.

The House knows that since the Council met last week, the situation has deteriorated further still. As a number of African Presidents and Ministers have already stated, the regime has made it impossible to hold free and fair elections in Zimbabwe, and state-sponsored terror and intimidation have put the Opposition in an untenable position. Our thoughts are with the people of Zimbabwe, who are facing an unprecedented level of violence and intimidation from the regime. The whole world is of one view: that the status quo cannot continue. The African Union has called for the violence to end. The current Government—with no parliamentary majority, having lost the first round of the presidential elections and holding power only because of violence and intimidation—are a regime who should not be recognised by anyone.

The UN Security Council will meet later today. The Foreign Secretary will make a detailed statement in a few minutes following the discussions that he and I, and my right hon. Friend the Minister for Africa, Lord Malloch-Brown, have held with African leaders. Today, I have talked to the United Nations Secretary-General, Ban Ki-moon; to the president of the African Union, Mr. Kikwete; to the President of South Africa; and to Morgan Tsvangirai himself. Members of the Southern African Development Community and the African Union leadership will want to meet to discuss the emergency. We understand that there are plans for meetings very soon, and we support that happening quickly.

We urge that SADC observers' evaluations of the seriousness of the situation on the ground be made public immediately so that the whole world can witness the truth about what has been happening. We urge that the UN and the African Union work together with SADC to send envoys and a mission to Zimbabwe to discuss the situation on the ground and the way forward. We believe that the UN envoy should be allowed to return immediately to examine the human rights violations. The international community must send a powerful and united message: that we will not recognise the fraudulent election rigging and the violence and intimidation of a criminal and discredited cabal. We are ready to offer substantial help for the reconstruction of Zimbabwe once democracy has been restored.

The Council also expressed its ongoing concern about the humanitarian situation in Burma in the aftermath of the cyclone and called for a return to democracy and the immediate release of Aung San Suu Kyi and other political prisoners. We made clear our continued determination to play a leading role in ensuring peace and stability in Kosovo.

Our national interest is, and remains, a strong Britain in a strong European Union. We will continue to focus on an outward-looking European agenda that tackles in an effective way the global, economic, environmental and development issues that affect us all. That is what the Council sought to do at its June meeting, and that is what the Government will be doing in the run-up to the French presidency that starts in July. I commend this statement to the House.

Mr. David Cameron (Witney) (Con): May I first welcome what the Prime Minister said about the millennium development goals and about Burma?

On Zimbabwe, we welcome what the Prime Minister says about the EU widening sanctions on members of that regime, but will he make sure that it really happens this time? Will the Government press for a UN commission of inquiry into the abuses of human rights, with a view to future action by the International Criminal Court? Vitally—he hinted at this, but perhaps he could go further—will he set out a detailed rescue package for the post-Mugabe era to make it absolutely clear that when Mugabe goes we will do all that we can to breathe new life into that country and into those people who have suffered so much? But is not there something else that we can do? Should not we now make it clear that we are prepared to withdraw international recognition from Mugabe's regime to say to him and his henchmen: "You are no longer the legitimate Government of the country you are terrorising"? The Foreign Secretary shakes his head, but the Prime Minister's statement was so opaque that perhaps he can be a little bit clearer in his reply about withdrawing recognition. If he rattles these things off like a machine gun, it is extremely difficult for people to follow things. Let me take this nice and slowly so that he can concentrate.

Let me turn to the cost of living. There are three key policy areas where the EU has real power to affect the cost of living—free trade, reforming agriculture and, crucially, keeping its own costs under control. On that basis, was not the European Council a huge disappointment? On free trade, there was nothing more than platitudes. There was no new action on the common agricultural policy, and not a mention of the EU keeping its own costs under control. Meanwhile, at a time of rising living costs, have not our own Government given up £7 billion of our rebate—taxpayers' hard-earned money—with nothing in return?

[Mr. David Cameron]

The Prime Minister rightly focused on the price of oil and the need to encourage renewables and new technology. We welcome what he says about the 100 g carbon dioxide target for new cars by 2020—that is, I can announce, another Conservative policy introduced by this Government. Given his enthusiasm, though, why is he going ahead with the Kingsnorth coal-fired power station without carbon capture and storage, why has he done so little on tidal and wave power, and why is he dragging his feet on feed-in tariffs? Clearly, the supply of crude oil is important, but what is he proposing to do about the danger that prices are being driven higher because financial institutions are investing so heavily in commodities, including oil?

At the heart of this European Council was the issue of the Irish referendum. The Prime Minister said so little about Ireland, I thought that he was about to tell us that it was a far-away country of which we know little. Did not the Prime Minister face a very clear choice? He could have done the difficult thing and declared the treaty dead, or he could have done the easy thing, and joined others in starting the process of bullying Ireland into a second referendum. Is it not the case that in taking the latter path, he has let down the people of Ireland, let down Britain and let down Europe? Can the Prime Minister really explain why he has done this?

Governments of this country, whether Labour or Conservative, have never wanted a European constitution, with a European President, a European Foreign Minister and a European diplomatic service. Even Tony Blair was clear, when the process started, in saying that he did not want a constitution. The Prime Minister has only ever attempted to sell the treaty on the basis of what he has opted out of, rather than anything positive in the document. So why, when the only people given the chance to speak say no, does he fail to show any leadership? Even Tony Blair was better than this. When France and the Netherlands voted the treaty down in its original form, Tony Blair halted ratification and said that people were

"blowing the trumpets round the city walls."

Why did the Prime Minister not give the same sort of lead following the Irish vote? *[Interruption.]* I have not only read the treaty; I have also looked at your website.

Is it not the case that anyone arguing against this treaty is met with four entirely bogus arguments? First, the Government say that it is time to stop talking about institutional reform. If that is the case, what is the Prime Minister doing supporting a new institutional treaty? Secondly, he said last week that the treaty is absolutely essential for enlargement. Is it not the case that that is simply untrue? The Labour Chairman of the Foreign Affairs Committee—I am glad to see him in his place—has said that that is

"not legally true, and...not politically true either."—[*Official Report*, 18 June 2008; Vol. 477, c. 980.]

Instead of giving cover to those who want to slow down or halt the enlargement process, will the Prime Minister correct that statement today? Thirdly, he says that if the treaty is killed off, we would be isolated in Europe. But is that not wrong too? On our side, against this steady creation of a European state, are the Dutch voters, the French voters and now the Irish voters.

Is not his final argument the most bogus of all? He says that any party that chooses to talk about the loss of national vetoes, the dangers of a European superstate or giving people a vote in a referendum is somehow backward-looking and indulgent in old politics. Does he not see that what is backward-looking is the political elite in Brussels, endlessly coming up with new powers to transfer to a European Union without giving anyone a say? In every other walk of life, people are being given more control, more choice and more freedom. That is the new politics. When is the Prime Minister going to wake up and realise that the European Union is going in entirely the wrong direction?

A year ago, the Prime Minister stood on the steps of Downing street and said that he would protect the British way of life, build trust in government and bring the change that could not

"be met by the old politics".

But let us look at what he has done: he has brought back a constitution, pretending it is a new treaty—[Hon. Members: "No!"] Yes. He is taking part in the bullying of a small country that has voted against it, and insisting on driving through the treaty without allowing the British people a say on it. Half-truths, ignoring democracy, breaking promises and shutting people out when they should be given a say: can you get any more old politics than that?

The Prime Minister: Let me start with Zimbabwe. We all know about the deterioration of the situation—on that, we are agreed—but I would like the House to know the extent to which we will work with other countries to try to find a way forward for the people of Zimbabwe that avoids violence, brings an end to intimidation and allows them to have a fully democratic Government in their country.

It is right that sanctions have been placed against the bank accounts of 130 people. It is also right that the European Union, at our prompting, is considering further financial and travel sanctions not only against those individuals, but against others and their families. We know the names of the people responsible for running the criminal cabal surrounding Mugabe in Zimbabwe, and we are determined to force through the sanctions and to track down the money that is in their accounts in other countries.

It is also right that we are taking action through the Security Council. I spoke to the Secretary-General earlier this afternoon, and it is right that the Security Council expresses, through a presidential statement, its distaste for what has happened, its desire for an end to violence and its call for democracy to be restored in Zimbabwe. I have spoken to the other African leaders, as has the Foreign Secretary and the Minister for Africa. Many of those leaders signed a statement last week, calling for democracy in Zimbabwe, and they, too, are appalled by the recent turn of events and understand the frustrations that have led the opposition party to pull out of the elections, but they want a positive way forward that avoids an extension of the violence. I call on the African Union and the Southern African Development Community, working with the United Nations, to send a mission to Zimbabwe so that we can see a way forward from today's events.

The Leader of the Opposition mentioned the human rights situation in Zimbabwe. The United Nations has sent an envoy, who has been in Harare and is now in

Pretoria. We would like the Government of Zimbabwe to allow him to return so that he can report to the world on the human rights situation. The whole world now sees the regime for what it is, and there is a consensus in the House that what has happened is intolerable. We want an immediate end to violence because the loss of life is unacceptable, but we also need a way forward for the people of Zimbabwe.

I confirm to the Leader of the Opposition that we have not only offered help for reconstruction, but are working with other countries on a detailed plan to help the Zimbabwean people so that, once democracy is restored, reconstruction can happen, poverty can be alleviated—many people are not even getting food aid at the moment, even though non-governmental organisations want to get it to them—and Zimbabwe's economy, which should be one of the strongest in Africa, can be restored to its proper place, delivering jobs and prosperity to the people of that country.

Mr. Cameron: What about recognition?

The Prime Minister: On recognition, I made it clear that we do not recognise the regime as legitimate. That has been made clear for many weeks and it is clear in the statement that I gave the right hon. Gentleman before the questions today.

We are working hard to ensure that a trade deal takes place. Discussions are happening at the moment and I hope that there will be a ministerial meeting soon. I hope that, before we go to the G8, we can make progress on getting a signal that protectionism is unacceptable around the world. A world trade deal will, incidentally, help developing countries. After all, it is the Doha trade deal.

The Leader of the Opposition said that we had announced the go-ahead for a coal power station. That is not the case—the matter is still under discussion. We want to move forward on wind and wave power in the United Kingdom. There are local planning objections, some from members of the Conservative party, to wind power, but we are determined to move forward with our renewables objectives. A full statement on that matter will be made on Thursday.

I come now to the right hon. Gentleman's objections to the discussion in Europe on the Irish referendum. Let me make it clear that the Irish reported to us and said that they wanted time to discuss the matter in their country. They also said that they wanted to report to the Council. It is for the Irish to make their position known, and they made it absolutely clear. The Irish Government made it clear that they were not seeking to persuade other countries not to ratify the treaty. That is why the Leader of the Opposition is isolated in Europe; he claims that other European Governments are with him, but every other country is moving ahead with the ratification process because, unlike him, they believe the first words of the declaration of Brussels almost a year ago: the constitutional concept has been abandoned and the reform treaty is very different from the original treaty, which has been forsworn. He asks whose voice has been heard—this Parliament's voice has been heard and he should respect the fact that the House of Commons and the House of Lords both voted in favour of the treaty; otherwise it could not have received royal consent.

The right hon. Gentleman wants environmental co-operation round the world, but refuses to support co-operation in Europe. He wants to tackle poverty in Europe, but refuses to support the social chapter and wants to repatriate social policy. He wants a world trade deal, but that can happen only through Europe working as Europe to make that possible. He wants action on food prices, but that, as well as action on issues related to the economy, can be best done by being part of the European Union. I sometimes think that the Conservative party forgets that nearly 60 per cent. of our trade is with Europe and that 3 million jobs depend on our membership of the European Union. The Conservative party is isolated not only in Europe, but in the perverse view that blames everything on Europe, when Europe is delivering many good things for the British people.

Mr. Nick Clegg (Sheffield, Hallam) (LD): I am grateful to the Prime Minister for advance sight of his statement.

Compared with other six-monthly European Union summits, last week's was not a hugely significant one. In truth, it was more about catching up with fast-moving developments than about setting the pace for the future. Rather than being their master, the summit was in many ways a slave to events, whether the aftermath of the Irish vote on the Lisbon treaty or the unscheduled spat between the French President and the Prime Minister's good friend, the EU Trade Commissioner.

On the Lisbon treaty, the Prime Minister is right, of course, that we need to respect the need for the Irish Government to consider their next steps before October. However, as a supporter of the treaty, I none the less worry that we might soon make the best the enemy of the good. Uncertainty beyond October would genuinely raise the spectre of a paralysed European Union, unable to deliver concrete benefits to European citizens. So will he give some assurance that the treaty's fate, whatever one thinks about it, will be sealed one way or another in October and that we will not be pitched into months of further uncertainty about the treaty?

On the issue of Zimbabwe, I welcome the Prime Minister's commitment to working in the European Union and the United Nations. I hope that the international community will consider all the options available, including the case for stopping foreign currency remittances into Zimbabwe, restricting electricity supplies from South Africa and Mozambique, and encouraging the Southern African Development Community to take more action. However, does the Prime Minister agree that there are more things that he could do now, here? Will he, for instance, consider allowing asylum seekers who are fleeing Mugabe's brutal regime to live and work temporarily in the United Kingdom, until such time as Zimbabwe is more stable and they can return home?

I also welcome the summit conclusions in favour of carbon capture and storage technology. However, how does the Prime Minister square that approach and the summit's unambiguous conclusion with the strong indications that his Government will go ahead with a new generation of dirty coal power stations that are CCS ready, but not CCS functional, such as the one at Kingsnorth?

Finally, it is good to see the European Union grappling with the issue of food and fuel prices. However, the Prime Minister's summit-hopping, from Europe to Jeddah, is not enough. We need him to take practical steps here

[Mr. Nick Clegg]

at home, too. So will he emulate the example of other European Union countries, such as Spain, whose Government have clawed back some of the massive subsidies that energy-generating companies have been handed on a plate through the European emissions trading scheme, to compel energy companies to help the fuel poor and to promote energy efficiency in our homes on the scale that is now urgently needed?

The Prime Minister: I agree with what the right hon. Gentleman said about Zimbabwe. All of us are appalled by the violence taking place, and all of us are looking for a way forward. Each asylum case is dealt with on an individual basis, but I will consider what he has said about that. However, he must agree that the priority is to see an end to the violence in Zimbabwe and a way forward that allows democracy to be properly in existence there, and then, once democracy is restored, to see how we can help with the reconstruction of that country.

The right hon. Gentleman mentioned carbon capture. We are leading the rest of the European Union in seeking to have the first demonstration plant, and then the first commercial plant, for carbon capture. We want the EU to provide a mechanism by which that will be possible, because it is an expensive thing to do. We are urging the Council—I hope that he would support this—to ensure that, from the budget of the European Union, there is a means by which carbon capture can be given some support.

The right hon. Gentleman also mentioned food and oil. I agree with him that they are the major problems that many households up and down the country face, with the cost of food in the supermarket and the cost of petrol at the petrol pumps, as well as gas and electricity bills being higher as a result of the oil price. However, he underestimates the extent to which we have raised the winter allowance. We have provided additional help for insulation, which was billions of pounds in previous years and will be billions of pounds in the years to come, to help people insulate and draught-proof their houses, and to make energy-efficient and environmentally sensitive adjustments. When the right hon. Gentleman talks about the utility companies, I think that he has forgotten that we have just negotiated a deal that gives us £150 million a year after next year—the deal will go for many years—to provide extra money to give help to low-income households.

The right hon. Gentleman's first point was about the report on Ireland. We have said to the Irish Government that it is for them to come forward with their proposals. It is for them to suggest, as they have done, that they need time to look at this. They will then submit a report to the Council in October. At a time when we have 26 other countries moving towards ratification, the Irish will come to us with their views about what can be done, and we will look at the matter in October. It is fair to give the Irish Government the time to assess the situation and then bring their proposals forward to us.

Mike Gapes (Ilford, South) (Lab/Co-op): I thank the Prime Minister for his statement, and particularly for his remarks about Zimbabwe and Burma. He also referred to Kosovo. Will he give the House more information about what discussions were held on the progress of the implementation of the EU-led programme for the judicial and police takeover in Kosovo, and on the prospect of the enlargement of the European Union and the ongoing discussions with Croatia about further enlargement in the western Balkans?

The Prime Minister: I am grateful to my hon. Friend for that question; he takes a huge interest in these matters. There was a long discussion about the proposals for the next stage for Kosovo at the Council meeting and at the Foreign Ministers' dinner the night before, and the UN Secretary-General's proposals for reconfiguring the support that is given to Kosovo were mentioned. The EU will take a bigger role in future and I believe that, despite all the differences that have been expressed over Kosovo, there was a general welcome for the proposals.

Sir Malcolm Rifkind (Kensington and Chelsea) (Con): Having lived and worked in Zimbabwe, may I suggest to the Prime Minister that the collapse of law and order in that country has now reached a point at which it is no longer a question simply of the internal trauma of the Zimbabwean people? There is now a threat to the stability of the whole of southern Africa. Does the Prime Minister agree that perhaps the only key to progress lies with the African Union and with SADC? Will he try to impress upon the leaders in southern Africa, who are now speaking out more eloquently than they have done before, that the answer is not simply a mission to Zimbabwe but a withholding of recognition of Mugabe's Government by the African Union and SADC, and a threat to the Zimbabwe Government that they will be suspended from the African Union and SADC, if they do not embark immediately on the necessary reforms?

The Prime Minister: I am grateful to the right hon. and learned Gentleman for that question. I know of his great interest in Zimbabwe and that he worked at the university there for some time. I have talked to him about that on previous occasions. He is absolutely right to say that African leaders must be vocal in their condemnation of what is happening. I sense that the surrounding leaders are becoming increasingly angry and appalled by the events that are taking place, and that they are now prepared to speak out against them. He is also right to say that we should discuss all possible measures to ease the situation there. I agree with him that a mission to Zimbabwe in itself is only the first stage in dealing with the problems that exist. I also agree that none of the African states should recognise the legitimacy of the Mugabe regime, and they should certainly not recognise any elections—if they go ahead—that take place at the end of the week.

I think that the right hon. and learned Gentleman will sense from the conversations with African leaders that I have mentioned, and from the statements that they have made, that there is a new mood in Africa that is unprepared to accept the violence, the intimidation, the lack of democracy and the poverty and degradation that have been forced upon the Zimbabwean people. He is in good company in saying that the whole world must speak out and give no legitimacy to that regime. It is time that we supported the people of Zimbabwe, who want democratic rule and a return to prosperity.

Michael Connarty (Linlithgow and East Falkirk) (Lab): I would like to ask my right hon. Friend many questions about the policy issues, but I am afraid that there is a great barrier between my wish and the reality. That barrier is the Irish referendum. It is quite clear from all the legal advice and the Crotty decision that Ireland would require another referendum or amendments to be made to the constitution, the Lisbon treaty—[*Interruption.*] You know what I said about that in the past. The treaty would have to be amended in some way to allow Ireland to have an opt-in or an opt-out in the way that Denmark had. That would then require re-ratification by all 27 countries.

It seems to me that everyone expected something more enlightening and open than just waiting to see what we can get the Irish to come up with. I urge the Prime Minister to tell us whether anything else went on at the Council and to give some hope to those who want to see the European Union expand that there was more in it than simply waiting to see whether the Irish can somehow change their minds.

The Prime Minister: I am grateful to my hon. Friend, who is also Chairman of the European Scrutiny Committee and provided the House with a report previously. I think that he would agree, however, that in the situation in which we find ourselves, when 26 countries are moving ahead towards ratification, but one country after a referendum is unable to do so, we should give that country time to consider the position. There are many reasons that the Taoiseach will want to look at in reflecting on the result of the referendum and many issues were not exclusively concerned with the treaty itself. There are reasons such as the state of the economy and other matters in Ireland, as well as the provisions of the treaty, that could have contributed to the result—[Hon. Members: "Ah."] I have to say that the Taoiseach has set these issues out in speeches over the last few days, which provides all the more reason for listening to the Irish Government as they review what has happened and make progress towards making a statement to the European Council in October. That is the right way to proceed—to be sensitive to what the Irish Government will wish to say.

Sir John Stanley (Tonbridge and Malling) (Con): Is it not patently clear that people such as Mugabe and those around him, who have been responsible for the murder of scores of people, who have brutalised thousands and wiped out the livelihoods of millions, should now be brought within the ambit of international criminal law? Will the right hon. Gentleman make a commitment to that as a matter of Government policy?

The Prime Minister: I am grateful to the right hon. Gentleman for raising the issue of conditions in Zimbabwe. The Foreign Secretary will be making a further more detailed statement about what is happening there. The Zimbabwean Government are not signatories to the International Criminal Court provisions and it would require a motion by the UN Security Council to bring them within those provisions. We will of course look into everything that needs to be done, but the priority now is to secure an end to the violence and a way forward for the people of Zimbabwe and then to secure the reconstruction of the country. I have already mentioned the action that we propose to take in respect of imposing travel, financial and other economic sanctions on the criminal cabal around Mugabe.

Sir Stuart Bell (Middlesbrough) (Lab): May I assure the Prime Minister that, notwithstanding the comments of the leader of the Liberal Democrats, every European Council is significant and every European Council reflects the forward march of the Union? In respect of the question about the Irish raised by my hon. Friend the Member for Linlithgow and East Falkirk (Michael Connarty), the House should welcome the statement of the Taoiseach to come back in October and explain and define how the Republic of Ireland will stay at the heart of Europe.

As to the question of my hon. Friend the Member for Ilford, South (Mike Gapes) about enlargement to the east, does the Prime Minister agree that such enlargement of the 27 member states cannot take place uniquely on the back of the treaty of Nice?

The Prime Minister: I think it is generally recognised that the treaty of Nice contains provisions that make it very difficult for the EU to move ahead with 27 members. At one stage, the Opposition parties wanted a referendum on the treaty of Nice and now they want us to govern Europe by the treaty of Nice; I think the best way ahead is to implement the reform treaty. It is right to listen to what the Irish Government say and it is right for them to review the situation. That is clearly the best way forward and I would have thought that every sensible Member in the House would support it on that basis.

Mr. Iain Duncan Smith (Chingford and Woodford Green) (Con): Like my right hon. and learned Friend the Member for Kensington and Chelsea (Sir Malcolm Rifkind), I served in Rhodesia, as it was called in those days, in 1979 in order to bring universal suffrage to that country. I was proud of our position then, but I am not particularly proud of ours or Europe's right now. Does not the secret to providing a solution lie in Pretoria and Beijing? Is it not time that we said in no uncertain terms to the Chinese that if they wish to be accepted as a decent nation, they should stop supporting violent regimes such as Mugabe's? If we also said to President Mbeki, who is almost alone in South Africa in supporting that man, that if he pulled out the stops, made Zimbabwe a pariah state, cut off all support and said to Mugabe, "Go or we will finish you", he would be gone in a week.

The Prime Minister: I understand the knowledge of the situation that the right hon. Gentleman has given from when he was in the country many years ago. I have to say to him that the UN Security Council will meet this afternoon and I believe that there will be a presidential statement. That will require the countries that are part of the UN Security Council and that play a part in its affairs, including the ones he has mentioned, to be able to support that statement. I hope that they will support a statement that says in the strongest terms that the violence is unacceptable. What has led to the opposition leader pulling out of the election is perfectly understandable and a way forward has to be found for the Zimbabwean people, but that will be discussed by the UN Security Council later this afternoon.

I talked to President Mbeki before I came to the House this afternoon and urged it upon him that there had to be a solution and a way forward found, but he, too, will in my view join the statement that will be made

[The Prime Minister]

by the UN later this afternoon, which shows that South Africa, too, wants an end to the violence and a solution to the problems we face.

Mr. Quentin Davies (Grantham and Stamford) (Lab): First, I congratulate the Prime Minister on the considerable success of the summit and on the meeting in Saudi Arabia. Does he agree that true leadership consists of being guided by the long-term interests of the country and that, in the case of the EU, that means playing a central, constructive and, indeed, leading role, and in not constantly picking quarrels, sending signals that we do not want to be part of the venture at all and for ever playing to the gallery?

The Prime Minister: The Conservative party, as everybody knows, is isolated in Europe. It not only wants to renegotiate this treaty, but it would have renegotiated the other treaties signed under this Government—Amsterdam and Nice. It wants to withdraw from the social chapter and from social policy in Europe. It has no support in any other part of Europe for doing so. It should start to recognise that it is isolated in Europe. If the Conservatives were in power, we would be in the second division as a result of it.

Adam Price (Carmarthen, East and Dinefwr) (PC): In response to the global energy crisis and, in particular, to help hard-pressed sectors such as the hauliers, the French Government tabled a proposal at the European Council to introduce a cap on fuel taxes when oil prices reach $150 a barrel. The Austrian Government proposed a windfall tax on oil speculators, who have been heavily criticised by the US Congress and American regulators recently. Surely that is a more attractive proposal than going cap in hand to authoritarian regimes in the middle east. Did the Prime Minister support the French and Austrian initiatives?

The Prime Minister: As far as speculation is concerned, the EU, like the American Congress and other bodies including the Treasury in Britain, is looking at the forces at work in the marketplace. If there is any speculative activity, which is market manipulation, they will report on its existence. On the hon. Gentleman's other proposal concerning VAT and the discussion on it, the Council agreed to look at all proposals that the different countries were putting forward. A report will come on that in the next few months.

We will look at those proposals, but the hon. Gentleman should also know that we in Britain have done what many other countries have not. We have raised the winter allowance for pensioners to help them with their fuel bills; we have negotiated a deal with the utilities to help low-income households; and we have frozen petrol duty, as we did in the Budget, for the next few months. The Chancellor will announce later what we will do in future.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): Following the Irish no, there have been suggestions that work is going on that tries to disaggregate the Lisbon treaty into those things that could be brought in without treaty amendment and those that are institutional changes that could be piggy-backed on to a Croatian accession treaty. Will the Prime Minister give an undertaking to the House that if any British official is involved in any such negotiations, he will inform the House either in writing if the House is in recess or in a statement, or via the Select Committees?

The Prime Minister: I can say that there was no discussion of that at the European Council.

Sir Patrick Cormack (South Staffordshire) (Con): While I welcome what the Prime Minister has said about Zimbabwe, may I ask him to take up the opportunity presented by Nelson Mandela's visit to this country? Although Mr. Mandela, who has unrivalled moral authority in southern Africa, has retired from international politics, will the Prime Minister seek to persuade him to appeal to President Mbeki and say to him that the image of southern Africa is tarnished further by every minute that this evil man remains in power in Zimbabwe? He should be given the opportunity to go quietly, but if he does not do so, he should be put in the proper place, which is in the dock at The Hague.

The Prime Minister: I will raise those matters with President Mandela when I meet him later this week. The whole world is appalled at the violence and everybody who has a love of Africa is appalled at what is happening. Now that the hon. Gentleman has mentioned it, the whole House will want to send its best wishes to President Mandela on the occasion of his 90th birthday. He has been a true servant of Africa and of the world, and his courage is unsurpassed in modern times.

Mr. Ken Purchase (Wolverhampton, North-East) (Lab/Co-op): I thank the Prime Minister for a generally very helpful and welcome statement. May I ask him for assurances with regard to his view that there should be external investment in Britain's nuclear industry, which is already causing some concern in the country? It strikes me, and perhaps others, that should investment come from certain Saudi quarters and nuclear stations be built with Saudi money, that would offer a tremendous security risk to the country.

The Prime Minister: Any nuclear work in this country, including nuclear stations, happens under the strictest of conditions attaching to both security and safety. Those conditions will be rigorously and strenuously upheld at all times. I must tell my hon. Friend that some of our nuclear industry already has external investment.

Mr. David Heathcoat-Amory (Wells) (Con): The European Council received a report on the extensive preparatory work already done on aspects of the Lisbon treaty, including the External Action Service or European foreign ministry. Given that the treaty can no longer come into effect, certainly not on 1 January, did the Prime Minister take a lead and demand that all that anticipatory work stop immediately, or is he, on that as on everything else, continuing to defy the verdict of the Irish people?

The Prime Minister: That work is not going ahead in the Foreign Office, and nor was it discussed at the European Council. We are very clear that there must be unanimity on the foreign policy issues raised by the treaty—that is the condition on which we signed it.

Mr. Mark Hendrick (Preston) (Lab/Co-op): My right hon. Friend will recall the December 2001 Laeken declaration triggering a process to bring about the objectives of making the EU more transparent, democratic and efficient, and fit for a Europe of more than 27. Given the deliberations of the Irish and the difficulties that they face, will he do everything in his power to see that those original objectives are achieved at the October Council?

The Prime Minister: My hon. Friend is right that there are many questions that the Irish Government will want to consider as a result of the defeat in the referendum on supporting the European treaty. Those are the kind of issues that they will consider as they prepare the report for the October meeting of the European Council. It is not for me to say exactly what they will come forward with; that is a matter for them. But I am absolutely sure that they will want an open, transparent and democratic European Union.

Mark Pritchard (The Wrekin) (Con): The Prime Minister mentioned the increase in Saudi oil production. Does he believe that that is a result of his visit to the region and his personal intervention, or that it was a decision made prior to his arrival?

The Prime Minister: It was a decision made by the Saudi Government as the right decision to increase oil production around the world. All oil producers are sensitive to the fact that demand for oil is rising very quickly, as a result not just of what is happening in China, India and Asia, but of the growth in the oil-producing countries themselves. Supply will have to adjust to meet that demand. There are many ways of doing that: to find alternative sources of supply than oil, such as nuclear and renewables; and to make the use of oil more efficient, through improved technology for running vehicles and other means of conserving energy. One way forward will be that those oil suppliers who have the capacity to do so should use that capacity to increase their production of oil. The Saudi Government are aware that many people have argued that it is important that they increase their production where they can, and that is what they announced yesterday.

Mr. David Hamilton (Midlothian) (Lab): I congratulate my right hon. Friend on bringing the pilot scheme for carbon capture and storage to the United Kingdom; only through that means will we deal with the Chinese and Indian problem. If we can develop carbon capture and storage in a way that can be sold, it will be a big step forward. If he wants to do that, the billions of tonnes of coal in the United Kingdom should be used for that purpose, and I suggest that the plant should be in Scotland.

The Prime Minister: My hon. Friend is absolutely right about the United Kingdom's energy resources. I can also tell him that we are working on a carbon capture and storage project with the Chinese.

Mr. Andrew Mackay (Bracknell) (Con): Does the Prime Minister share my view that Croatia should accede to European Union membership on schedule, or does he believe that it should be used as a pawn in a vain and doomed attempt to save the Lisbon treaty?

The Prime Minister: When I met the Croatian Prime Minister last week, I told him that it is this Government's view that Croatia should not be held back from its membership of the European Union, that the negotiations should proceed as planned, and that we hoped that the timetable for membership could be met. Of course, Croatia must meet the conditions for membership, but I have every reason to believe that it is working to meet those conditions, that it will meet them, and that it is in the interests of Europe for it to meet them.

Andrew Miller (Ellesmere Port and Neston) (Lab): I congratulate my right hon. Friend on the leadership that he has shown on the issue of future vehicles, which is enormously important to the British economy. We have a very complex transition to undergo, and if Britain is to play a leading role, we must also manage the manufacture of internal combustion engines and secure the maximum efficiency from them. May I urge him to bring together representatives of power generation, oil refining and the vehicle industry, and to create a high-level summit to work out the best way forward for the strategy?

The Prime Minister: I shall be happy to do that. My hon. Friend has fought hard for the car industry in this country, as well as fighting for the best environmental standards. The United Kingdom will continue to lead the battle in Europe to secure a lower car emissions target. We are aware of the sensitivities relating to particular models in the United Kingdom and will bear them in mind, but it is important to recognise that the prize ahead of us is a 40 per cent. reduction in emissions as a result of what we do. That is why I think that my hon. Friend's proposal should commend itself to Members in all parts of the House.

Bob Spink (Castle Point) (UKIP): Article 6 of the European Union constitutional treaty states that following ratification:

> "The instruments of ratification shall be deposited with the Government of the Italian Republic"

by each country. Does the Prime Minister intend, if Stuart Wheeler loses his case, to deposit the United Kingdom's instrument of ratification in Rome—yes or no?

The Prime Minister: Yes, we would hope to move forward, but we are confident that we will win the case in the courts. We believe that we have the right case and a good case. Let me clear up matters for the House. We wrote to the judge saying that we knew he was considering these matters and we wanted to proceed to ratification. He asked us if we would wait until he had given his judgment. We were happy to do so, and we now know that his judgment will come this week. What that judgment will be is of course a matter for the judge, but we believe that we have a good case, and after that we will proceed to ratification.

Derek Wyatt (Sittingbourne and Sheppey) (Lab): May I draw the Prime Minister further on China? Can he tell me how we are to stop Chinese inward investment in Zimbabwe, and also reassure me that the money-laundering that is going on pertains to Chinese banks in Hong Kong and Beijing?

The Prime Minister: We will examine the matters that my hon. Friend has raised. Clearly, the sanctions that we are considering are sanctions on individual members of the regime, but I will look at what he has said. I believe that China will support the presidential statement from the United Nations today, and will support both an end to violence and the restoration of conditions in which democracy can happen and flourish in Zimbabwe.

Mr. Douglas Hogg (Sleaford and North Hykeham) (Con): The Prime Minister has said nothing about Afghanistan. Will he tell us whether he raised with the Governments of Germany and France the possibility of German and French troops being deployed in Helmand province in an operational role? Does he agree that the Government's decision to deploy British forces in the province without assurances from the Governments of France and Germany that they would reinforce on request was an act of the grossest incompetence?

The Prime Minister: I have talked to the Chancellor of Germany and the President of France on a number of occasions about the challenges in Afghanistan. We must remember that more than 40 countries are involved in supporting efforts in Afghanistan both to secure law and order and to bring democracy and prosperity to the country.

Germany is active in pushing forward with the programme that all of us want to support, and is leading in respect of the training of police forces for the future in Afghanistan. It has just doubled the number of police forces there, and I applaud the Chancellor for taking that step. The French are to move troops to the east of Afghanistan, which will allow American marines to move to Helmand, thus strengthening the position there in the months to come.

As the right hon. and learned Gentleman knows, last week the Secretary of State for Defence announced that we would reconfigure our troops in Afghanistan and ensure that there were additional troops there for the work that needs to be done. We all know of the sacrifices that British servicemen and women have made in Afghanistan. We are determined that those sacrifices will lead to the democracy that we want to see there and to greater prosperity for the Afghan people.

Mary Creagh (Wakefield) (Lab): The Prime Minister will be aware that the first millennium development goal is the eradication of hunger, and while a 40 per cent. rise in global food prices over a year is painful for European consumers, it is catastrophic for the poorest living in developing countries. What impact does my right hon. Friend think the rise in food prices will have on the achievement of that millennium development goal, in particular with reference to Zimbabwe, 45 per cent. of whose population is currently dependent on food aid?

The Prime Minister: I am grateful to my hon. Friend for that question. The first thing that should happen in Zimbabwe is that the non-governmental organisations providing food aid should be allowed to do so; at present, hundreds of thousands of people are being denied food aid because the NGOs are not allowed to operate. My hon. Friend is also right that 100 million people face famine as a result of the increased food prices and the inability of many countries to deal with the food shortages in their midst. We are determined to work with the World Bank and the International Monetary Fund to do more about that. At the conference in Jeddah yesterday, the Saudi Arabians offered $1 billion extra for relief from the high oil and food prices and the problems facing the poorest countries, and we are talking to the World Bank about what more we can do together to meet the need for food around the world.

Dr. Vincent Cable (Twickenham) (LD): After the Jeddah meeting, can the Prime Minister answer some of the myths about the oil market, notably the myth that oil producers are deliberately withholding supply when spare capacity is only 2 per cent., and the myth perpetuated by the Conservative leader today that prices are where they are because of financial speculators rather than the underlying reality of rapidly rising demand and fixed supply?

The Prime Minister: On speculation, I have said in answer to another question that the Treasury is looking into that matter. An inquiry is going on within the IMF and the US authorities are conducting an examination. If there has been market manipulation, that will be exposed by the work being done. On supply, I am satisfied that many of the largest oil producers are trying to supply the market. The problem is that there has been insufficient investment in capacity and refining in previous years, and another problem is that some oil-producing countries get their oil to the marketplace in inefficient ways. These forces should be examined. That is why British oil companies, and oil companies from outside the region, should be allowed to invest, so that we have higher production and better refining in these areas. It is also why, reciprocally, we should agree that the oil producers should be able to diversify their portfolio and invest in other aspects of energy so that they have an interest in the stability of the whole energy market.

Mr. Peter Bone (Wellingborough) (Con): The British people would like to know from the Prime Minister what part of "no" he does not understand.

The Prime Minister: The last time the British people voted on the European Union they voted yes, and the Conservative party has never come to terms with the fact that Britain is part of the European Union and that it should remain at the centre of the European Union. Instead of using every excuse to oppose the European Union, it should start to recognise that if it has truly changed as a party, it would have changed its visceral opposition to the European Union.

Mr. Philip Hollobone (Kettering) (Con): Ahead of the start of the French presidency of the Council, what discussions did the Prime Minister have with President Sarkozy about French plans for greater defence co-operation in general, and the creation of EU-controlled defence forces?

The Prime Minister: I answered that question last Wednesday. We issued a statement after the meeting with President Sarkozy when he came to Britain only a few months ago. We outlined those areas where defence co-operation was not only taking place, but was good

for Britain, Europe and the world. I said last Wednesday that those people who were trying to suggest that there would be a merger between the British and French navies were totally wrong, because when one examines the detail even of the French statement, one sees that it is made absolutely clear that there is to be co-operation and working together, not merger and amalgamation.

Zimbabwe Elections

4.34 pm

The Secretary of State for Foreign and Commonwealth Affairs (David Miliband): With your permission, Mr. Deputy Speaker, I will make a statement on the situation in Zimbabwe.

I am sure that the whole House will unite in its condemnation of the depravity of the Mugabe regime; in grieving at the needless loss of life in Zimbabwe; in wanting to send a clear message of support and solidarity to the people of Zimbabwe at this time; and in supporting new African efforts to find a resolution to the crisis. We share both their demand for a democratic future and their belief that they should not be denied by this violence or intimidation.

Since 29 March and the extraordinary scenes of courage shown by ordinary people who put their faith in democracy and the ballot box, we have seen a regime that has reverted to type. President Mugabe and his key generals used changes to the law as a means of identifying those people who chose to vote for change. From then onwards, a campaign of violence was inflicted on those people, intended to punish them for having had the temerity to say no to Robert Mugabe and no to ZANU-PF. We know that 34,000 people have been displaced, 2,700 injured and 84 murdered since that day.

This is not British propaganda. Non-governmental organisations have documented the existence of torture camps. Independent media have published the names of those who have directed and orchestrated the violence. African election observers have seen the violence with their own eyes. Thousands of teachers and public servants who had volunteered as presiding officers in the first round withdrew their names for fear of violence and intimidation in the second round. By Sunday, only 84 election observers had been accredited, when more than 10,000 had applied. It is also a matter of public record that Morgan Tsvangirai has been detained five times in the last 10 days, and that the secretary-general of the Movement for Democratic Change, Tendai Biti, has been in prison and charged with a trumped-up treason offence since arriving back in Harare. The stage was set for the most rigged election in African history.

The failure is not of the opposition but of the Government. Robert Mugabe and his thugs made an election impossible, and certainly made the notion of a free and fair election farcical. It is clear that the only people with democratic legitimacy are those who won the parliamentary majority on 29 March, and who took most votes in the first round of the presidential election, and that was of course the opposition.

If I may, I will pick up on one point that came up in the exchange between the Prime Minister and the Leader of the Opposition. We do not—repeat not—recognise the Mugabe Government as the legitimate representative of the Zimbabwean people. We will not "de-recognise" the state of Zimbabwe, because that would mean the withdrawal of diplomatic representation and all that goes with it, but the Prime Minister could not have been clearer that we do not believe that a Government who have clubbed their way to victory and defied the constitution, which requires a second round within 30 days of the first round of the election, can claim to be the legitimate representative of the Zimbabwean

[David Miliband]

people. Zimbabwe does, however, need a broad-based Government who command the confidence of the majority of Zimbabweans and, in addition to stopping the violence, that must be the focus of regional and international efforts.

Since the announcement yesterday, the Prime Minister, Lord Malloch-Brown and I have spoken to Foreign Ministers and key figures in southern Africa and around the world. This is a crucial moment for democracy and prosperity right across Africa and the whole region. Ahead of the election, 40 senior Africans underlined their concern at the conditions in Zimbabwe. The African Union Commission has called for violence to end. The head of the pan-African parliamentary observer mission has said that violence was now at the top of the agenda of this electoral process. Zambia's President Mwanawasa, who is currently chair of the Southern African Development Community, has said that

"the current political environment in Zimbabwe falls far short of"

SADC's "principles and guidelines". He said yesterday, more strongly, that the situation in Zimbabwe was scandalous and that what was happening there was embarrassing to all Africans in the region. I applaud his frankness and that of his Angolan and Tanzanian colleagues, who have spoken in similar terms. It is now for SADC and AU leaders to convene in early session and to establish a clear basis for regional engagement on the issue.

At the European Council last week, the Prime Minister and other leaders underlined their readiness to take further measures, should President Mugabe attempt to steal the election. On behalf of the EU, the Slovenian Foreign Minister has issued a clear statement condemning the violence and the conditions that forced Morgan Tsvangirai to withdraw from the election. I spoke to Foreign Minister Rupel last night to welcome that statement, and to discuss with him now the need urgently to consider how we can put further pressure—a widening and deepening of the EU visa ban and targeted financial measures—on Robert Mugabe and his elite that can be actioned at the next meeting of EU Foreign Ministers. Javier Solana and Commissioner Michel have both now issued statements condemning the violence and supporting Morgan Tsvangirai's decision.

I have also spoken to the UN Secretary-General, Ban Ki-moon, and I welcome his statement yesterday. Later today, the Security Council will discuss Zimbabwe. I am sure that our permanent representative will speak for the whole House when he says that the UN must contribute to the resolution of this crisis before the entire region is destabilised further. It is right and it is necessary that the Security Council, the African Union and SADC work together on this. The UN agencies have prepared for continued help for refugees who flee Zimbabwe.

The UN Secretary-General's envoy remains in the region and should be allowed to return to Zimbabwe, but the burden will still be borne by the region and by Zimbabwe's neighbours, and the role of their leaders is vital. Britain has long and historical links with Zimbabwe. I have never believed that the rights and wrongs of our history should prevent us from speaking clearly and frankly about the situation today. Robert Mugabe's misrule does not invalidate the struggle for independence; our colonial history does not mean we cannot denounce that which is wrong. The test, at all times, should be whether our commitment and action can help the people of Zimbabwe.

The cynical decision to suspend non-governmental organisations delivering vital humanitarian aid shows how far Mugabe has gone in abandoning Zimbabwe's people. Our foremost duty is still to press for humanitarian space to be re-opened and for those NGOs to be allowed to restart operations. Some 1.5 million people have been affected by the ban imposed by the Mugabe regime. As the second largest bilateral donor, we will continue to provide aid and assistance as we can. The Secretary of State for International Development chaired a meeting this morning to consider what more we can do to support urgently those in Zimbabwe. Just before this sitting of the House, I spoke to our ambassador in Harare, and he and his staff are working hard to maintain a full suite of diplomatic roles in Harare. Travel advice remains under review and recommends against all but essential travel to Zimbabwe.

We will continue our efforts publicly and privately to press for a solution to this crisis that reflects the will of the people in Zimbabwe. I am sure hon. Members will agree with me that such a solution cannot come quickly enough. Mr. Mugabe says that only God can remove him from office—let us hope the people of Zimbabwe get there first.

Mr. William Hague (Richmond, Yorks) (Con): May I thank the Foreign Secretary for coming to the House to make that statement and say at the outset that I think that there will be unanimous agreement with what he said about the violence and murder of recent weeks? Should it not now be clear to the world that this is a despotic regime that cares nothing even for the welfare of its own people and that has no democratic credibility whatever? Does he agree that no one should condemn the Movement for Democratic Change for withdrawing from such a manifestly un-free and unfair election? As Morgan Tsvangirai has said, his party was

"facing a war rather than an election."

We should commend the bravery of those opposition figures and supporters who campaigned despite the overt threats against them and in the face of appalling violence towards and suffering for their families.

The response by Zimbabwe's neighbours and the wider international community should be swift, united and decisive, and we welcome everything that the Government have done to encourage such a response. We welcome their commitment to raise the issue of Zimbabwe at the UN Security Council today. Can the Foreign Secretary tell the House whether the Government will put actual proposals to the Security Council, for instance, on a UN commission of inquiry into the grotesque abuses of human rights taking place in Zimbabwe? Does he agree that unless there is a negotiated solution, Mugabe and those around him must one day be held accountable for the crimes being committed? Can the Foreign Secretary say whether the Government will at least call for and gather support for a United Nations referral to the International Criminal Court?

The Government announced earlier this year that they would seek an informal moratorium on arms sales to Zimbabwe. Is that still the Government's policy, and is there any possibility of it being achieved? The Foreign Secretary rightly referred to European Union sanctions.

This is surely the time for those to be seriously extended and rigorously enforced. In particular, should they not include extending the EU visa ban and assets freeze to associates and relatives of regime members, many of whom currently travel and study in Europe with impunity? The time has surely come for the pusillanimous policy of allowing Mugabe to attend summits with the European Union to be struck down once and for all—there should be no place for the man at any of the world's summit tables.

I welcome what the Foreign Secretary said, in clarifying the Prime Minister's remarks, about not recognising Robert Mugabe's regime as the legitimate Government of Zimbabwe. On that point, the Foreign Secretary is aware of statements—he listed some of them—by SADC and its leaders that the election should not now go ahead as planned. The President of Zambia, who is also the chairman of SADC, has said that postponement was needed

"to avert a catastrophe in the region".

Since that is the view of those countries, and even now the regime seems bent on going ahead with the rerun, does it not follow that it is time for SADC countries to withhold recognition of the legitimacy of the regime?

Have we not also reached the point at which South Africa's willingness to prop up the Government in Harare is harming South Africa's image in the world and when all friends of that country should call on the South African president to live up to his regional responsibilities?

There are between 3 million and 4 million Zimbabwean refugees living in neighbouring countries. The latest shocking violence and the economic collapse are expected to create another wave of desperate people fleeing the country. The Foreign Secretary mentioned it in his statement, but can he tell the House what help has been offered to the neighbouring countries in dealing with that problem?

Whatever happens in Zimbabwe over the next weeks, we must stand ready to continue to support the people. Is he satisfied that we have prepared as fully as possible for the rehabilitation of Zimbabwe at the appropriate time, once the country is set on a clear course towards the rule of law and democracy?

Finally, from a wider perspective, the early 1990s saw a positive trend towards multi-party elections in Africa. For various countries, they marked a transition from an extended period of authoritarian rule to fledgling democratic government. They held out the possibility that democratic practices might be deepened on that continent. However, the recent use of violence, intimidation and politically motivated harassment of various forms to retain power in Kenya, Uganda, Ethiopia and now, so spectacularly, in Zimbabwe have undermined that trend. Is it not therefore more crucial than ever that we send a message of unity and clarity to the criminal regime of Mugabe and those who may be tempted to use intimidation and brutality against their own people that that can never be accepted as the norm, and that the people of Africa deserve the rule of law and freedom just like the rest of us?

David Miliband: I counted 12 questions from the right hon. Gentleman, so I hope that he will forgive me if I try to pick out not the easiest ones, but those that I have not covered at great length so far. Certainly there is no condemnation of the MDC from anyone who has their senses about them. The life and limb of its supporters were at risk.

The right hon. Gentleman asked whether, in the happy circumstance of a negotiated solution or way forward, we would "call for and gather support for" criminal action against Robert Mugabe. Sometimes calling for such things makes it more difficult to gather support for them, but we certainly believe that all aspects of international law should be used where appropriate. We will not shy away from using the tools that are at our disposal, although as the Prime Minister made clear, Zimbabwe is not a signatory to the International Criminal Court, and any action on that level would therefore require a UN Security Council resolution.

There is an EU and, I think, a US arms sales ban on Zimbabwe and we certainly seek to take that further and wider. I think that I am right in saying that the Chinese ship that tried to dock in Zimbabwe never did disperse its cargo and we hope that that remains the case—

Mr. Tobias Ellwood (Bournemouth, East) (Con): Thanks to the dock workers.

David Miliband: The hon. Gentleman shouts out his support for the South African dock workers, and he is right to highlight their role. It emphasises the need for both Governments and civil society, including trade unions, to be active on this issue.

The right hon. Gentleman asked about President Mugabe's attendance at summits. Certainly it was gut-wrenching to see him turn up at a summit to discuss food, of all things, but it is not possible to ban him from attending the UN summit until he is no longer the President of Zimbabwe. In respect of Mugabe's legitimacy, the right hon. Gentleman raised an important point about the need, even in the first 24 hours after Mr. Tsvangirai's decision not to contest the second round, of southern African countries not to throw in their lot with Mugabe's rule. As the right hon. Gentleman said, those countries should refuse to recognise the Government as a legitimate expression of the will of the Zimbabwean people.

I will be in South Africa in two weeks' time and I certainly propose to discuss all aspects of the crisis, including the refugees. I would have thought that it dawned on people in South Africa some time ago that, since the majority of those refugees are in South Africa, it is their problem as well as a Zimbabwean problem and that it afflicts them directly.

In respect of the threat of further refugees, we obviously keep the issue of stockpiles of food and shelter under review. My right hon. Friend the Secretary of State for International Development, as I said, held a meeting on that this morning. The UN presence is critical to this, and we are in touch with the UN on this issue.

Finally, the right hon. Gentleman rightly drew attention to the importance of the rehabilitation—I think that was what he said—of Zimbabwe afterwards. He asked how confident I was about the plans for that. I am confident that a lot of work is going into them, but I have to say to him in all candour that a country that, according to our ambassador today, has reached 8 million per cent. inflation this week is a country for which rehabilitation is hard to plan. With that caveat in mind,

[David Miliband]

I assure him that although the focus is on the immediate issue we certainly have not forgotten the need to recognise not only our responsibilities but those of all wealthier countries, including those in the region, to contribute to the rehabilitation of Zimbabwe when this vile rule is over.

Mike Gapes (Ilford, South) (Lab/Co-op): The first round of the presidential election was clearly won by Morgan Tsvangirai. The Movement for Democratic Change won the parliamentary elections. Given that this second round is illegitimate now that the opposition have been forced to withdraw, should we not recognise that fact and do more to help the MDC internationally as well as to help the civil society organisations and non-governmental organisations forced into exile by the Mugabe regime? Should we not do whatever we can internationally not just to de-legitimise Mugabe but to say that the real President is Morgan Tsvangirai?

David Miliband: My hon. Friend makes an important point. Of course, it is not just him who says that Mr. Tsvangirai won the first round. Mr. Mugabe recognises that the parliamentary majority was won by the MDC and the presidential plurality was won by Mr. Tsvangirai. That is why I have said yesterday and today that if anyone can claim democratic legitimacy it is the MDC and Mr. Tsvangirai. It is worth saying that there is a lot of talk about Governments of national unity and about people coming together, but that must be based on respecting the only decision that the Zimbabwean people have made, which was certainly not one that would put Robert Mugabe at the head of a Government.

Danny Alexander (Inverness, Nairn, Badenoch and Strathspey) (LD): I am grateful to the Foreign Secretary for advance notice of his statement and we very much welcome what he has had to say. He is absolutely right that over the past few weeks Robert Mugabe's regime has reached new heights of brutality and disregard for the people of Zimbabwe. Zimbabwe is heading for total collapse. It is clear that free and fair elections would have been impossible under those circumstances, so we can all fully understand and respect the decision taken by the MDC to pull out of the election.

Does the Foreign Secretary agree that under the UN principle of responsibility to protect, the international community now has a duty to act? Is he concerned that SADC's chairman, the President of Zambia, recently described the silence of that organisation over the elections as "scandalous"? Is the Foreign Secretary doing all he can to remind SADC countries, particularly South Africa, of the principles on which that organisation is founded, namely respect for democracy and human rights?

In the absence of a free and fair second round of elections, the Foreign Secretary is right to say that the result of the first round must be taken to express the will of the Zimbabwean people. Does he not agree, too, that the Zimbabwean Parliament should be allowed to meet unmolested to express its will on the matter?

The demands that we must now make are clear. The violence must stop and either the elections must be rescheduled with a massive international presence or a Government of national unity should be formed under Morgan Tsvangirai. In order to ensure that those demands are met, are the Government willing to take three further steps on a temporary basis until the regime complies? First, will they act to stop the remittances that provide the hard foreign currency that sustains the regime in power? Secondly, will they pressure the Governments of South Africa and Mozambique to be willing to restrict or cut off the supply of electricity to Zimbabwe? Thirdly, will they exceptionally allow asylum seekers from Zimbabwe to work in this country should they seek refuge here? Those are drastic steps but they would remove the only resources that now sustain this evil regime. The Government must show now that they are prepared to take such steps.

David Miliband: I am grateful to the hon. Gentleman for his overall welcome for my statement. I certainly agree that we must do all that we can in all our roles to make sure that SADC lives up to its principles. His point about the Zimbabwean Parliament is well made; it does, of course, represent one source of strength for decent people in Zimbabwe.

Let me address the three questions that the hon. Gentleman asked. He is not the first member of the Liberal Democrat Benches to raise the question whether we should try to stop remittances. On previous occasions in the House, I have tried to say in a diplomatic way that I think that a completely idiotic idea. I have to say again in the nicest possible way that it is very stupid indeed to keep on asking us to try to stop the remittances, because the remittances are keeping together the bodies and souls of very poor people.

I have said in the House before that I have met people in this country who are providing care and sending money back. When they are asked about the conditions of their families, they say, "This money is the only thing that is keeping them alive." Honestly, I ask in the nicest possible way that people should stop suggesting the idea; I promise that it is a very bad idea—*[Interruption.]* Carry on if you want, but I say to the hon. Gentleman that I honestly do not believe that stopping the remittances would serve the ends that we share on this issue. They are providing much-needed currency not to the regime but to very poor people who need to keep body and soul together—ditto in respect of the electricity supply: living in Zimbabwe is tough enough without that being cut off.

The right thing to say on the question of the asylum seekers is that every case must be treated seriously on a case-by-case basis. Anyone with a genuine fear of persecution—we can see the conditions under which that would exist—must, of course, be given asylum in this country.

Ann Clwyd (Cynon Valley) (Lab): As my right hon. Friend knows, there is a split in the leadership of the African National Congress in South Africa. While I was there a few weeks ago, President Mbeki addressed 1,500 delegates from all over the world and did not mention the word "Zimbabwe". However, the Speaker of the Parliament got up directly afterwards and said that nobody should remain silent on the issue.

There is one voice that is respected throughout the world and ought to be heard on the issue: President Mandela's. He is in London this week celebrating his

90th birthday. Will my right hon. Friend discuss the matter with President Mandela and ask him to speak out, as I am sure he would have done had he been President now?

David Miliband: My right hon. Friend's role with the Commonwealth Parliamentary Association and her visit to South Africa were important. Obviously, President Mandela has a unique position in the world, never mind in Africa. I certainly would not tell him what to do. As I am sure my right hon. Friend knows, he will use whatever offices he has and can appropriately use to effect decent change in South Africa. The issue will certainly be a subject of discussion—not necessarily during the pop concert, but at some time during his visit. I hope that my right hon. Friend will agree that any of us would proceed with great temerity and humility in suggesting lessons that we could teach President Mandela about how he fulfils his functions.

Mr. Nicholas Soames (Mid-Sussex) (Con): Will the Foreign Secretary tell the House to what he attributes Mr. Mbeki's pathetically inadequate response to this terrible tragedy? Secondly, is the right hon. Gentleman satisfied that the Commonwealth has put together a response formidable enough to ensure that its views are properly known?

David Miliband: In respect of the first question, I do not want to put myself into the mind of the leader of South Africa. As I said earlier, the burden borne by South Africa from the 2 million-plus refugees from Zimbabwe who are there is reason enough for any country—from self-interest, never mind moral interest—to speak out on the issue. We have debated before the role of President Mbeki in securing the rounds of the election. Obviously, however, the fact that those elections have not been able to take place in anything other than grotesque circumstances has rendered that null and void.

The hon. Gentleman raised a very important point about the Commonwealth. Zimbabwe's absence from the Commonwealth is regretted and due entirely to how Mugabe has run the country. Mugabe has spurned the Commonwealth; I do not believe that the people of Zimbabwe have done so. I can certainly confirm to the hon. Gentleman that this week I will be in touch with the new secretary-general of the Commonwealth to see how neighbouring Commonwealth countries can use the organisation's good offices in a positive way.

Mr. Ian McCartney (Makerfield) (Lab): On 26 March last year, I made a statement on Zimbabwe. During the past year, the only thing that has gone down is support for the regime, while murder, corruption, violence, hunger and unemployment have gone up, as well as the numbers of refugees. We still see in the international community a failure to take sufficient action together in such a way that would lead to a recognition by Mugabe of the need for a transition through democratic means to a new form of democratic government. I am certain that in the end the people of Zimbabwe will win, despite the damage done to them in the immediate future. My right hon. Friend will be involved, privately and publicly, in very complex negotiations over this. I ask him to think about a group of people in Zimbabwe that nobody speaks of—the thousands of elderly and vulnerable people who will require our support immediately Mugabe goes because they may lose their lives within hours of his regime collapsing in whatever way it does.

David Miliband: Before I made my first statement on Zimbabwe, I read my right hon. Friend's statement of last March. He raises a very important point. The whole country is vulnerable at a time of 8 million per cent. inflation, but those who are elderly and vulnerable are particularly at risk. I can assure him that they are very much in our thoughts on a consular and a more general humanitarian basis.

Mr. Andrew Mackay (Bracknell) (Con): The Foreign Secretary was absolutely right to remind the House that leading Ministers in Zambia, Tanzania and Angola have spoken out against Mugabe; I am sure that he would have wished to add Botswana. However, one neighbour has not—he had to omit South Africa. When he meets President Mbeki, will he point out that many friends of South Africa on both sides of the House are appalled at this inaction and that he can no longer be an honest broker between the Mugabe regime and the opposition but has to take a stance?

David Miliband: As my right hon. Friend the Prime Minister said earlier, he has been in touch with President Mbeki on a regular basis, including earlier today. President Mbeki's role is very important. Of course, there are other South African voices as well. I completely understand what the right hon. Gentleman says about friends of South Africa wanting them to play a positive role in change in Zimbabwe that brings stability and prosperity right across the southern African continent.

Tony Lloyd (Manchester, Central) (Lab): Without underestimating the difficulties, will my right hon. Friend look at how far Britain can work with SADC and the African Union to ensure that we support the infrastructure in Zimbabwe, which will not only be necessary for delivering humanitarian aid but, in the long run, be the basis for the re-establishment of civil society? Without practical investment now, difficult though it is, and in the future, Zimbabwe will collapse even when Mugabe goes.

David Miliband: My hon. Friend raises an important point. With every week and month that goes by, as Zimbabwe descends further into chaos, it is harder for it to drag itself out of that chaos or to be dragged out of it by the international community afterwards. It is a moving target, and that is making the job of planning by the international community increasingly difficult. At the World Bank and the UN, as well as in the British Government, serious thinking is going on about that country's infrastructure, to use his word, in the widest possible sense of the term—the physical and human infrastructure. After all, as many right hon. and hon. Members have said, Zimbabwe should be a rich country, not a poor country—it has the resources to be such, both human and physical. I hope that is what is keeping the people of Zimbabwe going through this dark, dark hour.

Sir Nicholas Winterton (Macclesfield) (Con): What happens in Zimbabwe will no doubt affect the long-term future of the whole of central southern Africa. While I

[Sir Nicholas Winterton]

express gratitude to the Minister of State, Lord Malloch-Brown, for the way in which he has co-operated with Members of this House who take a deep, long-standing interest in Zimbabwe, does he accept that the one person who could bring this catastrophe to an end is Mr. Thabo Mbeki, the President of South Africa? I support my hon. Friend the Member for Mid-Sussex (Mr. Soames). Could we not bring greater pressure to bear on Mr. Mbeki? Even if switching off the electricity is an extreme act, the people of Zimbabwe have suffered long enough, and they would be prepared to put up with that action if it would bring down Mugabe.

David Miliband: I think that we are united throughout the House on the responsibility of regional leaders. The strong words from Angola, Botswana and Zambia, set out by the right hon. Member for Bracknell (Mr. Mackay), were conspicuous in the leadership role that they have played, and they have set an example for others to follow.

Derek Wyatt (Sittingbourne and Sheppey) (Lab): Will my right hon. Friend reassure me that there will be no shady deals when Mugabe goes, and that he will be brought to court wherever he may go?

I am struggling to know the answer to this question, but would it not be possible to start an exile Government—perhaps in South Africa, given that there are 2 million to 3 million Zimbabweans there—and would he raise that point with Mbeki when he sees him in two weeks' time?

David Miliband: Certainly, the full force of international law should be felt. The important thing is that we take our lead from the people of Zimbabwe and their elected opposition representatives. It is Mr. Tsvangirai whose lead we should follow and it is premature for us to start proposing an exile Government—it must be for us to follow and support his lead. He is the man at the sharp end, and he is the one who, in the end, will have to provide leadership to find a way out of this morass.

Mr. Gerald Howarth (Aldershot) (Con): Many people find it morally repugnant that the international community has fiddled so ineffectively as Zimbabwe has literally burned. Can the Foreign Secretary tell the House how many British subjects there are in Zimbabwe, and what sort of plans are in place in the event of civil war, which many correspondents are now suggesting might happen? What contingency plans are there to remove those British citizens to safety? I say to the Foreign Secretary that the Almighty is not the only person who could remove Mr. Mugabe; the Special Air Service could also do a pretty good job.

David Miliband: Whatever the degree of frustration that the hon. Gentleman feels, I do not think that he really wants me to pursue the latter part of his question.

The best thing to say about British nationals is to refer back to my earlier statement on the issue, which recorded that there are 12,000 British nationals in Zimbabwe, many of whom are elderly, and there is no evidence of them being subject to intimidation or attack thus far. They are supported by a well-developed wardens network, and by some very brave non-governmental organisations. The best thing to say is that they remain the subject of continued engagement, and if the hon. Gentleman wants to have a word with me afterwards, I could say a bit more to him about that.

Kate Hoey (Vauxhall) (Lab): May I urge Her Majesty's Government to stop being quite so nice to President Mbeki of South Africa? Anyone listening to his remarks last night would wonder whether he was on the same planet as many of us. I ask my right hon. Friend to consider withdrawing Mbeki's invitation to the next G8 summit—he attended the Gleneagles summit on the understanding that he was going to be the person in Africa speaking up for good governance and human rights. He has not honoured his side of the bargain; should we not be looking at our side?

David Miliband: Of all right hon. and hon. Members in the House, my hon. Friend has played a long-term role in standing up for decent values in Zimbabwe. The extension of an invitation to the G8 is to South Africa, not an individual, and it is important that we expand the G8 to include countries such as South Africa. It is also important that we engage with such countries. We should speak plainly of our own views, but we should engage with those countries, and whatever the levels of frustration, the worst signal to send would be that the leading industrialised countries had lost interest in talking to, in this case, those countries' democratically elected leaders. Although I totally understand my hon. Friend's frustration, I hope that she agrees, on reflection, that engagement on a clear basis is the preferable way forward.

Mr. Douglas Hogg (Sleaford and North Hykeham) (Con): The right hon. Gentleman said that the full force of international law should be felt. Does that mean to say that as a matter of principle he accepts that the International Criminal Court should have jurisdiction over what is going on in Zimbabwe? If that is his position, and it is mine, will he start taking action within the Security Council to mobilise support for a resolution that would subject Mr. Mugabe and his immediate supporters to the full rigour of the International Criminal Court?

David Miliband: When I said "the full force of international law" earlier, I did not say it lightly but because I believe it. However, we have been trying to mobilise support to get Zimbabwe on to the Security Council agenda. That has been the blockage, and I would fail in my duty if I pretended to the right hon. and learned Gentleman that we were at a stage yet when we could start mobilising support for something greater than a standing item on the agenda. However, I assure him that, from my two conversations with our permanent representative at the UN yesterday and previous conversations, there is no lack of clarity on the part of all members of the Security Council about the importance of the issue. Its discussion last week and the fact that Burkina Faso became the ninth country to support its debate at the Security Council is significant. I hope that we can build on that—it is certainly our priority.

Mr. Chris Mullin (Sunderland, South) (Lab): May I press my right hon. Friend on the suggestion that the European Union should extend travel and financial sanctions to the families of those who are subject to them? During my time at the Foreign Office, we took the view that the sins of the fathers should not be visited

on the children but, given the enormity of what is occurring, perhaps the time has come to revisit the issue.

David Miliband: The 131 people who are currently subject to a travel ban have been carefully chosen. It is right to consider all options for further travel bans or financial intervention. Although we recognise that there is a pull in both directions, it is right to examine all the options without fear or favour.

Angus Robertson (Moray) (SNP): On behalf of the Scottish National party and Plaid Cymru, I thank the Foreign Secretary for advance notice of his statement. We are all appalled by the situation in Zimbabwe. Does not he agree that it would be the making of the African Union and SADC if they could sort out the situation so that democracy, the rule of law and human rights were secured in this new era for Africans by African diplomatic efforts?

David Miliband: Yes.

Mrs. Ann Cryer (Keighley) (Lab): What sort of reports is my right hon. Friend getting from Zimbabwe about the—I will not say ordinary lives—the lives of ordinary people there? Are there still schools and hospitals? Is any form of local government functioning? Were the Almighty to remove the leader, how long would it take, in my right hon. Friend's opinion, for Zimbabwe to get back to normal life?

David Miliband: I ask and inquire about the position of ordinary Zimbabweans, not least because some of them work for us. I have spoken to some of our locally engaged staff, who are Zimbabwean citizens and do an outstanding job for the British Government. They are lucky enough to have a steady salary. I specifically asked our ambassador today about teachers and schools. Teachers, civil servants and the army are still being paid, but, with 8 million per cent. inflation, it is a struggle for pay to keep up with it. Although it is important not to become bewitched by the regime's economics, they point to its demise rather than its good health. I do not want to make predictions about how fast things can be turned around, but it is amazing how fast a descent into chaos can be stopped, with decent leadership.

Tony Baldry (Banbury) (Con): The prosecution of Charles Taylor by the United Nations special court has clearly created the precedent that not even a Head of State is immune from prosecution under international law for crimes against humanity. Following the comments of my right hon. and learned Friend the Member for Sleaford and North Hykeham (Mr. Hogg), is not it right to try to put the matter on the Security Council's agenda and ascertain who has the temerity to vote down the principle that international law should apply everywhere? There is nothing to stop the ICC, if so mandated, interviewing Zimbabwean witnesses, who are now refugees in South Africa and, if the evidence supports it, bringing indictments against those who are most responsible for crimes against humanity in Zimbabwe. Giving possible failure as a reason for not doing that sounds rather weak.

David Miliband: I have not heard anyone say that because we might fail, we should not do that. What I have heard people say is that the short-term priorities are to stop the violence, get the humanitarian aid in and create a negotiated process that recognises the democratic will of the Zimbabwean people. There is also a short-term need for the UN to play its proper role. However, the point that I made earlier was that Zimbabwe is not yet a standing item on the UN Security Council agenda, because that is being blocked. The first focus of our activities must therefore be to get it discussed, to get a strong presidential statement and to ensure that the envoy continues to play his role, currently in Pretoria, but with the potential to return to Harare and elsewhere in Zimbabwe. There is a longer-term game, but the short-term game really matters.

Clive Efford (Eltham) (Lab): I take my right hon. Friend's point about the issue not even being before the UN Security Council and the difficulties that can be created by calling for legal action to be taken against people before an agreement is reached. However, there is a precedent for taking individual action. For instance, the British Government took action on Bosnia before there was international agreement. I heard what Lord Malloch-Brown said about taking action against individuals who support the regime around Robert Mugabe to prevent them from moving and about freezing their assets. Is there any possibility of the Government taking action of that kind, to send those people around Robert Mugabe the strong message that after the situation is over, they will still face action?

David Miliband: The issue of EU sanctions on travel or finance, which I think is what Lord Malloch-Brown was talking about, is rightly on the agenda and is part of the drive. As I said earlier, 131 individuals are currently subject to those sanctions. We should seek to have that extended. What has happened in Zimbabwe has brought home to many people in the European Union the severity of the situation, and that is certainly something that we will be pursuing.

Mr. Henry Bellingham (North-West Norfolk) (Con): The Foreign Secretary said a moment ago that Zimbabwe needed broad-based Government. Could he elaborate on that? As the Chairman of the Foreign Affairs Committee, the hon. Member for Ilford, South (Mike Gapes), said earlier, the MDC won the parliamentary elections, in spite of the vote rigging and the violence. Morgan Tsvangirai would obviously have won an overwhelming victory in the presidential election, had it been free and fair. Does the Foreign Secretary agree that it would be a disgrace if Mugabe's ZANU-PF party was rewarded for its role in the violence with any position in a future Government?

David Miliband: The issue at hand is the leadership of a new Government. Some of the descriptions of a Government of national unity—one who would perpetuate Mugabe's rule—do not meet my test or any other hon. Member's test of what constitutes a broad-based Government. However, Morgan Tsvangirai himself has made it clear that he does not seek to replace one one-party rule with another one-party rule, but is seeking support from across parties. ZANU-PF splintered, in a way that led to Mr. Makoni running in the first round of the presidential election and securing 8 per cent. of the vote. There is room for a wide range of possibilities, but not one that starts from the presumption that the current Head of State remains as the leader of the Government there, because that is the red line.

Jeff Ennis (Barnsley, East and Mexborough) (Lab): I understand that it has just been announced that Morgan Tsvangirai has had to seek sanctuary in the Dutch embassy in Harare. Will my right hon. Friend comment on that development? The Australian Government, among others, are also calling for greater sanctions against Zimbabwe, but does he agree that such a measure would simply penalise ordinary Zimbabwean citizens even further?

David Miliband: My hon. Friend raises an important point, but one so important that it is better if I do not comment in detail on the reports that are circulating about the whereabouts of Mr. Tsvangirai. The important thing that I can confirm is that he is safe and believes himself to be secure, but that is as far as I should go. I certainly agree with my hon. Friend that sanctions that ended up hitting ordinary Zimbabweans would be a perverse reward for what they have been through.

Mr. Philip Hollobone (Kettering) (Con): In this Olympic year, is there more that can be done to embarrass the Chinese Government, who are the financial prop that is keeping the Mugabe regime going?

David Miliband: In my experience, setting out to embarrass the Chinese Government is not the most effective way of getting them to do things that we want. I have, however, discussed Zimbabwe on previous occasions with the Chinese Foreign Minister. The weight of world opinion will register and, as my right hon. Friend the Prime Minister said earlier, Chinese support for the actions in the UN today is one indication of how world opinion is shifting.

Mr. Ellwood: Will the Foreign Secretary elaborate on the Prime Minister's comment that there would be substantial support from the UK in a post-Mugabe Zimbabwe, bearing in mind the pressures that are already being placed on our helicopter fleet? Does he also agree that it is time to call for Zimbabwe to be suspended from the African Union? May I encourage him to go for his Adlai Stevenson moment, and to go to the UN, with some evidence, to say that the talking should stop and we need to see some action, with the rest of the world coming up behind us?

David Miliband: I am glad that the hon. Gentleman thinks that Adlai Stevenson is the way forward, rather than Mr. Khrushchev and his shoe. In respect of post-Mugabe reconstruction, the issue is less about military reconstruction and more about development reconstruction of the kind that my hon. Friend the Member for Manchester, Central (Tony Lloyd), who is no longer in his place, mentioned earlier. Economic and social reconstruction, rather than military reconstruction, is what is needed. The issue of Zimbabwe is discussed at the UN, and was discussed in the debate on post-conflict reconstruction that I chaired in New York last month. We are determined to play our part, but recognise that this is a multilateral issue, not just a bilateral one. The more that it is recognised as such, the better.

SALE OF STUDENT LOANS BILL (PROGRAMME) (NO. 2)

Motion made, and Question put forthwith, pursuant to Standing Order No. 83A (Programme motions).

That the following provisions shall apply to the Sale of Student Loans Bill for the purpose of supplementing the Order of 22nd November 2007 (Sale of Student Loans Bill (Programme)):

Consideration of Lords Amendments

1. Proceedings on consideration of Lords Amendments shall (so far as not previously concluded) be brought to a conclusion three hours after their commencement at this day's sitting.

Subsequent stages

2. Any further Message from the Lords may be considered forthwith without any Question being put.

3. The proceedings on any further Message from the Lords shall (so far as not previously concluded) be brought to a conclusion one hour after their commencement.—*[Mr. Michael Foster.]*

Question agreed to.

Orders of the Day

Sale of Student Loans Bill

Lords amendments considered.

Mr. Deputy Speaker (Sir Alan Haselhurst): I must draw the House's attention to the fact that privilege is involved in Lords amendments Nos. 2, 3 and 15. If the House agrees to these amendments, I shall ensure that the appropriate entry is made in the *Journal*.

Clause 1

SALE OF STUDENT LOANS

Lords amendment: No. 1.

5.22 pm

The Minister for Lifelong Learning, Further and Higher Education (Bill Rammell): I beg to move, That this House agrees with the Lords in the said amendment.

Mr. Deputy Speaker: With this, it will be convenient to consider Lords amendments Nos. 4 to 6, 8 and amendment (a) thereto, 9 and 10.

Bill Rammell: Before I start on the detail of the amendments, I should like to place on record my appreciation of the constructive way in which hon. Members have contributed to the development of the Bill. Opposition Members will recognise among the amendments topics that we first discussed in this House, on which further debate followed in another place. The positive engagement across all parties in both Houses, but particularly between the two Front Benches, has helped fundamentally to improve the Bill, which meets our shared aim of providing an effective framework for a continuing programme of loan sales and offering full protection for borrowers.

Mr. John Hayes (South Holland and The Deepings) (Con): May I take this opportunity, even though it is very early in the Minister's speech, to pay him the compliment of saying that he has dealt with these matters with great professionalism? I am grateful for his kind remarks, but they are also due vice-versa. I entirely endorse his view that the Bill has been improved by that engagement.

Bill Rammell: I thank the hon. Gentleman. One can always sense when constructive engagement has taken place because the Back Benches are empty on both sides of the House, which is what we see today.

I should like to proceed by commenting on the first group of Lords amendments, which relates to the effect of the sale on borrowers. Lords amendments Nos. 1 and 4 cover the notification of sales to borrowers and, as I underlined in Committee, we have always intended to let borrowers know when their loan has been sold. Having listened to the arguments, we have strengthened that intention—in Lords amendment No. 1—into an obligation for the Secretary of State to take reasonable steps to let all affected borrowers know within three months that their loan has been sold.

Lords amendment No. 4 would mean that, in the unlikely event of an onward sale of the legal title to the loans, the initial loan purchaser would be obliged to take reasonable steps to let the borrower know that their loan had been sold on. Lords amendment No. 5 also relates to onward sales. As I said in earlier stages of these proceedings, the borrower's primary protection in the sales programme lies in the fact that purchasers cannot change the repayment terms, which remain governed by regulations. That is an important protection, but we want the added safeguard that the Secretary of State can enforce any protections contained in the sales contract, including after any onward sale, however unlikely that might be.

The Bill has from the outset enabled the Secretary of State to insist on being a party in some form or other to onward transfers. Having listened to the arguments put by hon. Members here and in the other place, we have made it a requirement in amendment No. 5 for the Secretary of State to ensure in the initial sales contract that he is party to any subsequent contract transferring legal title to the loans.

Amendment No. 6 clarifies how the Bill addresses onward sales, putting it beyond doubt that the provisions of clause 3 relate only to the transfer of legal title of the loans. Without that clarification, potential purchasers and investors may be deterred from participating in loan sales in the mistaken belief that the Secretary of State will need to be a party to all transfers and the onward transfer of equitable rights that can take place in the context of a securitisation. That has never been our intention. Seeking to regulate this division of equitable interests would be unnecessary and unworkable, given the complexity of the structures. Only the legal owner has a relationship with the borrower and the student finance system as servicer, so the Secretary of State only needs to be able to regulate the legal owner's dealings with the loans.

Amendments Nos. 8 and 9 will mean that, when making or amending the loan regulations or regulations under section 186 of the Education Act 2002, the Secretary of State must seek to ensure that borrowers will not as a consequence of the amendments be in a worse position simply because their loan has been sold. This provision will apply to all changes in regulations after any loans have been sold, not just where an undertaking may have been made. That represents a strengthening of the statement already made on the record that borrowers will not be adversely affected by their loan being sold. It will, I believe, give borrowers confidence that the commitment is intended to stand the test of time.

Finally, amendment No. 10 is a minor drafting improvement, expanding a cross-reference in clause 5(4) into a reference to the whole of clause 2 rather than just clause 2(2). That will indicate more clearly that the transfer arrangements in general may provide for exceptions to the presumption that all moneys relating to sold loans should be paid to the purchaser. Such an exemption could cover, for example, penalties relating to compliance with the tax system.

I am also aware of the Opposition amendment to Lords amendment No. 8, tabled by the hon. Member for South Holland and The Deepings (Mr. Hayes). I know that the Opposition wish to speak to that amendment, so I will respond to what is said about that later.

[Bill Rammell]

Overall, the amendments in the group represent valuable strengthening and clarification of how we will ensure that the borrowers' interests in the loan sale programme are protected. On that basis, I commend the amendments to the House.

Mr. Rob Wilson (Reading, East) (Con): It seems quite a long time ago that we were last here debating this Bill. In fact, it was last January. It was such a long time ago that my hon. Friend the Member for South Holland and The Deepings (Mr. Hayes) has advanced another year—in fact, he does so today, so I hope that everyone will join me in wishing him a very happy birthday.

The long time for which the Bill has been in the other place seems to have been extremely well spent, as it appears that there is much for us to agree on today. I think that we can largely welcome what is before us, although, as would be expected of a diligent Opposition, we will wish to explore a few issues in further detail. I hope that I will not detain you for too long, Mr. Deputy Speaker; after all, lengthy periods of detention are Government policy, not Opposition policy, are they not?

Let me deal first with Lords amendments Nos. 1 and 4 together. They were proposed in response to another amendment tabled in the other place by Baroness Sharp. In moving Government amendment No. 1, Baroness Morgan said that it had

"always been our clear intention to let borrowers know when their loans are sold. Having reflected on the argument that it would be better to strengthen that intention into an obligation, we propose Amendment No. 1. The Secretary of State would have to take reasonable steps to let all affected borrowers know that their loans have been sold within three months of the transaction."—[*Official Report, House of Lords*, 2 June 2008; Vol. 707, c. 47.]

Conservative Members have raised these matters on several occasions, so it would be extremely churlish of us not to welcome these amendments. They build the Government's intention to inform borrowers directly into the Bill, exactly where it should be, and they also give the purchasers of the loan an obligation to do the same. Letting those affected by changes know within three months is appropriate and welcome. However, it would be extremely helpful if the Minister clarified what will constitute "reasonable steps" in those circumstances, both for the Government and indeed for the loan purchasers.

5.30 pm

As the explanatory notes state, amendment No. 5

"would oblige the Secretary of State to ensure that initial sale contracts contain provision for the Secretary of State to be party to any onward sale contract."

Conservative Members particularly welcome that concession by the Government. The Minister will acknowledge that it follows considerable pressure from us, not least from my hon. Friend the Member for South Holland and The Deepings, who referred to those matters in his opening remarks. Following debate on Second Reading and in Committee about onward sales, Conservative Members tabled an amendment on Report that would have ensured that the Secretary of State would indeed have to be party to onward sales. A similar amendment was tabled by the hon. Member for Hayes and Harlington (John McDonnell).

As my hon. Friend the Member for South Holland and The Deepings said during the debate back in January:

"There are legitimate concerns about collateralised debt...History has taught us that loans can easily be repackaged and, in the end, involve a large number of different purchasers, some of whom, if they are known at all, could be outside the jurisdiction of the Secretary of State."

The logic of such wisdom from my hon. Friend was so powerful that obviously the Minister could not resist.

Although the Minister expressed the need for flexibility in those matters, he conceded that if an amendment tabled in the other place could be worded in such a way as to ensure that the Secretary of State was party to any onward sale, while maintaining flexibility as to the specific mechanism,

"we would certainly consider it."."—[*Official Report*, 23 January 2008; Vol. 470, c. 1558, 1570.]

The Minister has been as good as his word and has confirmed that today, so we are satisfied that this is an appropriate concession that fulfils our expectations.

The explanatory notes make it clear, as the Minister did in his opening remarks, that amendment No. 6 is essentially a technical measure. I therefore do not propose to dwell on it and shall move directly to amendment No. 8. I will also speak to amendment No. 9, and to the amendment in the name of my hon. Friend the Member for South Holland and The Deepings.

Let me be frank: our amendment is probing and it aims to tease out a little more reassurance from the Minister. We would like further explanation on the record about how those loans might end up in circumstances in which a particular loan structure changed. The explanatory notes state:

"Lords Amendments 8 and 9 would require the Secretary of State to give consideration to borrowers whose loans have been sold in making or amending loan regulations, and in making or amending regulations under section 186 of the Education Act 2002, so as to"—

this is the important bit—

"avoid detriment to any such borrower resulting solely from the fact that the loan is sold."

Essentially, the Secretary of State must make a comparison to ascertain whether a borrower is worse off as a result of any proposed amendment to regulations. That must be compared with no change at all—that is, with what would have been the situation if the loan had never been sold.

Lords amendment No. 8 is specifically concerned with the financial impact on borrowers, about which Conservative Members have expressed unease during previous debates. The Minister said on the record, early on in the process of considering the Bill, that the Government

"want to be able to demonstrate, and for the reality to be, that a graduate repaying their loan finance will see not one iota of difference in the way in which that process is handled, whether their debt is owned by the Government or by the private sector."—[*Official Report, Sale of Student Loans Public Bill Committee*, 4 December 2007; c. 14, Q33.]

Conservative Members—and those with loans, watching avidly on BBC Parliament—will welcome that statement, which is to be commended.

However, Lords amendment No. 8 was tabled in response to concerns that Lords amendment No. 2 to clause 2 might leave borrowers worse off. In moving the amendment in the Lords, Baroness Morgan stated:

"No borrower will be in a worse position for their loan having been sold and, in developing the amendment on undertakings, we have reflected on the importance of borrowers being fully reassured on that fact. That is why Amendment No. 6"

as it was numbered in the other place—

"will mean that, when amending the regulations, the Secretary of State must seek to ensure that borrowers will not be in a worse position as a consequence of their loan being sold."—[*Official Report, House of Lords*, 2 June 2008; Vol. 702, c. 54.]

We welcome the amendment and the noble Baroness's comments, but we have some concerns about the effectiveness of her assurance, and that of the Minister, to borrowers.

In particular, we are concerned about the wording of the amendment, which does not appear to be as strong as it could be. Our amendment would give further certainty by leaving out the words "aim to". We are uncertain what the Secretary of State would achieve by "aiming to" ensure that no borrower whose loan was transferred would be in a worse position. I would appreciate some clarification from the Minister on what exactly is meant by "aim to". Would it, for example, be possible under the amendment for borrowers to be objectively worse off, so long as the Secretary of State had aimed to prevent that? Having read the certainty in the Minister's words, and in those of the noble Baroness in the other place, I notice that Lords amendment No. 8 does not give the same level of reassurance and commitment. Why not? Will the Minister explain fully to the House why that was not possible?

I am also keen to learn the legal status of the current wording. What has the Minister been advised about the steps that would have to be taken to ensure that he had fulfilled his duty under the amendment? What advice has he been given about the possible legal interpretation of the amendment if a transfer were subject to judicial review? By removing the words "aim to", our amendment would give a copper-bottomed guarantee to borrowers that they would not be worse off as a result of their loan being transferred.

Our main concern is for those who hold loans. We want to ensure that the exercise has no detrimental impact on them whatever. I urge the Minister to consider our amendment carefully and to fulfil his and the wider Government's earlier reassurances to the House.

Finally, on amendment No. 10 to clause 5, the Government have conceded that the original wording in the Bill was not as clear as it should have been. As Baroness Morgan stated in her letter to Baroness Verma, dated 4 April, the amendment clarifies what the Government had always originally intended, and is "a minor drafting change". That implies that the matter does not need much debate. But will the Minister put it on record that the provision is what the Government always intended, and that it is indeed "a minor drafting change"?

As the Minister has agreed, there is no doubt that the Bill has been much improved by Her Majesty's Opposition's thorough inspection and the Lords amendments. Therefore, I thank the Minister and his colleagues for the professional and constructive way in which they have engaged with us.

Stephen Williams (Bristol, West) (LD): May I associate myself with the outbreak of friendly relations between the Government and Conservative Front Benches? All our debates on Department for Innovation, Universities and Skills matters, whether on this Bill, in Question Time or on the speaking circuit outside the Chamber, are conducted in a friendly and well-informed manner.

I welcome Lords amendment No. 1, which was tabled in response to an amendment moved by my colleague Baroness Sharp of Guildford in another place, calling for the borrowers to be included among those who are notified of the change of circumstances and the accompanying information, about which the House will be informed, once a sale has taken place, and for that notification to take place within three months.

Lords amendments Nos. 4, 5 and 6 concern further transfers and onward sales, and stipulate that the Secretary of State should be a party to them to ensure that the Treasury's interests are safeguarded. They also clarify the fact that the onward sales are of the legal title rather than equitable interest resulting from, for instance, securitisation.

Let me raise again an issue that was raised by me and by others back in January, on Report. I assume that in all these cases the agency that will issue the various notifications on behalf of the Secretary of State will be the Student Loans Company. I do not think we want the borrower to receive multiple notifications about different aspects of his or her accumulated debt from different agencies such as the purchaser of the debt, the Department, the Student Loans Company and, indeed, Her Majesty's Revenue and Customs. I should welcome the Minister's comments on how it can be made clear to borrowers what has happened to their loans on graduation.

Mr. Hayes: An audit trail will be necessary. The position could become quite convoluted over time as debts are sold and resold. Good records are important, not just for the borrower but for everyone.

Stephen Williams: I agree that it is important to have accurate records—and also for them not to be lost by anyone. However, we do not want a large number of agencies to have to keep accurate records of the addresses, income and circumstances of borrowers. Once young people graduate and their incomes start rising, they tend to move about a good deal. Certainly that was my experience after I graduated. Retaining the Student Loans Company as the primary agency to continue the relationship with the borrower seems to me to make good sense.

As for Lords amendments Nos. 8, 9 and 10, I was puzzled by the insertion of the phrase "aim to" by the Government, or their draftsmen, in the clause that deals with ensuring that the borrower is not put in an adverse position once his or her debt has been sold on. I am sure that such clauses are always carefully drafted on the basis of good advice from Treasury or other Government draftsmen. No doubt there is a good reason for the Government to "aim to ensure" that graduates are not put in an adverse financial position, rather than to ensure that they are not.

That leads me to wonder how the sales of the debts are selected. I had thought that there would be blocks of debt rather than individual debts. Might not the debt being sold turn out to be that of graduates with a good

[Stephen Williams]

record of repayments rather than those with a patchier record? I do not think we want to find ourselves in a Northern Rock-like position in which the good debt is privatised and the no-so-good debt remains on the Government's books.

Mr. Hayes: I suspect that that is exactly what will happen. The debts of those with a secure record of repayment will be by far the most appropriate to sell first, because they will be the most attractive.

Stephen Williams: I am glad we agree on that.

The insertion of the phrase "aim to" suggests that the Government cannot be sure that they can determine whether borrowers will be adversely affected by either the sale of their individual debt or their inclusion in a block of debt that has been sold. It implies that they cannot be too precise about the conditions. I think that the hon. Member for South Holland and The Deepings (Mr. Hayes) was right to probe the intention of the insertion of the words "aim to", and I look forward to hearing the Minister's justification of it.

Bill Rammell: We have had a constructive debate. First, let me confirm that the proposition in Lords amendment No. 10 was always the Government's intention, and that this is a minor drafting amendment. We have throughout the passage of the Bill also made clear our current intention that the Student Loans Company will take on the responsibility of the ongoing relationship with the borrower, and that it will take the "reasonable steps" to inform all affected borrowers on behalf of the Secretary of State. On the point about the importance of clarity in that relationship, and the need not to create a multiple set of relationships, we need to be clear that the SLC will carry out that function, and that we do not expect onward sales to take place. Under amendment No. 4, there is the further proposition that the initial loan purchaser will also be obliged to "take reasonable steps" to let borrowers know that their loan has been sold. That is there as a belt-and-braces response, but I do not envisage that way forward as ever being necessary.

5.45 pm

The hon. Member for Reading, East (Mr. Wilson) asked what is meant by taking "reasonable steps". We would expect a letter to be written to each affected borrower at the current address held by the SLC. That is an appropriate response because, importantly, borrowers are under an obligation to keep the SLC informed of their up-to-date address—a fact that is relevant to a point made by the hon. Member for Bristol, West (Stephen Williams).

Stephen Williams: What is the Minister's assessment of the current state of the SLC database? For how many borrowers is it sure that it holds an accurate and up-to-date address?

Bill Rammell: I cannot give an off-the-cuff response, but the hon. Gentleman has asked me several written parliamentary questions on this subject, and if he looks at the record he will see that we are getting substantial income flows to the SLC, and we would not be doing so unless we had a good set of addresses for graduates who have gone through the system. I hope that reassures him.

Mr. Rob Wilson: I seek the reassurance that there will be no cross-checking of graduates' addresses through Her Majesty's Revenue and Customs.

Bill Rammell: There are very clear arrangements for the transfer of data between the SLC and HMRC, which I set out in detail in Committee; significant reassurance was given on that issue then, and I reiterate it here.

Let me now turn to the amendment tabled by the hon. Member for South Holland and The Deepings (Mr. Hayes) to Lords amendment No. 8. As I have said, throughout the passage of the Bill it has been a key Government commitment that the borrower will not be disadvantaged as a result of any sale. It must be appreciated that we are dealing with a complex and technical regime that interacts with the tax system, and where there are a large number of moving parts there may occasionally be unintended consequences, which we would, of course, seek to rectify as soon as we became aware of them. Given that set of circumstances, it would be wrong to render changes unlawful because of a possible minor or technical infringement that it had been impossible to predict. I want to stress that amendment No. 8 does not give Ministers scope to weaken their commitment to the borrower. Under the duty it puts in place, no Minister could knowingly make an amendment to the regulations to the detriment of a borrower whose loan had been sold.

Mr. John Redwood (Wokingham) (Con): Is the Minister saying that there will be compensation from Government funds if the borrower is inadvertently worse off?

Bill Rammell: If there is a technical infringement that puts the borrower in a worse position, the Government will have to respond; in those circumstances, they will have to make clear their commitment to borrowers. However, the key point is that under the duty this amendment puts in place, no Minister could knowingly amend the regulations to the detriment of a borrower whose loan had been sold.

Let me now turn to the purpose of the wording.

Mr. Hayes: I shall intervene before the hon. Gentleman moves on, as he might want to amend what he is about to say. It seems to me that the argument he is developing is that the obligation will be to ensure that the Government's intent was appropriate. What we are concerned about is the outcome. The intent might well be appropriate but if the outcome was detrimental to borrowers, the Government's intentions would not be of much comfort, would they?

Bill Rammell: In those circumstances, the Government would have to respond very quickly and put that right. In dealing with this amendment, I asked officials to envisage for me the circumstances that might pertain in such a situation. We find it very difficult to envisage such a situation and to identify the problems that might occur. However, this is a belt-and-braces response that makes it clear that there would be a responsibility on the Government, in those unforeseen circumstances, to put the situation right, but the purpose of the wording

is simply to ensure that if any unintended consequence of an amendment to regulations had such an effect, the repayment regime would remain lawful pending correction of the unintended error, which would clearly be a responsibility for Government. Otherwise, there is a risk of potentially important aspects of the intended and proper repayment regime being rendered unlawful because of minor errors. That would not be in anyone's interests.

Although the Government's commitment to the borrower is clear, in this context, we consider the proposed amendment to the amendment to be too inflexible to work. Having listened to the concerns expressed, and responded on the parliamentary record to them, I now hope that the Opposition will not press their amendment.

Lords amendment agreed to.

Clause 2

SALES: SUPPLEMENTAL

Lords amendment: No. 2.

Mr. Hayes: I beg to move amendment (a) to the Lords amendment.

Mr. Deputy Speaker: With this it will be convenient to consider Lords amendment No. 3, Lords amendment No. 7, amendment (a) thereto, and Lords amendments Nos. 11 to 16.

Mr. Hayes: Perhaps I might start by again echoing the spirit evoked by the hon. Member for Bristol, West (Stephen Williams), who leads for the Liberal Democrats, and indeed by the Minister: a determination to ensure that the Bill does what it is supposed to, but, equally, to proceed in a spirit of co-operation wherever possible. I will not say collaboration, but there certainly should be co-operation—and to that end, both in this place and the other place, the official Opposition have done their best to improve the Bill.

It is in that spirit that I speak to the amendment that stands in my name, and that represents the Opposition's position on Lords amendment No. 2, which was introduced by the Government. It was a significant addition to the Bill and is therefore worthy of detailed scrutiny here. By its nature, it has not been discussed here until now, and I think we might say unusually so. Although it is of course the Government's privilege—indeed right—to move amendments in the Lords, to do so in such a fundamental way is unusual; I say no more than that.

The amendment that we are seeking to amend is about transfer arrangements, particularly undertakings by the Secretary of State about the power to make loan regulations. As you will see, Mr. Deputy Speaker, the amendment goes into some particulars, although I will not discuss them exhaustively. Our amendment is designed to leave out paragraph (a) of the Government amendment that speeds its way here from the Lords, because the powers granted by that amendment are very permissive and wide-ranging. I shall detail the explanatory notes, if I might, Mr. Deputy Speaker, because it is important:

"Lords Amendment 2 would enable the Secretary of State to include in the sales contract with a purchaser undertakings about the exercise of the power to make loan regulations (which include terms and conditions of student loans). Such amendments to the loan regulations would have effect in relation to sold and unsold loans. The intention of the amendment is to reduce the uncertainty about changes which the Secretary of State could make to the terms and conditions of the loans."

The question of certainty—to whom, and about what—is of great importance when considering the amendment, which has already been subject to considerable debate in the Lords. Members present will have read with some care the record of that debate, but what they may not have been privy to is some of the correspondence surrounding this matter. In a letter to Baroness Vermer dated 4 April, Baroness Morgan, who leads for the Government in the Lords on these matters, indicated that the amendment was principally about value for money. Following discussions with the Government's adviser on the loan book sale, Deutsche Bank, she argues that it has become necessary for the Government to think again about the precise nature of the likely sale and its circumstances. She says in the letter:

"Because we are legislating for a long-term programme of sales"

the Minister, indeed all the Government Front Benchers, have made it clear that this is enabling legislation, and we understand that these sales may take place over a considerable period—

"and want to ensure sales achieve good value for money we think we ought to have at our disposal more than one way in which investors can be given confidence that a change in the terms and conditions of repaying the loans will not affect the value of the asset they have bought.".

Let me put that into rather clearer terms for the benefit of the House and, indeed, the record. The gist of it is this. If potential purchasers of part of the loan book were able to suggest that they were buying an unquantified risk, they might well drive the price down, and they might do so in circumstances in which they felt that the Secretary of State could change the loan terms, even though they had bought the product. It is perfectly acceptable for the Government to say, following advice, that that would make the whole process untenable, and that a potential purchaser would—if I may put it in the terms sometimes used in these circumstances—have the Government's hand twisted up behind their collective back. No salesman wants to be in that situation, and in these terms the Minister is indeed the salesman for the Government, trying to sell the loan book at the best possible price. That is certainly in the interest of taxpayers.

However, having made the judgment that that was perfectly arguable and would justify the kind of amendment that the Government have tabled, Ministers indicated in subsequent discussions in the Lords that the reason for their amendment was rather different. They actually indicated that the amendment concerns the uncertain status of the loan book after sale and whether it would be counted as sold by the Office for National Statistics. In other words, on the one hand we were being told that this is a necessary change to facilitate the best commercial relationship with potential purchasers—to secure the best deal, if I might put it that way—and on the other, we were being told that it is a technical requirement to ensure that the asset had been shifted, so far as the ONS was concerned, from the public to the private sector. In the Lords Committee debate, Baroness Morgan stated:

"We do not want to put future Governments in a position where the only means they have to address the issue of future policy change became something that, under future rules, led to

[Mr. Hayes]

the transaction not counting as a true sale. We know that this is a real risk, as the classification rules have changed significantly since the previous sales of student loans a decade ago and we would not now be able to sell student loans in the way we did then." [*Official Report, House of Lords*, 8 May 2008; Vol. 701, c. 192.]

So I think it fair to say that there is some confusion about the advice that Ministers received from the sales arranger, their adviser Deutsche Bank. Did that advice also concern whether a transaction would count as a true sale or was there separate advice from a separate source that sponsored —encouraged—the Government to construct and propose their amendment? Was the advice only about value for money, an issue to which I shall return in relation to Lords amendment No. 7?

6 pm

The fact that the sales arranger thought it possible that the terms of the sale needed to be revised raises some questions, particularly in the current financial climate, about whether a good value deal can be secured, especially for the first sale. The essence of my point is to discover which is the more important to the Government: is it, as we have now been led to understand, the technical change that they claim that they have to make to satisfy the ONS—that position is perfectly feasible and supportable—or is it, as we were first led to believe, that the Government fear that they will not be able to sell the loan book, in part or as a whole, at an attractive price unless they make the product altogether more agreeable from the perspective of potential purchasers? If that is the reason driving the Government, the spectre—I do not want to be alarmist in any way, because that is not in my character—of the loan book being sold off at a price that would not be in taxpayers' interests, at a time that would not be optimal and in a fashion that would not be agreeable to this House or to those whom we represent begins to hover over our otherwise agreeable proceedings.

That explains the reason for our amendment (a). Discussions have taken place on the Floor of the House, in Committee, in the Lords and privately about these matters, but we felt it important to put our concerns on the record in the form of our amendment. Concern was expressed in the Lords about the permissive nature of the Government's amendment, and I have made reference to that. Our amendment (a) would enable the Minister to give undertakings that are enforceable in law and that bind the hands of his successors. It would enable Ministers not only to give undertakings that the loan regulations will not be changed, but to give undertakings so as to achieve a specific result. Our amendment (a) proposes to remove paragraph (a) from Lord amendment No. 2, but it is essentially a probing amendment, which doubtless comes as a relief to Ministers. It aims to ascertain what undertakings may be made by Ministers in this regard. Could the undertakings have an impact on the threshold for loan repayments or the interest rate for repayments?

My principal concern is, as it has been throughout these proceedings, not only for recipients of student loans, but for taxpayers. We must ensure that we secure best value for money as this asset moves from the public to the private sector.

Mr. Redwood *rose*—

Mr. Hayes: I am happy to give way to my right hon. Friend, who is a great authority on these things.

Mr. Redwood: There are two ways of securing a more attractive selling price. The first is legitimate: the Government should say that they are not going to intervene in an unhelpful way and give as much certainty as possible to the potential purchasers. I think that that is what they are trying to do, and I am interested in hearing my hon. Friend develop the argument. What would be unacceptable to this House is if the other way were adopted. That would involve allowing the buyers to up the amount of money that they take off the students. The Government are desperately trying to balance those matters, so I would be intrigued to learn whether my hon. Friend has had the benefit of any advice from those acting for the potential vendor as to how one maximises the price within those constraints.

Mr. Hayes: The tension between those two imperatives lies at the heart of the matter. I do not wish to complicate our considerations, but may I also add a third: that the Government are obliged to deal with these things rather more hurriedly than they or the House would wish? They have made it clear—Ministers have been straightforward about this—that they need to sell the loan book pretty quickly, because they factored income from that sale into their spending plans.

My right hon. Friend will know, given his extensive business and City experience, that it is not always wise to sell something at an inappropriate time and it is not always—perhaps never—wise to let potential purchasers know that one is going to do so. That drives the price down, because they then say that the Government have to sell, because if they do not, they will be short of brass. That is what this boils down to. We have a fear about the Lords amendment, so our probing amendment—I reassure the Minister about its nature—aims to ensure that he has the opportunity to clarify, on the record, the nature of the sale that will doubtless ensue as a result of this enabling legislation. My right hon. Friend is right to say that the interests of borrowers and taxpayers have been at the heart of our considerations. We would complain bitterly if, after this period of friendly co-operation, the Government used this legislation at the wrong time and got a lousy deal. If we did not complain in such circumstances, we would not be doing our duty to this House or to taxpayers.

There is a danger that the Government's Lords amendment will transfer any uncertainty about future repayment terms from potential purchasers of the loan book to borrowers. That would not be a satisfactory outcome. The additional permissiveness at the heart of the amendment may be warranted, but at the very least, we need to know what the Government are thinking, why they are thinking it and who has advised them. I know that the Minister will be anxious to clarify his and the Government's position at the earliest opportunity.

On Lords amendment No. 3, I should point out that the explanatory notes state:

"Lords Amendment 3 would ensure that the scope of undertakings given by the Secretary of State could extend to regulations under section 186 of the Education Act 2002, as well as to the loan regulations under section 22 of the Teaching and Higher Education Act 1998. Under section 186 of the 2002 Act, the Secretary of State may make regulations enabling the Secretary of State to make repayments on behalf of borrowers, or to reduce or extinguish

he amounts owing by them. The amendment would allow the Secretary of State to make binding promises about how this power would or not be exercised."

Lords amendment No. 7 would insert a new clause into the Bill. I ought to say at this juncture that I am extremely grateful to the Minister for accepting the representations made to him on this subject. The new clause deals with the kind of reporting that would take place after transfer arrangements have occurred. In essence, the Government are saying that parliamentary scrutiny, which we all want in place, will be ensured by a report, brought to this House, on the arrangements pertaining to the sale. The amendment states:

"The report must include information about the extent to which the arrangements give good value"

—for money.

We have been so insistent about this matter for the reason that I mentioned a few moments ago in response to the intervention made by my right hon. Friend the Member for Wokingham (Mr. Redwood): the fact that it is crucial that we obtain good value for money and, moreover, that this House is able to test that in an empirical way. The House deserves proper information about where a sale was made, how it was made, why it was made at a particular time, the prevailing market conditions and so on.

Mr. Redwood: Has my hon. Friend put it to the Minister that selling a book of loans in the middle of a credit crunch is not the normal way to maximise value for the taxpayer? Doing it at the same time as running off a mortgage book at Northern Rock, which the Government strangely decided to buy, is doubly hazardous.

Mr. Hayes: My right hon. Friend's lucidity is matched only by his assiduity. He makes his point with a force that I would be reluctant to use. I mentioned the possibility of inappropriate sales at an inappropriate time, but as ever he draws the issue into sharp focus. It is entirely possible that the Government might be forced to sell part of the loan book at the least desirable time, in the circumstances that he describes. That would be scandalous, because the loan book is an important public asset. It is right that we should consider selling it—that has been Conservative policy for some years—and we welcome the spirit that lies behind the Bill, but the devil is in the detail. We need to get the terms and conditions right, as well as the circumstances, and ensure that Parliament has the ability to scrutinise the sale.

The report that the Government will bring to the House on the sale will include, as we have argued both publicly and privately with Ministers, any advice given by the Treasury about the assessment of value for money. The Minister has said throughout that a value-for-money framework lies at the heart of the Government's strategy, and we would simply argue that all hon. Members should have access to that so that they can test the Government's adoption of the powers in the Bill against the circumstances in which the loans are sold. I am delighted that the Minister has moved a considerable way towards our position on that point by adding an amendment that makes the report a statutory requirement and requires it to be laid within three months of the date on which the Secretary of State enters into transfer arrangements.

So we will get the report, understand the advice that has been given to the Government and see the value-for-money framework. That would mean that the Opposition—indeed all hon. Members—would be able to scrutinise the Government accordingly. Whatever pressure has been put on the Minister by the Treasury, he will be answerable for the circumstances of the sale, credit crunch or no credit crunch.

Our amendment to Lords amendment No. 7 would insert the requirement that

"The *report must also include an assessment* of the impact of the sale on borrowers."

The effect on borrowers should also be taken into account, given that no impact assessment was made when the Bill was published and I understand that the Government are unlikely to add one at this late stage. At the very least, a retrospective analysis of the impact on borrowers should form part of the report that the Government make to the House. I have tested the Minister on this point privately. I asked him in writing—I am sure that we would be willing to make that correspondence public—why there was no impact assessment originally, why one should not be made now and why, given the permissive nature of the amendments introduced in the Lords, we should not test the issue even at this late stage.

6.15 pm

Sadly, even given the Minister's eminent sense of fair play and professionalism, he has yet to bring an impact assessment before the House. It is, therefore, all the more important that the impact on borrowers be included in the report that we get retrospectively. I shall be interested to hear his comments on that. We are delighted that this amendment was tabled. We first raised our concerns on Second Reading and in Committee, and pointed out that it would be "useful" to have a provision on value for money that was set in stone. On Report, my hon. Friend the Member for Reading, East (Mr. Wilson) moved an amendment that would have placed value-for-money criteria on the face of the Bill. At the time the Minister described the amendment as unnecessary and I am glad that, following detailed discussions and correspondence, we have been able to find a way forward.

On Second Reading, the Minister explained that the loan book had last been valued at £18.1 billion, and he said that it was the Government's intention to raise £6 billion in receipts over the next three years—almost exactly a third of the book's value. I hope that he will be able to give us some idea of the Government's immediate intentions. Do they intend to sell a third of the loan book over the next six months to a year? If they do not intend to sell a third, what proportion do they intend to sell? We would also like some idea of the timetable, given that these amendments deal with value for money, and it is difficult for us to understand the scale of the issue unless we understand the detail of the Government's intentions.

My right hon. Friend the Member for Wokingham mentioned the credit crunch and the uncertain financial markets, which have worsened since Second Reading, which was held on 22 November last year. It would be useful to know whether any subsequent valuation of the loan book has been made, because it may well be that the Government need to sell more than a third to raise the stated £6 billion. It could be less, of course—I do not want to be too pessimistic.

Mr. Redwood: I would have thought that the ideal outcome would be for the Government to pass the legislation but await a market improvement. Then the incoming Conservative Government could have the receipts in their first year.

Mr. Hayes: That would be nirvana, a perfect outcome. We would support the Bill with alacrity on the basis that we would spend the cash, and we would, of course, put it to altogether better use than the present Administration. However, I do not wish to be unkind. After all, it is my birthday and I am even more tempted to be generous than my character leads me to be every other day of the year.

We do not know whether the value of the loan book has gone up or down since November. We can guess, based on market conditions, but it would be useful if the Minister could give us a little more detail. He has told us on numerous occasions that if value for money cannot be ensured, the sale will not go ahead. This amendment will ensure that proper parliamentary scrutiny takes place, but it is also important that we have some idea of the effect on borrowers. Our amendment would ensure that borrowers had that certainty about their future circumstances.

As I said, it is unusual for the Government to table as significant an amendment as Lords amendment No. 2 to a Bill after its Commons stage. When the Bill was introduced, a full impact assessment was not conducted because, as I argued, the Government did not feel that it was necessary. They said that no aspect of the Bill would

"create a material impact on borrowers, higher education institutions or employers".

However, the new provisions will allow the Secretary of State either to fix or to change regulations in relation to those loans that are to be sold, with a consequent material impact on borrowers. Given that Lords amendment No. 2 changes the terms of the Bill, one possible way forward would be for the Government to conduct a retrospective assessment of the impact of each sale on the holders of student loans. The permissive nature of the amendment has created considerable uncertainty about the potential impact of sales and a full assessment would provide much-needed clarity on that point and thus might allay Opposition concerns, as I said when I wrote to the Minister about these matters.

I want to say a few words about Lords amendments Nos. 11 to 14. The explanatory notes on the Lords amendments say:

"These amendments would make drafting changes to the clause on sharing of information with purchasers and potential purchasers. Lords Amendments 11 and 12 would make explicit that HMRC information may be disclosed in relation to loans that have not yet been sold, as well as those that have been sold. Restrictions already contained in the Bill restrict the disclosure of personalised data to actual purchasers and their agents."

The Minister has repeatedly made it clear that data would be anonymised in as much as they needed to be shared—for example, for accounting purposes. The explanatory notes go on:

"Amendment 13 would define the permitted onward disclosure of anonymised HMRC data by reference to the purpose of disclosure—in connection with loans that have been or may be transferred—rather than by reference to the identity of parties who may receive such data. Amendment 14 would make explicit that the narrow group to which onward disclosure of personalised HMRC data is permissible does include loan purchasers' auditors."

It would be useful if the Minister said a further word about all that.

There have been doubts about the maintenance and transfer of personal data. I do not want to raise again the issue of the failures and errors of the Government in handling data. To do so would perhaps be harsh on the Minister, who has not been personally responsible for such problems. However, he takes collective responsibility for the shambolic behaviour of those on the Labour Front Bench and, as a result, it is important that we have assurances from him today about precisely what will happen in respect of data handling.

We are pleased that the Government have made amendments to the Bill to clarify the provisions on who will have access to HMRC data. We have expressed concerns throughout the passage of the Bill, in the measured way that I have today, about the danger of data falling into the wrong hands, being misused or, heaven forbid, being lost altogether. That danger is particularly acute if the book is broken up into many parts as a result of onward sales.

The Minister said earlier that he does not expect the loan book to be collateralised and sold on. He has made that point repeatedly during our considerations, but I find it hard to believe. It might well be sold on as that is the nature of the sale of debt. I accept his assurances that control can be exercised in respect of the initial sale, but the hon. Member for Bristol, West was right to insist that, because of the potentially convoluted and complex nature of the data that will be held and shared, a clear audit trail is very important.

I am grateful for the Minister's assurance that the Student Loans Company will be the responsible agency for that information, but once again borrowers will want assurances about not only the accuracy of the data that are being transferred but where the data will reside, who has access to them and who might get access to them by fair means or foul. It is important that the Minister should say a word or two more given the prevailing circumstances, not all of his making, of public doubts about data, their maintenance and their security.

I hope that the Minister will be able to come back specifically on Lords amendment No. 2 and our amendment to it. I hope that he will say a further word about the security of data and that he will also tell us something about the reason for the amendment and the background to it, in order to clear up the uncertainty that has arisen from the original letter from Baroness Morgan and the subsequent discussion. I hope that he might also give us some feel of the value of the book and the Government's intentions in respect of sales, of how those sales might operate and of how the report to Parliament might shape up in practice. All Members of this House are determined that borrowers' and taxpayers' interests should be preserved. This House is the place to ensure that Ministers are held to account accordingly.

I hope that our amendment, our response to Government amendments and the views expressed by Opposition Members in the other place and here have made those matters paramount in the Minister's mind, so we wait to hear him express his thoughts in a few moments' time.

Stephen Williams: The Conservative Front-Bench spokesman, with some help from a distinguished Back Bencher, the right hon. Member for Wokingham

(Mr. Redwood), has already well rehearsed the arguments about how the Government must weigh up the interests of the taxpayer while at the same time protecting the interests of the graduates who have borrowed from the Student Loans Company.

I understand that to secure value for money for the taxpayer and to get the best possible circumstances for a successful sale, the Government might want to reduce the uncertainty for any potential purchaser but, none the less, I am worried that Lords amendment No. 2, inserted by the Government, perhaps limits the scope for future Parliaments—or, indeed, for future Governments, as the Government probably have a defined life that may well end quite soon—to alter the terms of loan repayments.

There are four aspects of loan repayments that graduates have to face and it would be entirely valid for this Government or future Governments to reconsider them. There is the threshold for the commencement of loan repayments, which is set at a salary level of £15,000. That threshold has been in place for several years now and, unlike virtually all other effective aspects of the tax code, it is not indexed each year, alongside the personal allowance and higher rate tax bands. It has been left frozen at £15,000 for some time and is therefore quite regressive in its impact. It would be legitimate for a future Government or this Parliament to reconsider that threshold. The repayment rate of 9 per cent. is effectively a flat-rate tax—I understand that there are enthusiasts for flat-rate taxes on the Opposition Benches.

Bill Rammell: For clarity's sake, is the hon. Gentleman advocating an annual uprating of the threshold?

Stephen Williams: It should certainly be considered. The Minister will be aware, as I am—I represent a constituency with many graduates who face these punitive loan repayments—that concerns have been expressed by individuals and by the National Union of Students about the repayment terms. The rate of repayment, which is 9 per cent. of earnings, is a hefty flat-rate tax to face early on in a graduate career. The cut-off period of 25 years is a progressive part of the loan regime, which we would want to protect, but none the less the discretion of a future Parliament to review it should not be fettered.

The terms of the rate of interest, its calculation and whether it is related to the consumer prices index or the retail prices index has, as I am sure the Minister will know, been the subject of much discussion in student circles in the past couple of years as those rates have deviated from each other. The Government choose one measure of inflation to calculate people's salary increases—particularly of people in the public sector, who include many graduates—but choose another to uprate the terms of their underlying graduate debt. A future Government may wish to consider all those things; I hope that the Minister is not fettering the scope of such deliberation.

I shall not say much about amendment No. 3. Instead, I turn to amendment No. 7, which is about value for money for the taxpayer. That issue exercised us greatly on Report in January, and it was rightly the subject of much debate in another place. It is good that the Government have now conceded that they will make a report to Parliament within three months of any sale. It will include the publication of the Treasury guidance to the accounting officer of the Department for Innovation, Universities and Skills. I wonder who will audit the report. Will there be any external audit? Obviously, the report will be about a substantial part of the Government's income.

6.30 pm

Mr. Hayes: I presume that those matters could be considered by the Public Accounts Committee, for example. Indeed, once the loan book had been sold, I would be surprised if the Committee did not want to consider them in detail.

Stephen Williams: The hon. Gentleman's intervention anticipated my next point. As I said on Report back in January, we assume that the transaction is of such magnitude that the National Audit Office will want to consider it retrospectively to make sure that the Government have obtained value for money for the taxpayer. In the ordinary course of events, that will lead to a hearing in front of the Public Accounts Committee, of which I used to be a member, and to another report. Will there be an additional external audit, independent of the National Audit Office, of the report that will come to Parliament? There is often a significant gap between a transaction resulting from a Government action, the National Audit Office's consideration of that transaction, the Public Accounts Committee's consideration of it and the publication of the PAC report; often there will 12-plus months in between. It is important that the report that comes to Parliament within three months should be independently verified.

Mr. Hayes: The hon. Gentleman has made an extremely strong point. Will the Government encourage the National Audit Office and the Public Accounts Committee to take a look after the sale of each tranche of the book? The Minister may want to say something about that today. It seems appropriate for the PAC to do that, given the potential delay mentioned by the hon. Member for Bristol, West (Stephen Williams). If we are to have a report to Parliament in three months, why should the National Audit Office and the Public Accounts Committee not scrutinise each report?

Stephen Williams: The hon. Gentleman's point is helpful, I am sure. None the less, the independence of the Public Accounts Committee is an important part of parliamentary procedure; perhaps it should not take suggestions from the Government on when it is or is not appropriate for it to consider a particular transaction. I shall, however, be interested in the Minister's reaction to the hon. Gentleman's suggestion.

A second, practical aspect of the matter is the time limit of three months. Let us suppose that the Bill goes through tonight and receives Royal Assent shortly. If they wished, the Government could then embark on a series of sales. In three months' time, I shall probably be in Bournemouth and the Minister may well be preparing to go to wherever his conference is this year. How flexible will the period be?

During the discussion on our earlier string of amendments, we had a debate on the meaning of the words "aim to"; amendment No. 7 refers to a precise period of three months. How will it be possible to make a report to Parliament within three months if Parliament is not sitting?

[Stephen Williams]

I turn to the general question of value for money. As Conservative Members have said, this is not a terribly good time for the Government to sell off part of their underlying assets. The Government may well be so desperate to make a sale at the moment that they are seeking to put terms into the Bill that are drafted to be in the interests of potential purchasers. To meet their obligations under the comprehensive spending review, the Government need to raise the proceeds that have already been referred to. In this financial year of the three-year CSR, I understand that the Government have a target to raise £3.4 billion, before the end of March 2009. Will the Minister confirm that? They aim to raise £6 billion overall in the three-year CSR period. Government finances are in a parlous state so will the Government be pressurised into selling this asset, which currently belongs to the taxpayer, to meet short-term financial embarrassments, rather than to make long-term investments in higher education? Such investments would be a much better use of the proceeds that will be realised once the student loan book is partially sold.

I shall not dwell for too long on amendments Nos. 11 to 14; the hon. Member for South Holland and The Deepings (Mr. Hayes) has already diligently read out the guidance notes on the Bill. However, I share his concern that we should make sure that proper data protection procedures are in place so that the data that belong to individuals are not in any way compromised and are held only by those with a direct interest in the individual and their ability to make repayments, and not by any prospective purchasers or any people associated with them.

Bill Rammell: This group of amendments deals with the process by which the Government may give undertakings concerning amendments to regulations, with how the Government will report on each sale and with how information about borrowers will be handled. Let me start by being explicit about the value-for-money framework. Throughout the proceedings on the Bill, we have made it clear that the sales would not take place unless we could demonstrate value for money. The Government have published forecasts of anticipated receipts of some £6.3 billion from the proposed sales programme over the comprehensive spending review period. However, the key point is that the amounts are forecasts rather than commitments. The Government are committed to the student loans sale programme, but only if any sale represents good value for money. That should be a significant reassurance.

I turn specifically to amendments Nos. 2, 3 and 15, which are about undertakings. They respond to expert advice that we have received from our sales arranger, Deutsche bank, which was engaged after Report and Third Reading in the House. For us to achieve good value for money on behalf of the taxpayer, potential purchasers must understand what is being sold. Financial institutions can model the economic and credit risks that we wish to transfer away from the Government, but not the political risk of Ministers using their powers to change the conditions of repayment—and, consequently, predicted cash flows to the purchaser. If potential purchasers believed that the Government might alter an asset in an unpredictable way after selling it, that would seriously reduce what those purchasers would be prepared to pay.

The Bill already provides the option of offering compensation if future policy changes compromise the value of the transferred asset. However, we have been advised that the Government might achieve better value for money if they could give undertakings about how regulations governing student loans may or may not change terms and conditions in future. The impact that a compensation mechanism may have on the size and timing of future cash flows may contain too much uncertainty for investors. Having the power to give undertakings also gives flexibility to cater for possible changes in the classification rules, which are currently being redrafted by EUROSTAT.

Mr. Hayes: The Minister has been clear about the reasons. If a Minister acted in the way that he describes, terms could be fixed on the part of the loan book that was being sold, but not on the part that was not being sold. That would mean that borrowers in the same circumstances, borrowing the same amount for the same reason, had very different arrangements. Is the Minister uncomfortable about that?

Bill Rammell: As I have made clear throughout the proceedings on the Bill, we expect the terms and conditions to be the same regardless of whether the student loan has been sold. The impact on the borrower should be exactly the same.

I was referring to the EUROSTAT redrafting process. Changes in the rules, which occur from time to time, can have a material impact on the ability to offer compensation. It would be unwise to have only one means of addressing the issue that might, under rules updated after the current redrafting or a future alteration, prevent a true sale. That would negate part of the purpose of transferring the loans from the public to the private sector. I can give the response that the hon. Member for South Holland and The Deepings (Mr. Hayes) asked for in respect of the comments of my noble Friend Baroness Morgan. She made it clear in the other place that the amendment that gives powers to make undertakings aims to ensure that a sale can yield good value for money and that a true sale can release resources for use on Government priorities. It provides an option for the Government to use in realising both those aims.

Mr. Hayes: I think that the Minister may have misunderstood my first intervention; perhaps I did not make it clearly enough. If the terms were fixed for the tranche of the loan book that was being sold, which is precisely what the amendment gives the Government power to do, it is entirely possible that borrowers whose loans had been sold would have fixed term loan rates whereas borrowers whose loans had not been sold might be subject to the decisions of a subsequent Minister in this Government, or indeed in a different Government, regarding their loan rate. Is that something that we should sanction?

Bill Rammell: I think that I answered the hon. Gentleman's point. We have made it clear throughout that we expect borrowers—graduates—to be treated in exactly the same whether their debt has been sold to the private sector or remains with the Government. There should be—and there will be, as far as this Government are concerned—equality of treatment.

Another point was made by the right hon. Member for Wokingham (Mr. Redwood), who is no longer with us—

Mr. Rob Wilson: He is no longer in his place.

Bill Rammell: Indeed. The phrase, "No longer with us", has another interpretation that I did not for a minute wish to suggest.

The right hon. Gentleman suggested that we were seeking to make the product more agreeable by allowing purchasers to take more money from students. It is important to put that point right—the Bill is about ensuring that the product does not become more disagreeable. It gives investors the certainty that we will not sell them one product and then legislate to turn it into another product. It is categorically and explicitly not about allowing purchasers to take more money from borrowers, as we made clear with amendments Nos. 8 and 9, which we have already discussed. Amendments Nos. 2 and 3 enable the Secretary of State to give undertakings about the power to make or amend loan regulations under section 186 of the Education Act 2002.

On the Opposition amendment to Lords amendment No. 2, it may help if I say a little more about how we expect the undertakings, which would be included in the contract for the sale of the loans, to work. The aim of any such undertakings would be to provide a degree of certainty to potential purchasers that the Government will not amend regulations after a transaction in a way that would affect the nature of the asset and decrease the value of the asset that had been sold or do so in a way that was not set out at the time of the sale. No one buys a product in the expectation that it will turn into something completely different. Purchasers will be concerned to guard against that, not to seek to improve their position. The undertakings that we envisage will not be about changing or promising to change loan terms to improve the lot of the purchaser but about giving certainty about the current position and the Government's intentions over time. The exact wording of such undertakings, if given, would have to be worked out as an integral part of the sale documentation.

Through those contractual undertakings, the Secretary of State can set out his intentions not to make particular amendments to loan regulations after a sale or to limit changes to the regulations in particular ways. For example, he might undertake not to propose an increase in the repayment threshold by more than a certain factor in a given year or to change the regulations only to do something that purchasers could predict. Paragraph (a) is necessary—this goes to the heart of the Opposition amendment—to avoid any doubt that such undertakings can be made. The loan terms will continue to be governed by regulations, which are subject to scrutiny and approval in the House. On that basis, I urge the hon. Member for South Holland and The Deepings to withdraw his amendment.

6.45 pm

I turn to amendments Nos. 7 and 16. If the Government use undertakings in sale contracts, they will be made public as part of the sale process. That brings me to amendment No. 7 on reporting to Parliament. In this House and in another place, value for money has rightly been at the centre of our discussions. Having listened carefully to the arguments, we propose to strengthen the commitment that I gave on Third Reading that the Government would report to Parliament after each transaction. Amendment No. 7 places a statutory obligation on the Secretary of State to report to Parliament within three months of each transaction. He must inform Parliament about the value-for-money assessment that his Department made that led to the transaction going ahead. The report should reflect any Treasury guidance on the required procedures used across the public sector for assessing value for money. The hon. Member for South Holland and The Deepings referred to the role of the National Audit Office and the Public Accounts Committee. The NAO and the PAC have already made clear their intention to report on these matters. The hon. Member for Bristol, West (Stephen Williams) got it right—this is not a matter to be dictated by Government but a matter for the NAO and the PAC, which have made their position clear.

In response to the Opposition amendment to Lords amendment No. 7, I am happy to put it on record that the report should cover any effect that the transaction would have on borrowers. As we have stressed throughout the passage of the Bill, protecting the position of borrowers is one of our key and fundamental objectives. I acknowledge the diligent efforts of Opposition Members to press us on how we will meet that aim. I believe that the safeguards in the Bill, not least those contained in amendments Nos. 8 and 9, mean that the sales transaction, including any undertakings that may be given, will have no detrimental effect on borrowers. We expect that the report to Parliament would confirm that. I hope that the hon. Member for South Holland and The Deepings will agree that the commitment that I have made on the record is the appropriate response to what he has sought and argued for. I hope that he is therefore reassured and urge him to withdraw the amendment.

Mr. Hayes: The Minister is being typically generous, but will he clarify this point? I appreciate that the Government do not expect there to be any impact on borrowers, but is he saying that an assessment of that would be included in the report regardless of whether there was an impact?

Bill Rammell: Absolutely; that is my commitment on the record.

Amendments Nos. 11 to 14 make drafting changes to clause 6 on information about borrowers. There must be no doubt about how HMRC information may be disclosed in relation to loan sales. Amendments Nos. 11 and 12 provide a simpler expression that disclosure may relate both to loans being offered for sale and those that have already been sold. Amendment No. 13 describes a class of disclosure of anonymised HMRC financial information, so that it may go to those who have a purpose connected with the loans being offered for sale or that have been sold. We believe that that is the most effective way to ensure that this kind of non-personal data can be given to those who need that information, because across a long-term programme of loan sales we could never create a complete list of the potential purchasers, investors and financial institutions that could provide advice about a transaction. On the much more restricted access to personal data, amendment No. 14 is

[Bill Rammell]

intended to make it clear that the narrow definition of an actual purchaser or its agent should include the purchaser's auditor. Without the explicit reference, that might not be understood.

The amendments in this group enhance the Bill. They provide a more effective framework for the programme of sales at the same time as strengthening accountability to Parliament. We have had constructive engagements and we have a stronger Bill. On that basis, I commend the amendments to the House and hope that the Opposition can feel free to withdraw their amendments.

Mr. Hayes: I am grateful for the Minister's remarks. He is right: this has been a model of good parliamentary dialogue. We have had a useful and constructive series of engagements on the Floor of the House, in the other place, in Committee, and, if I may put it this way, behind the scenes. We have exchanged letters between Ministers and shadow Ministers in a manner that was altogether more co-operative than the public might expect or anticipate. They would be alarmed if they knew quite how friendly our relations have been, because some love to paint us in a less favourable light than we deserve, do they not, Mr. Deputy Speaker?

The Minister has made important changes to the Bill, which in essence give the House the power to assess the Government's behaviour in an entirely reasonable way. That is to say, it can make an informed judgment based on empirical evidence about whether value for money has been assured. We now hear, and I am delighted that the Minister has said so, that that will include an assessment of the impact on borrowers of just the kind that I asked for in my remarks a few moments ago. On that basis, how could I possibly complain about the amendments before us, or the Minister's response to them?

The Opposition have fulfilled their purpose. We have scrutinised the legislation with assiduity, and I thank my hon. Friend the Member for Reading, East (Mr. Wilson), other Conservative Members, and indeed, although it is against my instincts ever to be nice to Liberals, I thank the hon. Member for Bristol, West (Stephen Williams). On the basis of those assurances, I am delighted to say that I beg leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Lords amendment agreed to.

Lords amendments No. 3 to 16 agreed to.

Prevention and Suppression of Terrorism

[Relevant documents: The Nineteenth Report from the Joint Committee on Human Rights, on Counter-Terrorism Policy and Human Rights: 28 days, intercept and post-charge questioning, HC 394, the Second Report from the Committee, on Counter-Terrorism Policy and Human Rights: 42 days, HC 156, and the Twentieth Report from the Committee, on Counter-Terrorism Policy and Human Rights: Counter-Terrorism Bill, HC 554.]

6.52 pm

The Minister for Security, Counter-Terrorism, Crime and Policing (Mr. Tony McNulty): I beg to move,

That the draft Terrorism Act 2006 (Disapplication of Section 25) Order 2008, which was laid before this House on 21st May, be approved.

The Government agreed during the debates that we had during the passage of what became the Terrorism Act 2006 that there should be a requirement for the annual renewal by Parliament of section 23 of the Act, which extends the maximum period of detention of terrorist suspects from 14 to 28 days. The order before us, therefore, disapplies section 25 of the Terrorism Act 2006 for a period of one year beginning with 25 July 2008, thereby extending the maximum period of pre-charge detention for terrorist suspects of 28 days for a further year.

Without rehearsing our deliberations on the most recent Counter-Terrorism Bill, I can say that, as the House will know, nothing in it impacts on this provision. Indeed, the provision for a specific extension beyond 28 days—in grave and exceptional circumstances—is predicated and built on the annual renewal of 28 days. The measure is important in itself, and in the context of the Bill. Pre-charge detention has been the subject of considerable debate over the past 12 months in this House and, in the broader sense, in the Select Committee on Home Affairs and the Joint Committee on Human Rights. I do not want to go over those debates here, but it is worth reminding ourselves why Parliament agreed to the exceptional 28-day limit.

As the House will be aware, terrorist investigations can be hugely time-consuming and the increase from 14 to 28 days was, the House judged, necessary, primarily as a result of greater use of encrypted computers and mobile phones, the increasingly complex nature of terrorist networks that have to be investigated and, not least, the increasingly international nature of terrorist networks, meaning greater language difficulties and a greater need to gather evidence from abroad. The safety of the public is, of course, paramount and it is the responsibility of the Government and security and law enforcement agencies to protect our citizens from the threats posed by terrorism.

The first priority must be to stop terrorist activity taking place rather than dealing with its consequences. However, where we do identify those who are engaged in terrorism, we need to ensure that we have the right tools to investigate and prosecute those involved. In much police work, the investigation takes place after a crime has been committed. In such cases there will often be a victim, possible suspects, witnesses to the crime and forensic material from the crime scene. The police will investigate the crime and may arrest the suspect when they have already gathered a considerable amount

of admissible evidence. In such cases, only a few days may be needed to question the suspect before a decision is taken on whether to charge them for an offence.

The House knows that terrorism cases are different, but none the less, to the full extent possible, they should be dealt with in the normal and routine context of our laws. However, because of the severe consequences of a terrorist attack, the police and security services invariably need to intervene before it takes place. Critically, they may need to intervene at a very early stage in an investigation, before they have had the opportunity to gather any admissible evidence, and on the basis of limited intelligence about who and what is involved. As Assistant Commissioner Bob Quick said recently, in his evidence to the Counter-Terrorism Bill Committee:

"In some investigations, we have seen that"—

attack planning activities—

"materialise so quickly that on public safety grounds we have had to act pre-emptively before we have had the opportunity to exploit pre-arrest evidential opportunities. That places a huge burden on the senior investigating officer."—*[Official Report, Counter-Terrorism Bill Public Bill Committee*, 22 April 2008; c. 14, Q8.]

Few would disagree with the need to pre-empt such attacks. That is why UK legislation has, since 2000, provided specific powers of arrest and detention in relation to terrorism.

The provisions for extended pre-charge detention for up to 28 days in the Terrorism Act 2006 take account of these practical and unique difficulties, and the decision to increase pre-charge detention limits from 14 to 28 days has, I believe, been justified by subsequent events and it means that we have been able to bring forward prosecutions that otherwise might not have been possible. Indeed, both the police and the Director of Public Prosecutions have made it clear that the 28-day limit is necessary. From when the power came into force in July 2006, six people have been held for between 27 and 28 days, three of whom were charged.

We accept that the Government should endeavour to provide detailed statistical information on the use of the 28-day limit in advance of the renewal debates and, once the joint Home Office-police review of pre-charge detention statistics has been completed, we expect to be able to provide more detailed information on the outcome of detention, including the charges brought against those charged. Let us be clear: the application for extension is a rigorous process. A Crown Prosecution Service lawyer makes the application for extensions beyond 14 days, and the senior investigating officer is present. Defence solicitors are provided in advance of each application with a written document setting out the grounds for the application. The applications are usually strenuously opposed and can last several hours. The officer may be questioned vigorously by the defence solicitor about all aspects of the case.

Some have accused the police of holding a suspect for the maximum period simply because it is available. I have to say that that is abject nonsense. The police investigate as quickly as possible. They must do so, and they are obliged to do so under the law. Nothing in the Terrorism Act 2000, or afterwards, changes that. The essential principle of arresting someone with a view to charging at the earliest opportunity pertains under terrorism law, as it does with all other law. The police investigate as quickly as possible—they must do. They would not detain anyone for longer than was absolutely necessary, which has been clearly demonstrated by the fact that only six people have been held for the maximum period since the power came into force, and none has been held for the maximum period since the 28-day limit was renewed last year.

Indeed, when applying to the court for an extension of detention, the police and CPS have to present substantial evidence for further detention. A judge may not grant extensions of detention where he or she is not satisfied that the investigation is being pursued diligently and expeditiously. Judges can, of course, grant fewer than the full seven days' extension requested—they have done so—and, indeed, they can grant no extension if they feel further detention is not justified.

In an evidence session of the Public Bill Committee on the Counter-Terrorism Bill, Sue Hemming, the head of the counter-terror division in the CPS, made it clear that that view prevails. She said:

"We certainly did not keep people in unnecessarily. There has to be a certain amount of time for the police to investigate… If you arrest people, the police have to look at what the plot is, who is involved and what the evidence is. As with any case, the pre-charge detention time has to allow a certain amount of time for the police to investigate and question. I seriously dispute any allegation that we kept people in any longer than we had to."

In the same session, Ken Macdonald, the Director of Public Prosecutions said:

"The idea that we have sufficient evidence after 14 days, but, for some reason best known to ourselves wait until days 26 or 27 to charge is wrong."—*[Official Report, Counter-Terrorism Public Bill Committee*, 22 April 2008; c. 55, Q141.]

Those who keep putting about the myth that somehow those who were held for a period closer to 27 or 28 days were incarcerated while the prosecution and the police twiddled their thumbs or did some knitting are palpably wrong. I deprecate the comments of Liberty, which were utterly wrong, on the eve of the recent consideration of the Counter-Terrorism Bill on fact and fiction about the existing 28-day pre-charge detention limit. Liberty spoke rather cleverly, as it does, about the Government and the police—and, I presume, the CPS and the DPP—sexing up the evidence. It is not for anyone, in the House or established pressure groups, to second-guess after the event the investigating, prosecuting and policing strategy of the police or the CPS and DPP during frenetic days of frenetic activity. It is a shame when that happens.

I am afraid that a former Member, David Davis, perpetuates the myth on his website, and that is a matter for profound regret. By all means let people take up the matter with me or with the Government—the politicians and those who argue policy positions—but I deprecate people attacking, by implication if nothing else, the integrity of our police and the prosecution service.

Liberty also issued a much less duplicitous document, entitled "The Real Consensus", with a sub-heading, "Extensions Beyond 28 days: Unnecessary and Counter-productive", which, for at least today's debate, I will pray in aid. I did not do that last week or the preceding week, but a series of quotations, with which hon. Members will be familiar, emphasise the consensus that has emerged on 28 days. Whatever our view of the Counter-Terrorism Bill, that broad consensus, albeit flaking round the edges in some quarters, about 28 days still exists and commands the House's support.

Mr. David Winnick (Walsall, North) (Lab): To put the record straight, I cannot speak for anyone but myself, but I have never once questioned the need for 28 days. I proposed it and it was agreed in November 2005. I therefore do not associate myself with any remarks about 28 days being unnecessary. However, I emphasise that the consensus that was reached on 28 days remains, and there is no justification for moving to 42 days.

Mr. Deputy Speaker (Sir Michael Lord): Order. I know that the Minister will resist the temptation to go down other alleyways.

Mr. McNulty: I shall, of course, Mr. Deputy Speaker. I am grateful to my hon. Friend for his support for the renewal of the order. I share his view that there is a consensus on 28 days, except for extraordinary and exceptional circumstances. I shall say no more than that.

I genuinely and sincerely believe that for all hon. Members, getting the balance right between individual freedom and collective security must always be at the heart of what we do. I think that most hon. Members would agree that there is no contradiction between pursuing our counter-terrorism objectives and defending our freedoms and civil liberties. Fourteen days remains the only permanent, statutory maximum provision for pre-charge detention, and 28 days—the subject of the renewal order—is for exceptional circumstances. However, that exceptional power continues to be necessary as a result of the growing scale and complexity of terrorist investigations.

All hon. Members appreciate the seriousness of the terrorist threat that we face and the importance of having the right measures in place to counter it. Terrorism is a huge international challenge, but it is a particular challenge for democracies, which must strive to protect individual liberties while ensuring collective security. It is vital to strike the balance between protecting the rights of the detainee and ensuring that an investigation proceeds properly and effectively, thus enabling the police to deal with the complexity of modern terrorism investigations. The order seeks to do that, and it is right to make it the subject of an annual debate. I say with regret that, given the nature of the threat, the absolute need for section 25 of the 2006 Act to be disapplied remains. I hope that hon. Members agree, and I commend the order, which achieves that purpose, to the House.

7.5 pm

Mr. David Ruffley (Bury St. Edmunds) (Con): We will not oppose the order. The Minister's speech contained much good sense and I agree with much of what he said. Now is not the time for a rehearsal of the powerful arguments for and against the extension to 42 days; we are here to discuss 28 days. I was struck by the Minister's remarks about a consensus; he even said nice things about Liberty and its comments on 28 days. I want to sign up to that spirit of consensus about 28 days, and support the Minister on it.

It is worth stating the obvious: the need for Parliament to renew section 23 of the 2006 Act annually demonstrates that the extension from 14 to 28 days is already an exceptional power. We must scrutinise it annually because it is such a dramatic departure from normal practice in this country.

As I said, Her Majesty's Opposition will not oppose the order, which keeps the maximum period of detention without charge at 28 days. We do not oppose it because there is a consensus, as the Minister observed, but it is based on the evidence currently available to us. I would like to place on record not only the view of my former right hon. Friend the Member for Haltemprice and Howden but that of my hon. and learned Friend the Member for Beaconsfield (Mr. Grieve). They both made it crystal clear, in the same terms, that in future, 28 days must be tested on the evidence available every time we test the proposition for it—in other words, annually—so that the figure is not set in stone for all time or even for a reasonably long time. It must be examined each year in the light of evidence available. That could lead to the House agreeing to a different figure.

Mr. Winnick: The hon. Gentleman speaks about a consensus. I presume that no one will vote against the order tonight. Moreover, no one in the other place, despite the many differing views there, voted against 28 days on the basis that it was too long. There is clearly a consensus on 28 days in both Houses.

Mr. Ruffley: The hon. Gentleman is right. There is a consensus, given the evidence currently available. That may change. Let me give some evidence to support the hon. Gentleman's remarks and those of the Minister, which also reflect my view, about the consensus on 28 days, which has been agreed by the House and the other place.

In evidence to the Select Committee on Home Affairs, the Director of Public Prosecutions said:

"Well, we welcomed the increase to 28 days and we felt that a period of 14 days was not sufficient. It seems to us that 28 days has been effective and has provided us with powers, if you like, supervised by the courts, which have been useful to us as prosecutors in making appropriate charging decisions within that period. We are, on the basis of what has occurred since then, satisfied with 28 days. We have not had any cases which would require a longer period than that"

The former shadow Home Secretary recently received a parliamentary answer in which the Home Secretary stated that

"from 20 January 2004 to date, 11 individuals have been held for over 14 days pre-charge detention, six individuals were held for the maximum 27-28 days, of which three individuals were charged, and three individuals were released without charge." [*Official Report*, 2 June 2008; Vol. 476, c. 745W.]

The figures showed that of the four suspects held without charge for up to 20 days, all were charged.

Twenty-eight days is longer than we would like to see in our common law—when I say "we", I mean most of those who want to scrutinise these propositions, which have implications for civil liberties. Twenty-eight days is a long time; indeed, it is certainly longer than in other parts of the western, industrialised, democratic world. None the less, we believe that the extension from 14 days to 28 days was right, on the evidence available since it came into effect, including the evidence as of today.

The Minister and hon. Members will be relieved to hear that I will not recite anything about the extension to 42 days that the House voted on recently, although not because I shy away from the arguments that my friend and colleague, the former Member for Member for Haltemprice and Howden put forward; indeed, there were powerful and passionate arguments on both sides. Rather, before closing my remarks, I would like to ask a couple of questions about two issues mentioned in the

debate held this time last year, when my hon. and learned Friend the Member for Beaconsfield, now the shadow Home Secretary, stood in my position and debated the issue with the Minister.

The first question relates to concerns raised about the operation of what was then the recently introduced code H of the Police and Criminal Evidence Act 1984, dealing with terrorist cases. It seems moderately clear that the rules designed to cover the detention of a person for what is usually 24 or 48 hours are not suitable when someone is in custody for a much longer period. Can the Minister share his thinking, or any evidence, on how frequently individuals have been transferred to prison from police cells during the period of detention, and on how the system has operated in bringing them back to police stations for further interviews?

Other concerns were raised about how code H could in theory allow for a person to be questioned for hour after hour, over a period that could extend to 28 days. I am sure that that has not happened in practice. However, can the Minister give us his analysis of how the code is operating? There are, I am sure, breaks for rest. Could he shed any light on that, provided that doing so would not breach any operational or national security considerations?

The reason that is important is not a wishy-washy, bleeding-heart liberal reason, as some outside this place might characterise my questions—I am sure that the Minister would not characterise them like that—but because of fears that any statement made in a period running up to 28 days could be challenged by defence counsel at any future trial, on the basis of a suggestion that coercion had been involved in the defendant's giving of evidence, because of excessive and prolonged questioning, which had perhaps taken place without the benefit of any requisite breaks. That concern is thrown up by what, last year, was the relatively new code H under the 1984 Act.

My second and final question also relates to something that was raised in last year's debate, and is about how longer periods of detention without charge might allow for press speculation that made the prospect of a fair trial difficult or impossible. The Minister said that he hoped that the Crown Prosecution Service would put out a paper on that issue. Can he give us an update on that, and on what his thinking is on the subject?

Both my questions concern the operation of the regime to which the order relates. To conclude, I hope that we can get away from the idea that those who propose the longest period of detention without charge are the toughest on terrorists. Her Majesty's Opposition believe that the House must be robust in doing our best to protect the security of the people in our country. However, that must always be balanced—this is always a difficult judgment—against our British values, parts of which rely on an adherence to civil liberties, as one of our principal weapons in defeating those who wish to harm us. It is in that spirit of friendly inquiry to the Minister that I close my remarks.

7.16 pm

Mr. Andrew Dismore (Hendon) (Lab): I rise in part to speak to the Joint Committee on Human Rights reports that have been tagged to today's debate, all of which start from the basic premise that we have a duty to protect the public from terrorism and violence.

As has been said, it is important to recognise that the 28-day extension was to be an exception and that, as my right hon. Friend the Minister said, it amounted to a compromise. If we are considering extending that exception, we have to proceed with caution and consider the matter properly, bearing in mind that the power has not been used for at least a year since it was last renewed. It is Parliament's duty to scrutinise the Government's request, as put forward in the order.

I for one would not try to second-guess the Government's assessment, although that is not primarily because of the reason advanced by the hon. Member for Bury St. Edmunds (Mr. Ruffley) about evidence to support the Government's case; rather, it is simply that we have practically no evidence at all, one way or the other, of how the 28-day rule has operated in practice, on the very few occasions on which it has been used.

Of course, we have plenty of evidence about the general level of the terrorist threat, but that is a red herring in this debate, because the 28-day power comes into effect only once a plot has crystallised and those involved have been arrested, and once it has been shown that the 14-day period is inadequate for their questioning. What we need to consider is not the general level of the threat, but cases where people have been arrested, questioned and ultimately charged.

To enable Parliament to review the issues properly and effectively, we need a detailed and meaningful analysis. I had hoped that the independent reviewer would be in a position to provide that. The Government said that it was the intention to provide the independent reviewer's report before the renewal debate. They are as good as their word, because it was published this morning, although that has not really given hon. Members enough time to scrutinise properly what the independent review has to say, never mind the time for a Select Committee such as mine or the Home Affairs Committee to read what he had to say. I hope that in future the Government will make the report available 28 days before the debate, as we have recommended, so that it can be properly considered. Indeed, it was a pity that the report was not available for the debates a couple of weeks ago, because the independent reviewer has brought forward useful information for both sides of the argument, as it were, on 42 days.

We now have the independent reviewer's report, but he says nothing at all about the use of the 28-day procedure. In his 2006 report, he did not give any detail at all—not even the number of cases—about the 28-day cases in that period. In paragraph 103 of his report, he says:

> "I have not been asked by Ministers to provide a detailed analysis of this system. It would be difficult for me to do so in any meaningful way without becoming effectively embedded in some cases from arrest to verdict, to gain the full picture. This has not been part of the reviewer's tasks, but could be included if required by Parliament. I should welcome clarity as to whether this is required".

I am sure that we would all welcome clarity on that issue. Someone needs to get into these cases to find out what has been going on, so as to avoid the kind of speculation that my right hon. Friend the Minister says is coming forward from Liberty's putting two and two together to make five about what has been going on. The only way in which we can answer these questions is by having an independent person who can get into the meat and find out what has gone on.

[Mr. Andrew Dismore]

My right hon. Friend has indicated, in response to our recommendation that there should be an detailed annual report from the Home Secretary, that the Government will put a memorandum in the Library containing relevant information, such as the breakdown of detention periods and the charges that have been brought. In fact, we have no information on any of the cases from the past two years, except for the fact that the power has not been used at all since it was last renewed a year ago.

We need to have some facts, however, as is made clear in Lord Carlile's report. We know that six people have been held for the maximum period, as my right hon. Friend said, and that three have been charged and are awaiting trial. That obviously means that three were released when they came up against the 28-day wire. Once the cases that have been prosecuted are over, we shall need to analyse them to find out what evidence was available and at what stage.

My right hon. Friend has attacked Liberty for saying that the charges should have been brought earlier. It may well be that those individuals could have been charged within 14 days on the threshold charge basis, but that the Crown Prosecution Service decided to hang on to see whether it could get sufficient evidence to bring a full code charge within 28 days. I am not saying that that is right or wrong as a factual analysis, or indeed whether it is desirable to hold people longer in order to bring a full code charge as opposed to a threshold charge. We simply do not know. In future debates on renewal—assuming that we have such occasions—we need to be able to discuss whether it is better to hold people longer to get a full code charge than to charge them on a threshold basis at the earliest opportunity. That is a debate that we ought to have in Parliament as part of the way in which these cases are dealt with. As Lord Carlile says, one of the problems with a threshold charge is that it could amount to an abuse, although in practice I do not think that that has been the case, as my Committee noted in its previous report on the 42-day issue.

We need to know when and how often people are being questioned, although I accept that that is not conclusive in relation to the need to hold someone for a particular period. Most of an inquiry is taken up not by questioning but by other activities such as breaking down computers, analysing phone records and making inquiries overseas. The fact remains, however, that we need to know the answers to these questions. The hon. and learned Member for Beaconsfield (Mr. Grieve) gave us some figures on that when we were looking at the post-charge questioning issue a couple of weeks ago. On that basis, people were not questioned for any great length of time in the 28-day period, if his figures were right. We need to know what was going on in that regard. We also need to know what charges were ultimately brought, the reasons those charges were chosen and, ultimately, whether the individuals were convicted. That is the kind of detailed, qualitative analysis that we need when we are having these renewal debates, to ensure that the 28-day power is being used properly and that any exceptional extensions are appropriate.

We must also remember the three people who were not charged. There is no reason why we should not start to carry out some of this analysis of their cases now. For example, we could find out what interviewing took place and over what period, and whether the investigation was conducted with the urgency required of the system. I make no allegations about whether it was or not; I am quite happy to accept my right hon. Friend's word that it was conducted with urgency. However, that is his assurance—

Mr. McNulty: And the DPP's.

Mr. Dismore: My right hon. Friend says that it is also the DPP's assurance, and that might well be the case. However, that does not give the same guarantee as an independent assessment would give, which I think will be necessary in future to ensure public confidence that a case has been scrutinised as effectively and in as much depth as possible. My Committee would like to see an independent review, perhaps by the Metropolitan Police Authority, although the Government's previous response to that proposal was that it would not be appropriate because of prosecution decisions. Perhaps a review by the CPS inspectorate, working with the MPA—most of these cases end up being prosecuted in London—would be a good way of carrying out a combined analysis of what has been going on behind the scenes.

There has been no assessment of the impact of the provision on individuals. We are told in the explanatory notes:

> "An Impact Assessment has not been prepared for this instrument as it has no impact on business, charities or voluntary bodies."

We are also told that the impact on the public sector is likely to be negligible. We know nothing about the impact on the individuals who have been held for 28 days: the three who were released and who were innocent, and the three who were charged. We know nothing about the impact on their mental health, their families or their employment position. The Government told us in their last letter to us that they had obtained no independent medical evidence on the psychological effects on the individuals concerned or, more generally, on what could be expected on an objective view.

It is my Committee's view that the Government ought to obtain and make available to Parliament general advice on the psychological impact of being held without charge for such long periods and—when it is possible to do so—to provide an actual assessment of the impact on the individuals concerned, in terms of their mental health and of the broader impact on their lives. We could do that now in relation to the three who were released without being charged.

Our main concern relates to the so-called judicial hearings around the extension process. We do not believe these hearings to be fully adversarial, there is limited disclosure, and the suspect and the lawyer are excluded for much of the hearing. The focus is on whether the investigation is conducted efficiently rather than on whether there is sufficient evidence to justify the arrest and continued detention in the first place. The case of Garcia Alva v. Germany in the European Court of Human Rights sets out in detail what is expected and goes on to say:

> "The Court recalls that arrested or detained persons are entitled to a review bearing upon the procedural and substantive conditions which are essential for the 'lawfulness'...of their deprivation of liberty...the court has to examine 'not only compliance with the procedural requirements...but also the reasonableness of the

suspicion grounding the arrest and the legitimacy of the purpose pursued by the arrest and the ensuing detention...The proceedings must be adversarial and must always ensure 'equality of arms' between the parties, the prosecutor and the detained person. Equality of arms is not ensured if counsel is denied access to those documents in the investigation file which are essential in order effectively to challenge the lawfulness of his client's detention...The court acknowledges the need for criminal investigations to be conducted efficiently, which may imply that part of the information...is to be kept secret in order to prevent suspects from tampering with evidence and undermining the course of justice."

The decision goes on to say that

"this legitimate goal cannot be pursued at the expense of substantial restrictions on the rights of the defence."

If we look at the proceedings that we now have under schedule 8, we see that it is clear, on any objective analysis, that what is now happening does not meet the requirements of the European Court of Human Rights and, by extension, article 5. It is also interesting to note that Lord Carlile, in paragraph 105 of his report, seems to agree. He says that

"judges should be permitted to intervene more and make greater demands as the length of detention is extended."

More importantly, he goes on:

"The government should consider empowering judges to scrutinise the reasons for detention, and the adequacy of the work done to bring the case to charge, from the 7th day after arrest."

So we should be concerned not only with the procedure and the fact that the case has been conducted efficiently, which is what we have already. Lord Carlile is saying that we should also scrutinise the reasons for the detention in the first place, which I have advocated in the House on previous occasions. The last time we debated these issues, a number of amendments were tabled on that point.

It is not true to say that these proceedings have not been challenged in the courts. They were challenged in the case of Naseel Hussein, but he was caught in a Catch-22 situation when the High Court said that it would not review the decision of a High Court judge to extend his detention. That could also have the effect of excluding a potential habeas corpus application as an abuse of process. Habeas corpus requires the person doing the detaining clearly, directly and with sufficient particularity to provide the facts relied on as constituting a valid and sufficient ground for the detention of the person concerned. It is pretty clear that the schedule 8 application does not do that, because the focus is not on the reasons for detention—which is what habeas corpus requires—but on the course of the investigation. That reinforces the point about schedule 8 not meeting the requirements of article 5 or habeas corpus.

I think that we need to see amendments to the procedure to make sure that we comply. We need to see a statement of the basis of the arrest given to the detainee and the gist of the material forming the grounds of suspicion given to the suspect. We need special advocates for the closed part of the hearing and, importantly, we need entitlement for the judge to look at whether there are reasonable grounds for the belief that the suspect was involved in terrorism in the first place, and reasonable grounds to justify the arrest and the continued detention.

I am not going to oppose my right hon. Friend the Minister today and I hope that he will see my comments in the intended light—as an attempt to make a constructive contribution to the debate. I think that we need a lot more information about what has been going on in a qualitative way in the cases that we have already seen. I also think that he needs to look at the judicial safeguards as these provisions will be challenged ultimately in the European Court and I do not think that they will stand up.

7.30 pm

Chris Huhne (Eastleigh) (LD): I am pleased to follow the hon. Member for Hendon (Mr. Dismore), who speaks on this issue with a good deal of sense after looking at it very carefully and thinking about it deeply. We on the Liberal Democrat Benches will not oppose this temporary annual disapplication. No one should underestimate the serious threats from terrorism and terrorists. We need to be resolute and forearmed in meeting them, but we must do so in a way that is seen to be proportionate.

Our judgment is that 28 days' detention in present circumstances can be viewed as proportionate, given the evidence from Operation Overt, the investigation in 2006 into the Heathrow bomb plot. I accept that that is longer than any comparable common law country: Australia has 12 days—the longest—the United States two days and Canada one day as the traditional period before a writ of habeas corpus can be served. We will not oppose the need for 28 days temporarily in the UK, partly because it is widely accepted that we face a greater threat in this country than in many others—due not least to our misguided participation in the illegal invasion of Iraq, which is this Government's sad and lasting legacy on this issue. That does not mean, however, that 28 days should be seen as permanent or that we will not oppose this in future.

As the Minister said in the debate last year, other developments such as post-charge questioning need to be taken into account in deciding whether 28 days is proportionate and appropriate. Indeed, four developments have taken place since the 28-day period was placed on the statute book in November 2005. First, we now have proposals for post-charge questioning in the Counter-Terrorism Bill. Secondly, the Chilcot report has made recommendations for the admissibility of intercept evidence in court, which our counterparts in the United States and Australia find to be essential. We look forward to Ministers' proposals, particularly in light of the comments of Sir Ken Macdonald, the Director of Public Prosecutions, to the Public Bill Committee on the Counter-Terrorism Bill. I quote what he said, as it is relevant to the temporary extension to 28 days:

"Certainly, in other jurisdictions, they regard that material"—

he was referring to intercept evidence—

"as absolutely indispensable. The Americans told me that they could not remember an organised crime prosecution in the United States that last proceeded without intercept material. The Australians told me that people who did not use this material were not 'serious' about prosecuting organised crime".—*[Official Report, Counter-Terrorism Public Bill Committee,* 22 April 2008; c. 48, Q124.]

For organised crime, we could certainly read terrorism as well.

The third development since we put this provision on to the statute book is that the Government have rightly put more resources into the Security Service and into counter-terrorist policing on a substantial scale. That increase inevitably reduces the need for an extension of the period of detention without charge, as greater complexity can be handled with greater resources.

[Chris Huhne]

Fourthly, and perhaps most significantly, there has been a substantial development in the flexibility of the threshold test, as Sir Ken Macdonald has pointed out. The Crown Prosecution Service does not need to ensure that there is a 50 per cent. chance of a successful conviction. Moreover, it is relevant in assessing Sir Ken's margin of manoeuvre to look at the Crown Prosecution Service's success rate with terrorist charges, which has been running at no less than 92 per cent. since the beginning of last year. Clearly, a 92 per cent. success rate after the event can and must inform the CPS about the chances of conviction before the event. It strongly suggests that the CPS has been somewhat conservative in allowing charges to be brought and can therefore have more flexibility in future. Again, that provides a strong argument for reconsidering even 28 days, let alone extending it further.

The Liberal Democrats will not oppose the extension, while recognising that the arguments in its favour are weakening as our other precautions strengthen, and we merely ask Ministers to accept that principle, as did the Minister precisely on this matter last year. Making progress on the four areas that I mentioned can make the need for lengthy periods of detention without charge unnecessary, and whether an extension beyond 14 days is necessary will warrant reconsideration before next year.

7.36 pm

Keith Vaz (Leicester, East) (Lab): I apologise for arriving a little late and missing the Minister's contribution, but I was here to hear the hon. Member for Bury St. Edmunds (Mr. Ruffley) speaking for the Opposition. I will be brief. Clearly, the House will pass this order and it is clearly essential that we do so in the interests of this country's security, but I want to make a couple of points that I hope the Minister will take into account in his reply to this short debate.

The first is that we are discussing 28 days now because that was the compromise that Parliament agreed to the last time this matter came before the House. It was certainly the case before we discussed and passed 42 days a few days ago. That previous compromise was due to the hard work of my fellow member of the Home Affairs Committee, my hon Friend the Member for Walsall, North (Mr. Winnick), who tabled the amendment that was to gain the House's agreement. At that stage, as we all know, this was an extension of existing law. In accepting and passing this order as we doubtless will today—it seems to be agreed by all parties—it is essential that we look to two particular aspects highlighted by the Chairman of the Joint Committee on Human Rights, my hon. Friend the Member for Hendon (Mr. Dismore). I hope that the Minister will respond to both those aspects in his reply.

The first is the impact on individuals who have been held by the police for up to 28 days. We in the Home Affairs Committee took evidence from the two gentlemen who were referred to as the "Forest Gate Two" and it is important to try to get a feeling of what it was like for such people to be detained under legislation for a period of time. Their evidence was strong, compassionate and compelling. It is important that we see the impact of this legislation and this House's decisions on individuals detained such as the "Forest Gate Two", but I would like to go further and consider the impact on communities. I make that point in all our debates on counter-terrorism legislation.

I know that the Government are very proud of their record in providing £12 million from the Department for Communities and Local Government for proper engagement with communities—by and large, members of the Muslim communities and their organisations. It is important to view our legislation in the light of its impact on communities, as we need to carry communities with us if we are to continue to make the case—as we have to, and as the head of MI5 made when he addressed the Society of Editors last November—for dealing with a growing threat. As we make that case, we need to carry communities with us.

The second point, which was made by my hon. Friend the Member for Hendon and which I support strongly, is the need for the Government to provide more information. Obviously, the Select Committee process allows Ministers to come to the Committee and answer questions on issues of fact. I see in the House the hon. Member for Colchester (Bob Russell), another member of the Home Affairs Committee. During that Select Committee process—when we took evidence from, among others, Sir Ken Macdonald, Ministers and those affected by the legislation—we elicited information from the police on the number of people being held for up to 28 days. That was the first time we were told that nobody was held on the dot for 28 days—indeed, people were being released beforehand—but there must be a better way of getting such information to the House. That is especially important in view of Government decisions taken during the debate on 42 days to provide additional information and to seek the views of the Chairmen of the Joint Committee on Human Rights and of the Home Affairs Committee, whoever they may be in future, on any decision to extend the detention period.

Once we have accepted the principle of consulting the Chairs of the relevant Select Committees, there is nothing wrong in those circumstances with regularly providing information to the Chairpersons of those Committees, whoever they may be. Therefore, the need for us to table parliamentary questions and to have inquiries on the issue will, in a sense, not be as important, because we will regularly receive that information.

I hope that the Minister, rather than wait for another year to go past, will regularly provide that information, some of which was mentioned by my hon. Friend the Member for Hendon. It will better inform members of the relevant Committees of the number of people being detained and the reasons for their detention. I say that in a friendly way to the Minister, because I believe that he and the Home Secretary, in this difficult, dangerous and sensitive area, persisted in ensuring that so many people were consulted on the last piece of legislation to go through the House. In the spirit that the Home Secretary and the Minister have addressed the issue over the last few days, weeks and months, I hope that he will be more forthcoming with the information that he provides.

Bob Russell (Colchester) (LD): Before the Chairman of the Home Affairs Committee sits down, would he like to advise the House of the thinking of the Americans we met with regard to intercept evidence and the fact

that Americans do not need 28 days? They look to Britain with some surprise because we do not use intercept evidence and we need 28 days, let alone 42.

Keith Vaz: The hon. Gentleman is absolutely right. We did indeed take evidence on that very subject when we went to Washington. As the hon. Member for Eastleigh (Chris Huhne) made clear, this was a recommendation of the Select Committee and we said to the Government, "Here is an example of a tool that can be used to find out who these terrorists are so that if you prosecute, you can have a successful prosecution." That is why we put it forward. The Government have not quite accepted it.

When the Prime Minister last addressed the House on the issue, I suppose he accepted the principle, but he said that there were lots of practical difficulties, no doubt associated with the security services, which were reluctant to have intercept evidence used in prosecutions, but that is certainly what we were told by the Americans. I will not go down the route of whether they thought 28 days or 42 days was desirable, because that would open up another debate and I think the House has probably had enough of that over the last 10 days. On intercept evidence, the hon. Member for Colchester (Bob Russell) is right, as the hon. Member for Eastleigh pointed out. On post-charge questioning, that is exactly what the Home Affairs Committee suggested and exactly what the Government accepted.

Finally, let me make these remarks in the same spirit that the Government have approached counter-terrorism legislation over the last six months. I urge the Minister to consider this area and provide as much information to Parliament as possible, so that when we vote and decide on those critical issues, we are the best informed that we possibly can be with the information provided by the Government.

7.44 pm

Bob Spink (Castle Point) (UKIP): I, too, apologise for not being present to hear the Minister's earlier remarks.

I am grateful to the right hon. Member for Leicester, East (Keith Vaz), the Chairman of the Home Affairs Committee, for raising the issue of intercept evidence, which is an important option that I encourage the Government to consider carefully for the future. Like every speaker so far, I support the motion. I do so because I feel I have a duty to support it.

I represent many thousands of constituents who work in London, which is on the front line of the world terrorist threat. Those people work to keep this country in the manner to which it has become accustomed and they put their lives on the line, so they must look to us in the House to give them the maximum possible protection from that terrorist threat. I would hate to send out a message to the world terrorist community that Great Britain has gone soft on terrorism or in its resolve to take every possible measure to counter terrorism.

All right hon. and hon. Members support the motion. Many of them supported the extension from 28 days' detention to 42, but some, on principle, did not. Perhaps Front Benchers will use their winding-up speeches to explain why the extension by 14 days to 28 days without charge was right and a principled move, but the extension by 14 days to 42 days is somehow different and wrong in principle. I see the pragmatic differences, but I do not yet understand and no one has explained to me the difference in principle between those two extensions. I see advantages in the extensions, but I see no difference in principle. I would like an explanation of that.

Mr. Winnick: I am surprised that the hon. Gentleman does not see any principle being involved. Does he not accept that in non-terrorist cases the longest period for which a person can be held—the maximum—is 96 hours, after which they must be released or charged? The increase for terror suspects, which in my view was necessary and justified up to 28 days, is one thing, but it baffles me when he says that going beyond 28 days, perhaps to any figure, makes no difference and that no principle is involved.

Bob Spink: I am grateful to the hon. Gentleman for that intervention because he allows me to make my point again. I see that there is a principle involved, but I do not see the difference in principle in changing 96 hours to 28 days, and from 28 days to 42 days. I do not see the difference in principle in those extensions. That is the point I was making. If he thinks it right to detain people without charge for 28 days, but not for 42, I would like him to meet me afterwards to explain where the principle in that difference lies, because I just do not see it.

I believe that we must send a strong message to the international terrorist community that Britain is not opening its borders for business from those terrorists and that we are retaining our maximum vigilance and our maximum defence for all our constituents, particularly those who work in London and face that terrorist threat.

I would like two simple assurances from the Minister. If we ever see evidence that the 28-day measure, which we are extending tonight, is being abused, I would like the matter to be brought back before the House so we can deal with it. If and when the terrorist threat abates, I would like us to go back to the situation that endured before we introduced 28 days, or indeed 42. I am sure that he will be able to give me those assurances.

7.49 pm

Mr. McNulty: On the hon. Gentleman's last point, I can do no better than to paraphrase the hon. Member for Surrey Heath (Michael Gove), who, on page 136 of his excellent little book "Celsius 7/7", talks about the broad Islamist threat in precisely those terms: as and when the threat increases, it is right and proper that a democracy takes all the power it requires, within its value system, to meet that threat. Equally, as and when that threat abates, so should those extraordinary powers. As I said, without going down the pathway of the Counter-Terrorism Bill, all that we seek to do in going beyond 28 days is predicated rightly and properly on the annual renewal of 28 days' detention. For terrorist cases, 14 days is the norm, 28 days is the exception, and beyond 28 days—I shall not dwell on that debate—is utterly the exception to the exception. Partly to answer the hon. Gentleman's point further, that is why we did not come back to the House with a proposal for a universal extension beyond 28 days, annually renewed

[Mr. McNulty]

or otherwise—we have sought to outline why there are grave and exceptional circumstances in which a period beyond 28 days is required.

Broadly, I am grateful to the House for the nature of the debate. It should be a detailed debate. As I said, as and when greater collective awareness of the ins and outs of those detained beyond 14 days is possible, that will happen. I hope that that can happen by next year, not least because a goodly number of those suitably charged beyond 14 days are already in the courts, and some are about to go before them, so matters will be resolved one way or another. None of the 11 charged beyond 14 days has yet been convicted, and to return to the point of my hon. Friend the Member for Hendon (Mr. Dismore), they are allowed due process before we start crawling all over the statistics relating to how they got to that position in the first place. As and when all the information is available on those detained beyond 14 days before charge, it will be right and proper to dissect that information retrospectively.

As I said in my opening statement, this is a serious and sensitive matter—we do not depart leisurely, or in anything but a very serious spirit to respond to a threat, from the 14-day norm accepted by the House for terrorism offences. I accept the broad sweep of colleagues' comments that, hopefully, post-charge questioning, intercept as evidence, resources, greater use of the threshold test, and greater use of acts preparatory and other elements put into legislation, will mean eventually that more people are charged as close to arrest as possible. But I am afraid that I do not share the faith of the hon. Member for Eastleigh (Chris Huhne) that any of those elements will eradicate the need to go beyond 14 days, given the nature of the current threat.

As I said during last week's debate, collectively, things such as the broader prevention agenda and the broader battle for hearts and minds—for want of a better phrase—should obviate the need for using such extraordinary legislation, by ensuring, first, that more and more individuals are dissuaded from the path of violent extremism in the first place, and secondly, that they are charged much closer to arrest than is currently possible. However, I cannot guarantee that. It is the Government's responsibility to make the judgment on the balance between guaranteeing public safety and otherwise.

In answer to some direct questions, at least nine of the 11—if not all—were transferred to prison at day 14 and then brought back for interview, principally at Paddington Green, as and when required. In passing, let me say that the detention of individuals beyond 14 days is about not just interviewing them, but as much, if not more, about the investigatory process in which the police need to be engaged to get the evidence in order to put questions to such individuals in the first place. Invariably, as in the code, such individuals are transferred to prison post-14 days and then returned for interview. Code H says clearly that there should be eight hours' complete freedom from questioning on any given day. It is not the case that, other than during those eight hours, there is routine questioning on a regular basis. Often in terrorist cases, the investigation goes on and the individual will not say anything, and there is an iterative-type process. That goes back to the point about the times that individuals were apparently interviewed after 14 days—a point made with a degree of sophistry, I would say, by those to whom I referred earlier. Interestingly, there has been no case whatever of an accusation of oppressive questioning by any of the individuals kept post-14 days.

On the other point made by the hon. Member for Bury St. Edmunds (Mr. Ruffley), a Crown Prosecution Service paper—I think that it was already published—has set out in detail the extension process, and is still available on the website. We have not done a special paper on the impact of questioning on the right to a fair trial and those other elements of which he spoke, but that might be worth considering.

At the Report stage of the last Bill on this matter, I said clearly that there would be a review of the impact on communities of all our counter-terrorism legislation. My right hon. Friend the Member for Leicester, East (Keith Vaz) made an entirely fair point in that regard. Although there are plenty of assertions about the impact post-14 days of the legislation that we are renewing today, there is no significant evidence. But as I said at a conference on stop-and-search powers last Saturday, although we are considering section 44 and the code of practice associated with it, such stop-and-search powers will have more impact on communities than the legislation under consideration. We have published information on numbers held and charged, and will try to prepare more.

I am afraid that my right hon. Friend the Member for Leicester, East slightly misreads the Bill considered last week, in the sense that we seek not to consult the relevant Select Committee Chairmen on the process, but inform them—unless I have misread the Bill—

Andrew Mackinlay (Thurrock) (Lab): It's all a charade anyway.

Mr. McNulty: That is my hon. Friend's view, and he is entirely welcome to express it, although while he is on his feet rather than from a sedentary position, if I may say so.

My hon. Friend the Member for Hendon is entirely wrong about schedule 8 and article 5 and the right to a fair trial—it is a tedious, circular debate. He says glibly that defendants are excluded from large parts of the hearings—wrong, as Sue Hemming said in her evidence. Just because one says something often enough, a bit like Dorothy in "The Wizard of Oz", it does not mean that it comes true. Sue Hemming was very clear that in some cases the process had ex parte elements, but they were very limited. Although the law did not require anything further than the gist of the case, in many instances, certainly beyond 14 days, she was very clear that substantially more than that was provided.

For as long as this legislation has annual renewal, however, it is right and proper that there is due scrutiny. I freely accept that, and I commend the House for the way in which it has taken place. We think that the renewal is proportionate—it is certainly temporary and rightly so. The one thing that I will not forgive the hon. Member for Eastleigh for—it is either sloppy thinking, or if he believes it, he is profoundly wrong—is the notion that we only face a threat, regardless of individuals' position, because of actions taken by this country in relation to Iraq. That is profound twaddle and nonsense of the finest order.

Chris Huhne: The Minister knows perfectly well, and will be able to confirm if he consults *Hansard*, that I never said "only". What I did say was that if there was a justification for our having already extended the period to 28 days, more than double the period allowed by any other common law jurisdiction—Australia's limit, for instance, is 12 days—it was that we faced a greater threat. The threat is greater precisely because of the foreign policy actions of this Government, who involved themselves in an illegal invasion of Iraq.

Mr. McNulty: If that was clarity, I think that the hon. Gentleman has some difficulties in a broader sense. His view remains profoundly wrong, as indeed are his comparisons with international jurisdictions, based on our system or otherwise—but I will not rehearse those arguments either, because we have significant evidence, and it is rather tedious when people fall into the trap of indulging the sophistry of others.

That said, however, I am grateful to the House for the manner in which the order has been debated. I commend it to the House.

Question put and agreed to.

Resolved,

That the draft Terrorism Act 2006 (Disapplication of Section 25) Order 2008, which was laid before this House on 21st May, be approved.

Prevention and Suppression of Terrorism

8.1 pm

The Minister for Security, Counter-Terrorism, Crime and Policing (Mr. Tony McNulty): I beg to move,

That the draft Terrorism Act 2000 (Proscribed Organisations) (Amendment) Order 2008, which was laid before this House on 21st May, be approved.

The People's Mujaheddin Organisation of Iran, or PMOI, is opposed to the Iranian Government, and its stated aim is to replace that regime with a secular democracy. Most of its members are based at Camp Ashraaf, which is in Iraq, and under Saddam's regime it operated as a de facto wing of the Iraqi military. Although it currently describes itself as a non-violent democratic movement, there can be no doubt that the PMOI was responsible for vile acts of terrorism over a long period, stretching back some two decades prior to 2001. Those were not acts attributed to the PMOI by the Iranian authorities; it expressly admitted responsibility for a number of horrendous crimes carried out against the Iranian people, aimed at both civilian and military targets. The PMOI is not widely supported in Iran, because of those attacks, and because it fought alongside Iraqi forces against Iran in the war between the two countries.

The PMOI says that it decided to renounce violence at an internal meeting in 2001, and that it now seeks instead to pursue its objectives by peaceful means. Indeed, it has not conducted any attacks since then, although it has not made any public statement renouncing violence. Until 2003 it maintained an extensive arsenal at Camp Ashraaf, at which point it found itself surrounded by United States forces and surrendered its arms.

Keith Vaz (Leicester, East) (Lab): Can the Minister confirm that he has had discussions with the Foreign Office about this matter, and that it agrees wholeheartedly with his decision to present the order to the House today?

Mr. McNulty: The position taken by the Government to date is the position of the entire Government. When we proscribe organisations in an international rather than a domestic context, of course we consult Departments across Government, including the Foreign Office, whose position is in accord with ours.

The PMOI was added to the list of proscribed terrorist organisations in 2001. We consider proscription to be a tough but necessary power. Its effect is that the proscribed organisation is outlawed and unable to operate in the United Kingdom. The consequence of proscription is that specific criminal offences apply in relation to a proscribed organisation. They include membership of the organisation and various forms of support, including organising or addressing a meeting and wearing or displaying an article indicating membership of the organisation. Further criminal offences exist in relation to fundraising and various uses of money and property for the purposes of terrorism.

A group of 35 interested parties, consisting of Members of this House and of the other place, disagreed with the PMOI's proscription. A statutory procedure exists for any proscribed organisation, or anyone affected by the proscription of an organisation, to apply to the Home

[Mr. McNulty]

Secretary for that organisation to be de-proscribed. The group followed that procedure correctly, and wrote to the Home Secretary requesting that the PMOI be de-proscribed. It argued that it was no longer concerned in terrorism, having renounced violence and disarmed, and that its desire to express its legitimate support for the PMOI and its objectives was being unlawfully curtailed by its continuing proscription.

The then Home Secretary considered the application carefully, but continued to believe that the PMOI was concerned in terrorism, which is the statutory test for proscription. He formed that view in the light of the PMOI's lengthy history of violence, in the absence of any public renunciation of violence, and taking into account the fact that it had disarmed some two years after the decision to renounce violence, and only when it had no other choice in the face of the overwhelming force of the US military.

Bob Russell (Colchester) (LD): Does the Minister accept that history is full of organisations that once practised violence in support of their beliefs and subsequently followed the democratic process? They include—closer to home—Sinn Fein-IRA, and various liberation movements in what was formerly the Empire and is now the Commonwealth.

Mr. McNulty: I would accept that, but I remind the hon. Gentleman that the IRA is still a proscribed organisation. I discussed this just before these two debates began. I do not think that Sinn Fein was ever formally proscribed. I do accept the broad historic point that the hon. Gentleman has made, but I do not accept—if this is what he subsequently asserts—that the PMOI is in the position that he has described, and the Government do not accept it either.

Mike Gapes (Ilford, South) (Lab/Co-op): I do not know whether my right hon. Friend is aware that the Foreign Affairs Committee went to Iran in November last year, but one of the things that struck us then was the Iranian regime's absolute obsession with this organisation. My right hon. Friend says that it has no influence in Iran, and I think that he is probably right; nevertheless, the Iranian Government are completely obsessed with the Mujaheddin-e-Khalq, the PMOI, or whatever name we choose to give it. They even tried to organise a televised meeting between us and victims of MEK terrorism.

Mr. McNulty: I take my hon. Friend's description of the Committee's visit to Iran at face value. As I have said, my right hon. Friend the then Home Secretary considered the application carefully, but continued to believe that the PMOI—or the MEK, as my hon. Friend rightly calls it—was still concerned in terrorism. That is the statutory test for proscription, as opposed to what other countries may think.

Mr. Andrew Dismore (Hendon) (Lab) *rose—*

Mr. David Drew (Stroud) (Lab/Co-op) *rose—*

Mr. McNulty: I shall be happy to give way shortly. I am always—I hope—quite generous in giving way. Let me make some progress first, however. The points that my hon. Friends wish to make will not go away, given the theme that runs throughout the debate.

While accepting that there had been no attacks since 2001, the then Home Secretary adopted a cautious approach. He was not satisfied that the renunciation of violence was more than a temporary cessation for pragmatic reasons, or that the 2003 disarmament would have taken place had it not been for the military position in Iraq and the artificially restrictive circumstances arising from it. He was concerned that the PMOI might return to terrorism as a means to achieving its objectives in the future if the situation in Iraq made possible for it to do so, and if doing so became strategically advantageous.

Mr. Drew: It is good to hear my right hon. Friend welcome the de-proscription so wholeheartedly, but I want to know where the evidence comes from. Perhaps this will be made clear during the wider debate, but I should be interested to know what representations the Government of Iran have made about the PMOI.

Mr. McNulty: As I have said, what my right hon. Friend the then Home Secretary had to consider was the application from the 35 interested parties for de-proscription. His first port of call was the evidence submitted in support of putting the MEK, or PMOI, on the list of proscribed organisations in the first place.

This decision was not taken lightly. The Government share the desire of those 35 Members of both Houses to see the advance of democracy and the promotion of human rights around the world. Given the wide-ranging impact of proscription, we are committed to ensuring that proscription decisions are lawful and proportionate.

The Terrorism Act 2000 sets out the definition of terrorism and the criteria for considering whether an organisation is concerned in terrorism. The Act does not refer to the motivation or political agenda of those who perpetrate acts of terrorism and, as the Proscribed Organisations Appeal Commission accepted, the Secretary of State is entitled to conclude that there is no right to resort to terrorism, whatever the motivation. We do not condone terrorism anywhere, whatever its justification or its target. These decisions must be evidentially based, however; we must not use this part of the Act to proscribe those whom we do not like. There have been many debates, and many foolish comments have been made from the Opposition Front Bench—although not by the hon. Member for Bury St. Edmunds (Mr. Ruffley), I freely admit—about a particular organisation, and the idea that its remaining unproscribed somehow shows a lack of willingness to engage with, and be tough on, terrorism. Clear criteria and processes are laid down, and the Home Secretary's refusal to de-proscribe was appealed to POAC, which upheld the appeal and found that the PMOI was no longer an organisation concerned in terrorism. POAC directed that the Government lay an order before the House de-proscribing the PMOI, which brings us to where we are now.

Mr. Dismore: The Minister has said that the Government had concerns about the PMOI when the former Home Secretary proscribed it and then resisted the application for de-proscription; indeed, the Government resisted that case through the judicial process. Is my right hon. Friend now satisfied that the PMOI is not engaged in terrorism, and that it has not been since 2001, and that there is no prospect of its returning to terrorism? In other words, does he fully and completely accept the findings of the judicial process?

Mr. McNulty: It is almost as if my hon. Friend was looking over my shoulder at the next paragraph of my speech.

Although POAC considered that the Government were wrong to refuse to de-proscribe the PMOI in 2006, it did agree that the original proscription was justified in 2001 and that the PMOI was responsible for many terrorist attacks over an extended period. It also stated that the Government were entitled to place little credibility on public statements made by the PMOI as its public statements contained—heaven forfend—"spin", and the evidence submitted in the course of the hearing was "contradictory and potentially misleading" and demonstrated "a shifting approach".

Our subsequent application for permission to appeal POAC's ruling to the Court of Appeal was refused. While disappointed with this decision, we have complied with the judgment and have moved quickly to lay the order that the House is debating today. It will give effect to POAC's order and remove the PMOI from the list of proscribed organisations. However, my hon. Friend the Member for Hendon (Mr. Dismore) can take both my tone and our desire to appeal POAC's decision to mean that we are not satisfied that the PMOI is no longer a terrorist organisation.

Keith Vaz: Bearing in mind that the Government lost in the courts and that the purpose of our debate today is to put the legislation right, have the Government reconsidered any of their other decisions on proscription? Is it possible that they have got decisions wrong in other cases as well?

Mr. McNulty: Let me reiterate that simply because POAC arrived at its decision—we accept it in full, which is why the order is before us—does not mean we accept that POAC is right and our original position is wrong; we profoundly do not. Our job is simply to review constantly who is on, and who should be on, the proscribed list. There is nothing in this judgment that leads us to think that we should review all the other organisations on the proscribed list.

Andrew Mackinlay (Thurrock) (Lab): The Minister needs to share with Parliament the fact that there were at least two days of closed session both at POAC and in the Court of Appeal, and that no less a person than the Lord Chief Justice of England said in his judgment that the two days of closed session with special advocates served only to reinforce his view that the decision of the Home Secretary was perverse. The Government had their opportunity in court with special advocates, and were found wanting not on one occasion but on two occasions: before POAC and before the Court of Appeal.

Mr. McNulty: And, as I have said, we sought to appeal POAC's ruling, which gives a clear indication of the Government's continued position. Perfectly fairly, that was refused, and while disappointed with that decision, we have complied with the judgment and moved quickly to lay the order that the House is debating today, which gives effect to POAC's order and removes the PMOI from the list of proscribed organisations. That is entirely in keeping with the POAC ruling, and I commend the order to the House.

8.14 pm

Mr. David Ruffley (Bury St. Edmunds) (Con): Under part 2 of the Terrorism Act 2000, the Secretary of State has the power to proscribe any organisation that commits or participates in acts of terrorism, prepares for terrorism, promotes or encourages terrorism, or is otherwise concerned in terrorism. Proscription is a tough power. Any organisation that is on the list of proscribed organisations is outlawed in the United Kingdom. It is a criminal offence for a person to belong to, or encourage support for, a proscribed organisation. It is a criminal offence to arrange a meeting in support of a proscribed organisation, or to wear clothing or to carry articles in public which arouse reasonable suspicion that a person is a member or supporter of a proscribed organisation. Proscription also means the financial assets of the organisation become terrorist property and, as such, can be subject to freezing and seizure.

For those reasons, Parliament must take its role in scrutinising who is on the proscribed list very seriously. On the one hand, the failure to proscribe an organisation that is concerned with terrorism could allow it to have a foothold in the United Kingdom and also to recruit and raise funds in the UK, ultimately undermining national security in this country and beyond our borders. On the other hand, proscribing an organisation mistakenly or inappropriately could tie up a significant amount of resources—involving our intelligence services and others—which is what a proscription order requires. The resources available to our security services are finite and must be targeted properly.

As the Minister has elegantly made clear, the order seeks to remove the PMOI—or the MEK, to use a name that is employed interchangeably, which is how I will be employing it in the debate—from the proscribed list. That will, in effect, legalise it as an organisation, allowing it to recruit members and to raise funds in the United Kingdom. The decision in the Secretary of State for the Home Department *v.* Lord Alton and others left the Government with no choice but to bring forward this order de-proscribing the PMOI. The Minister set out their position and answered clearly that while he will abide by POAC's decision, he and ministerial colleagues do not necessarily agree with the merits of the decision. There remain a number of questions to which Opposition Members would like answers.

I shall not rehearse the history of the PMOI; that has been done in detail elsewhere. However, before framing my questions I would like to summarise the history of its proscription in this country. On 28 February 2001, the then Home Secretary laid before Parliament the Terrorism Act 2000 (Proscribed Organisations) (Amendment) Order 2001, which sought to add the PMOI to the proscribed organisations list. That order was approved by affirmative resolution and the organisation has remained on that list until the time of the order before us. A Home Office press notice issued at the same time described the PMOI as an organisation that

"undertakes cross-border attacks into Iran, including terrorist attacks. It has assassinated senior Iranian officials and launched mortar attacks against government buildings in Tehran and elsewhere."

On 5 June 2001, the PMOI applied to the Secretary of State to be removed from the list. He said in a letter dated 31 August 2001 that he remained satisfied that the organisation was then "concerned in terrorism", as defined by the 2000 Act, in that it

"commits or participates in acts of terrorism".

[Mr. David Ruffley]

On those grounds, the application for de-proscription was then refused. In a debate in this place in March 2005, the then Home Secretary repeated the Government's view that the PMOI was

"a nasty terrorist organisation that has to be contained".—[*Official Report*, 1 March 2005; Vol. 431, c. 799.]

In October 2005, in response to a parliamentary question, it was said that the MEK had

"a long history of involvement in terrorism in Iran and elsewhere and is, by its own admission, responsible for violent attacks that have resulted in many deaths."—[*Official Report, House of Lords*, 1 November 2005; Vol. 675, c. 125.]

Most recently, on 13 December 2007, the current Prime Minister gave evidence to the Liaison Committee, saying of the PMOI that

"to proscribe an organisation that has been involved in terrorist activity seems the right thing to do by the decisions of this Government".

As recently as 5 February 2008 in the other place, the Minister of State, the noble Lord Malloch-Brown, said:

"We just believe that there has not been a clear enough renunciation of those tactics...Until we are convinced that the organisation has really forsworn those tactics, we continue to believe it to be a threat to civilians."—[*Official Report, House of Lords*, 5 February 2008; Vol. 698, c. 949.]

Andrew Mackinlay: I want to pause at this important point in the hon. Gentleman's speech. The representatives of the Iranian Opposition in exile repeatedly pleaded with the British Government, saying, "What on earth do you want us to do to demonstrate our good faith—that we have abandoned the military struggle?" The British Government did not want to respond; they did not want to tell them how they could prove that. One of the charges against the Government's stewardship of this matter is that they were determined, for political reasons, not to de-proscribe. They were not prepared to allow this organisation to demonstrate to them—not having to go through the courts—that it had demilitarised.

Mr. Ruffley: I am grateful to the hon. Gentleman. I am not sure that I would have used his words, which are a charge against the Minister.

Andrew Mackinlay: I said "stewardship".

Mr. Ruffley: The hon. Gentleman also used the word "charges" and in fact made a very specific allegation. I do not myself have a view on that, but in this debate it is certainly worth airing the point that the opportunity for this organisation to prove its renunciation of terrorist tactics was not afforded to it by the Government. I genuinely do not know the answer to that, but I am sure that the Minister will want to respond to a quite serious allegation that, for my part, I have no views on. However, as I said, the matter is certainly worth airing.

Mr. Drew: The hon. Gentleman is being most generous in giving way. He rightly refers to the history of the PMOI and the allegation that it used to attack Iran. However, he should also bear it in mind that the people who support the Iranian Opposition who live in Ashraf city, in Iraq, are under daily attack by the Iranians. It is not just British troops who are under daily attack by the Iranians; the Iranian Opposition are also under daily attack by that dreadful regime. So there is the need for some balance in these arguments.

Mr. Ruffley: The hon. Gentleman, from his point of view, has probably supplied that balance through his remarks.

The history of proscription gives a strong impression that the Executive of this country have serious and grievous concerns about whether this organisation has in fact renounced terrorist tactics. I make no criticism at all of Ministers in reciting the history; I merely record the fact that the advice they must be receiving from the security services and elsewhere clearly gives them pause when it comes to de-proscription. As I said earlier and as the Minister made clear, this order has been forced upon the Government—rightly or wrongly—because of a decision of POAC and of the Court of Appeal subsequently.

I would like to take the argument forward a little by raising some specific questions that arise, given that background. The point of raising the background is to say that over the years, Ministers have, from the tenure of the now Secretary of State for Justice as Home Secretary onwards, tried to act in good faith on what is obviously a sensitive issue. However, the Minister for Security, Counter-Terrorism, Crime and Policing would probably like the opportunity to respond to those questions.

I am not entirely clear about what the Minister can share with us on the Government's assessment of the PMOI's terrorist capability, but it raises a question for me, given that the order will, in all likelihood, be passed tonight. The Minister will wish to know that the Conservatives will not vote against it, and we wait to see exactly how this business is finalised. Mr. Deputy Speaker will not want me to pre-empt things, but the Conservatives will not oppose the order. Nevertheless, a question remains about what understanding the Minister has about the possible reactivation of any involvement in terrorism and of the armed wing of this organisation subsequent to any de-proscribing that will be effected by the order's being passed.

Bob Russell *rose—*

Mr. Ruffley: I will give way in a moment, but I just want to pin this question down. A report in *The Times* today indicates that the Prime Minister has taken a view on the issue of de-proscription. I am not clear about this, and I am sure that hon. Members will not be clear about it when they read the report. It states:

"A Whitehall official has told *The Times* that the Government will seek to ban the PMOI's military wing, the National Resistance Army of Iran...even though the group says that it is defunct."

Again, I am not trying, in any way, to put the Minister in a difficult position, because I believe that he is a Minister who acts with good will.

Mr. Drew *rose—*

Mr. Ruffley: I shall give way in a moment. I would be most grateful to hear an answer on that point, as I know colleagues would, given the numbers seeking to intervene on me. Although the House might be de-proscribing in this order, it raises the question of how other allied bodies, if indeed that is what they are, might be treated by Her Majesty's Government, because that seems to be a moderately authoritative report that they are seeking to ban this organisation's armed wing.

Bob Russell *rose—*

Mr. Drew *rose—*

Mr. Ruffley: I shall give way first to the hon. Member for Colchester (Bob Russell).

Bob Russell: The hon. Gentleman has stated that Her Majesty's official Opposition will not be opposing the measure. Could he just state as clearly as he possibly can whether he agrees or disagrees with it?

Mr. Ruffley: I shall indicate clearly that this is required of the Government. Should we be in their position—we might be in it sooner than the Minister and Labour Members think—we would have in front of us, as he and the Home Secretary have in front of them, a POAC decision. They sought to challenge it in the Court of Appeal, but they did not get leave to fight another day and were thus obliged, by law, to introduce this order. We would be in no different position from the Minister. That is about as clear an answer as I can give the House, and it is a factually accurate, legally watertight answer. *[Interruption.]* I do not know why the Minister is laughing; I hope it is a laugh of solidarity, because we are supporting him on the basis of the reasons that he has given.

The question of the merits, which is probably behind the hon. Gentleman's question—he is tempting me to opine on the substantive merits of the order—is not something that I shall address tonight, because I do not have to do so. I have to ask some of the questions that those on both sides of the argument want answered, chief of which is the one that I have just asked in relation to the report in *The Times* about what action may or may not be taken against the armed wing, should it exist, that is the subject of the order.

The second question I have for the Minister relates to the posture of the US Government. The PMOI has been designated a foreign terrorist organisation since 1987 in the US, and I wonder whether the Minister can confirm what, if any, discussions he or his colleagues in the British Government have had with the US authorities about the decision to de-proscribe the PMOI. It is important to know whether the US has expressed any concerns about the implication of the UK de-proscription on its efforts to fight and contain terrorist organisations. I am sure that this order would have a knock-on effect.

A companion question relates to the position of the European Union, which listed the PMOI as a terrorist group and froze its assets. In December 2006, the European Court of First Instance ruled that the EU had not sufficiently justified its decision on the freezing of funds, although it did not—importantly—rule on the substantive issue of whether the PMOI was a terrorist organisation. The ruling was fundamentally a procedural argument about the basis on which funds had been frozen. I wonder again what the implications of this order will be for the EU-wide proscription of PMOI.

Those may seem to be dull, boring, procedural—nay, even anorak-type—questions to some, but they warrant a reply. I hope that the Minister understands that I am not pressing him to go further on the substantive issue: these are factual questions to which we need an answer.

My final set of questions will attempt to probe the Minister on the judgment by POAC, which raised some questions about decision making by Home Office Ministers. I do not mean this Minister, or even the current Home Secretary, but the Ministers who were the subject of the judgment in November. On page 131, it states:

> "In our view, in three respects the Secretary of State failed properly to direct himself in accordance with law. These overlap…the Secretary of State failed properly to direct himself to the requirements of the 2000 Act; the Secretary of State failed properly to direct himself that each of the criteria in section 3(5)(a) to (d) of the 2000 Act required a belief that the PMOI was presently (i.e. at the date of the decision) actually 'concerned in terrorist' activity as defined; the Secretary of State failed properly to direct himself as to the requirements of section 3(5)(d) of the 2000 Act."

POAC highlighted in its judgment that there had been a failure to apply the relevant statutory tests and properly to assess the available evidence against those tests. As the hon. Member for Thurrock (Andrew Mackinlay) has said, POAC concluded that the then Home Secretary's decision could be "properly characterised as perverse". For that to be said of any Home Secretary, of whatever political party, gives one pause for thought. The statement that the Secretary of State failed to

> "direct himself to the requirements of the 2000 Act"

is particularly eye-catching.

In conclusion, I wonder whether the Minister could shed some light on what lessons Ministers and civil servants are learning from POAC's quite damning report. In particular, will he tell us what action is being taken to ensure that the procedural irregularities from POAC are being adequately and swiftly dealt with so that all of us, in this place and beyond, can have full confidence that Ministers are taking decisions in the proper procedural way?

8.36 pm

Andrew Mackinlay (Thurrock) (Lab): I am proud to be one of the 35 people referred to in the case of Lord Alton and others. Others in that 35 are in the Chamber tonight. I deliberately say that I am proud because it was a unique group of people—*[Interruption.]* It was a unique group of people and included my hon. Friend the Member for Stroud (Mr. Drew), who shares my satisfaction at having been part of the campaign to have that grave injustice, as we saw it, remedied. It is worth reminding the House that among those people were Lord Waddington, a former Conservative Home Secretary; Lord Russell-Johnston, from the Liberal party; a former national agent of the Labour party, who is now in the House of Lords; Lord Archer, who was Attorney-General in James Callaghan's Government; a former Scottish Law Officer; a Conservative Lord; and the former leader of the Labour peers, Lord Corbett. Those people banded together, feeling that there was a need to persuade the Government to lift the proscription on their own initiative and, if they did not do so, to pursue it through the courts.

I regret that successive Ministers could not be persuaded to look at the matter impartially—I use that word deliberately, because the Government have foolishly and recklessly been motivated by the desire to appease the unappeasable, namely the regime in Tehran. The Government have not executed their obligations in law or the obligations dictated by common justice that require them to consider the evidence when deciding whether to continue the proscription of the PMOI.

Mr. John Horam (Orpington) (Con): I am following closely what the hon. Gentleman is saying, and I agree on the subject of appeasement. Is it not true that the original decision was taken for mistaken foreign policy

[Mr. John Horam]

reasons? Although I agree with the judgment of the previous Foreign Secretary who took the decision, it was a mistake in foreign policy terms.

Andrew Mackinlay: I totally agree. We have to deal with the world as it is rather than how we would like it to be, so there has to be some engagement with the wretched regime in Tehran, but that regime should not be appeased. The decision was an act of appeasement and it was foolish—appeasement has a heavy price. The decision was based on political considerations rather than, in my view, being taken to protect us against terrorist activity. That is why we have now come to this embarrassing day for the Government.

Mr. David Heath (Somerton and Frome) (LD): The hon. Gentleman was talking about the evidence needed for the Home Secretary to come to a view. Does he recall a previous debate on proscription orders in which I said explicitly that it would be wrong to rely on evidence from a foreign power, and that to reach a proper decision the relevant Minister needed evidence from primary sources to make a proscription order? I received a categorical assurance from Ministers that that was the case.

Andrew Mackinlay: The hon. Gentleman makes a valid point. This continued proscription has been at the bidding and request—the demand—of the Tehran regime, without any evidence having been produced to justify it. That is not my view, but that of POAC, of the High Court and of the Court of Appeal. After all, the POAC decision states that

"the only belief that a reasonable decision maker could have honestly entertained, whether as at September 2006 or thereafter, is that the PMOI no longer satisfies any of the criteria necessary for the maintenance of their proscription."

That is the position. I have already drawn the House's attention to the fact that during both the POAC hearing and the Court of Appeal deliberations, there were days of closed session when special advocates were appointed to consider the secret evidence produced by the British Government. The Lord Chief Justice spent that time considering the documents and listening to the case from the Government's special counsel and concluded that that had only served to reinforce his view that the Secretary of State had acted in a "perverse" manner. I asked a lawyer what that signified. He said, "Saying that people are 'perverse' is the nearest the Lord Chief Justice comes to being rude." Such was the uniqueness of the occasion.

I also want to pick up on the interesting intervention made by my hon. Friend the Member for Ilford, South (Mike Gapes), who chairs the Foreign Affairs Committee. He said that when he went to Iran, he saw how the regime was obsessed by the PMOI and related organisations. I will be signalling to Tehran tonight that the British House of Commons unanimously passed an order lifting the PMOI from proscription. There will not be a Division; it will be a unanimous decision in the House of Commons. I welcome that, but it needs to be reiterated. The United Kingdom embassy in Tehran also has to note that that will be the position tonight after we have concluded our deliberations.

Mike Gapes: I am grateful to my hon. Friend for citing what I said, but I do not want him to misrepresent my position, even inadvertently. I said that the Iranian regime is obsessed. However, my assessment is that the PMOI has almost no internal support in Iran. It may be active in this country, Sweden and other parts of the world, but there is a widespread, diverse and complex democratic opposition in Iran and it is a caricature of the politics to say that only one organisation leads them. Unfortunately, this debate could lead to the impression that there is only a choice between the regime in Iran and the PMOI. That is not the reality.

Andrew Mackinlay: In any event, only time will tell. However, I look forward to the day when the regime in Iran falls and everyone there has an opportunity to present their cases in a democratic political marketplace. That is the objective of many hon. Members.

We should also refer to paragraph 57 of the Court of Appeal judgment. It says:

"It is a matter for comment and for regret that the decision-making process in this case has significantly fallen short of the standards which our public law sets and which those affected by public decisions have come to expect."

That is a very serious condemnation—let me be generous—of the stewardship of this matter by the Home Office. It has ignored its obligations. The Court of Appeal indicated that the closed material

"reinforced our conclusion that the applicant"—

namely the Home Secretary—

"could not reasonably have formed a view when the decision letter was written in 2006 that the PMOI intended in future to revert to terrorism."

There is no evidence to suggest that this is a momentary pause in the activities of the PMOI or that it is an irreversible decision—a unilateral renunciation of, in the parlance, the military option. It is incumbent on democracy in this place to give rewards when people, on their own initiative, abandon military activity or what others describe as terrorism.

Bob Spink (Castle Point) (UKIP): The hon. Gentleman is making a strong case, but will he be a little more generous and accept that organisations and people's views of them change over time? It is Nelson Mandela's 90th birthday. He had form, according to some people, but went on to advance democracy, freedom and human rights in the way that the PMOI is in Iraq. As times change, views can change.

Andrew Mackinlay: Absolutely. That was my case, the case of the other 34 Members of the House of the Commons and the House of Lords, and the case of the Iranian opposition in exile. Things do change, as history tells us. A year before Jomo Kenyatta was invited to Buckingham palace to attend the Commonwealth Heads of Government meeting, he was described by the Crown's representative as the prince of darkness and death. People change and get respect. [*Interruption.*] Yes, there was also Archbishop Makarios. One day, the people who are in exile will be in government in Tehran and the British Government of the day will be trying to rewrite history, just as the right hon. Lady who led the Conservative party rewrote history when we welcomed Nelson Mandela in Westminster Hall. I have no illusions about this, but I welcome the fact that people change their minds. The

British Government should have been more generous in acknowledging the change in attitude of the Iranian opposition in exile.

The hon. Member for Bury St. Edmunds (Mr. Ruffley) raised some pertinent issues, and I hope that they are addressed. There was considerable anxiety following the report in *The Times* that the Prime Minister had "instructed"—I think that that was the word—the Home Secretary to re-proscribe another grouping or what is described as its military wing. When the hon. Gentleman mentioned that, my hon. Friend the Member for Stroud (Mr. Drew) said, "The military wing of the military wing." I want a reassurance that we are not going to have a cat-and-mouse act in this respect. In any event—I say this with the greatest respect—the Prime Minister will certainly need to read the decision of the Court of Appeal if he is ever tempted to go down this road. The POAC and the Court of Appeal both said that there are certain tests that the Home Secretary is under a duty to apply. It is now demonstrably clear that political considerations—the appeasement to which I referred—cannot come into that. They are legal tests, not political tests. It would be a big mistake if the Government were tempted to do what has been suggested, and I hope that the Minister can reassure us that the report in *The Times* is unfounded.

The hon. Member for Bury St. Edmunds also said that, under European Union rules, the fact that the United Kingdom had proscribed the organisation meant, ipso facto, that the whole EU had done so. The corollary of this evening's unanimous vote will surely be that the British Government will communicate to the EU that the House of Commons and the other place have unanimously decided that the proscription should be lifted, and will invite the EU to reassess its position. That would be the sensible and fair outcome of the debate.

In conclusion, it is important to reiterate that the people in Camp Ashraf hold no weapons. They are under repeated attack and in serious danger. To use a simple phrase, they are taking these blows on the chin. They are turning the other cheek. We know that the source of these attacks is in Iran. It is bewildering to many Members that the Secretary of State for Defence has indicated, with great candour, that some of the ordinance used against British armed forces and coalition forces has its roots in Iran, implicitly with the full knowledge and consent of the Iranian regime. The PMOI and related organisations have been a significant source of information and intelligence to the United States and, ipso facto, to the United Kingdom Government and the coalition forces about the nature of the nuclear threat being developed by the Tehran regime.

It is a matter of fact that the people in Ashraf have protected person status under the fourth Geneva convention, and I believe that there are moral obligations on coalition forces, of which we are part, to see that those people are protected. I want to state for the record that the United States, which has stewardship of that area of Iraq, has done an enormous amount to protect the people of Ashraf, to the extent that it has allowed them to have bank accounts and so on. That is not something we normally facilitate for terrorist organisations. Why has that been allowed? It is because the United States is satisfied about the stand-down of the people in Ashraf—its demilitarisation—and the fact that they are open and transparent about their activities. Why can the United Kingdom Government not have the same generosity of spirit and common sense as our coalition partner, the United States? That is my request—the Government should pause and reflect.

In my 16 years in the House of Commons, I have not known an issue that has united Members of Parliament from both Houses, and from across the political spectrum, as much as this one. We saw the action of the British Government as foolish and not in the long-term best interests of the UK. It was unfair and perverse. I hope that tonight, we have given the Government the opportunity to pause and reflect in order to remedy the wrong that they have perpetrated against those people. I am proud to have been part of the campaign to bring about the order, which will be passed unanimously by the House of Commons.

8.54 pm

Chris Huhne (Eastleigh) (LD): I am pleased to follow the hon. Member for Thurrock (Andrew Mackinlay), who stated, with a good deal of passion, what many hon. Members feel about the way in which the Government have proceeded.

I will not go over the full history of the way in which the People's Mujahedeen Organisation of Iran got on to the list of proscribed organisations. Its inclusion was controversial even at the time and its public announcements that it had disarmed and renounced violence were especially clear. It is surprising that the Government maintained their proscription in the face of mounting judicial reviews of the decision, beginning on 12 December 2006, with the European Court of First Instance and continuing with the POAC High Court decision on 30 November 2007. The hon. Member for Thurrock described fairly the Lord Chief Justice's reaction to the evidence that the Government brought to bear in secret session. Despite all that, the Government persisted in attempting to defend the proscription.

That persistence suggests that other forces must have been at work in the decision. Perhaps the hon. Member for Bury St. Edmunds (Mr. Ruffley) is the only Conservative Member to give the Government the benefit of the doubt—a minority position these days. It was even suggested that the Home Office was possibly right—obviously, that is one theory—and that all the judges who examined the matter in the European Court and in the High Court had been bamboozled by the evidence that they saw in public and in secret session.

I would perhaps give more weight to the second theory: when Ministers look at a document that is stamped, "top secret", "highly confidential" and "for your eyes only", they tend to give it greater weight than the public information that stares them in the face. That has happened in judgments about the middle east, not least those about the illegal invasion of Iraq. We could go back further. Only weeks before the Shah was toppled in Iran, I remember that a Foreign Secretary predicted firmly, on the basis of little evidence, that the Shah would be there for ever and a day. Clearly, that was an exceptional misreading of what was happening. Perhaps we are considering a case of secret information being given far too much weight. However, such information did not persuade the Lord Chief Justice of England and Wales. Given that he is used to sifting evidence, whatever the source, we should give that opinion enormous weight.

[Chris Huhne]

Some hon. Members have hinted at the final theory for the Government's reluctance to move, and I hope that it is not right. It is that, in what is meant to be a quasi-judicial matter laid down by statute, the Government have put foreign policy considerations before an assessment of the evidence. The Liberal Democrats suspect that that happened when the Serious Fraud Office's investigation into al-Yamamah was dropped, following public and doubtless private pressure from the Saudi Arabian Government. I would like the Minister's reassurance—if someone could communicate with him, given that he is showing his usual courtesy of not being bothered to listen to speeches—that there was no influence from the Foreign and Commonwealth Office on the ground of Britain's foreign policy. We would also like an assurance that the Government of Iran exerted no influence, directly or indirectly.

Mike Gapes: Is the hon. Gentleman saying that the Government should never, in any consideration, take account of the advice that they receive from the Foreign and Commonwealth Office on any issue?

Chris Huhne: If the Foreign and Commonwealth Office has clear evidence that the PMOI is a terrorist organisation, it should give that evidence. That would be perfectly within its remit. However, I am suggesting that wider foreign policy considerations should not be taken into account in this case, because we are talking about a matter of British domestic law and a fundamental freedom, which we have respected in this country for many years, according to which, if I may paraphrase Voltaire, even if we disagree with what people say, we will nevertheless defend their right to say it. I hope that the hon. Gentleman agrees with me that the House has defended that principle over many years and should continue to do so.

Therefore, I repeat: I hope that foreign policy considerations have not been brought to bear on what is a matter of defending freedom of speech, freedom of activity and freedom of organisation in this country. Speaking for the Liberal Democrats, I for one would like an assurance from the Minister on that score. That said, we are happy to support the removal of the PMOI from the list of proscribed organisations. The only question is why it has taken so long, when the evidence has been so great and when the judicial review has been so extensive. At the very least, the Government appear to have been extraordinarily dilatory.

Several hon. Members *rose—*

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. It is evident that three Back Benchers are seeking to contribute to the debate. I have to give the Minister the time to reply, so a tariff of around seven minutes would enable everyone to address the House.

9.1 pm

Mike Gapes (Ilford, South) (Lab/Co-op): I hope to be less than seven minutes, Mr. Deputy Speaker. I would like to respond directly to the hon. Member for Eastleigh (Chris Huhne), by quoting the unanimous conclusion of the Select Committee on Foreign Affairs report on Iran, which was published a few months ago:

"We conclude that Iran is a complex and diverse society at present governed by a theocratic regime. Iran's quasi-democratic political system is not fully closed and may lead to reform that will result in a more constructive approach on the nuclear issue. We recommend that the Government should be careful to avoid action that could be manipulated by the hardliners such as President Ahmadinejad to bolster their position against the more pragmatic and reformist elements ahead of his campaign for re-election in 2009."

That was said in the context of the nuclear issue, but I also believe that, in relation to politics within Iran, we need to be sensitive. That is why I intervened on the hon. Gentleman.

Categorical statements that we should never do anything that takes account of anything in any other country are simplistic and dangerous. Sometimes, we have to be sensitive in the choices that we make and in the way we handle issues, because of the consequences that they might inadvertently have in other countries. Therefore, if the Government were receiving advice—I do not know that they were—that certain issues, handled in a certain way, might have had adverse consequences on another issue, such as the E3 plus 3 negotiations on the nuclear issue, they would have been right to take account of those wider issues and form a rounded judgment, rather than responding with a knee-jerk reaction.

Chris Huhne: I am grateful to the hon. Gentleman for giving way. If the House had believed that it was important to take account of the sort of foreign policy considerations that he is listing, it would have included that provision in the legislation. Can he point to any part of the legislation that allows the Home Secretary to do what he is suggesting?

Mike Gapes: That is not the point that I am making, and I think that the hon. Gentleman is trying deliberately to change the terms of what I said. He made a categorical statement that we should not take account of foreign policy aspects.

Chris Huhne: It's unlawful!

Mike Gapes: The hon. Gentleman can try to intervene, but he should please not shout from a sedentary position.

The situation that we face with regard to Iran is this. A group of people are being held, as my hon. Friend the Member for Thurrock (Andrew Mackinlay) said, in a kind of limbo in Camp Ashraf. The question that has not been answered in this debate so far is: why are they there? Those people are on that site because, for many years, they were living in Iraq and being protected by Saddam's regime. I have been told many times, over many years, by many people in the Kurdish political movement that those people were used by Saddam for his own purposes for the repression of the Kurds and other minorities in Iraq. If those people were to be released from Camp Ashraf today, they would face the threat of death if they were returned to Iran. If they were released into Iraqi society they would also face death threats from the many very angry Iraqis who remember them as allies of the brutal Saddam regime. As my hon. Friend the Member for Thurrock has pointed out, the United States and others have a responsibility to find a solution to that problem.

We must take into account, however, that the PMOI organisation is not—and certainly was not in the past—an organisation that we would necessarily support as the democratic, legitimate opposition in Iran. There is no

doubt that it is against the mullahs' regime, but let us go back to the history of what happened between 1978 and 1981. It was like the falling out between Stalin and Trotsky in the Russian revolution, involving different elements within a revolutionary process who ended up on the wrong side. There are many other Iranians, including people who came out of the monarchist tradition, the social democratic tradition, or the Islamist tradition, who have not been involved in violent activities. Those people would strongly dispute the claim that the PMOI is the sole legitimate opposition to the regime in Tehran. It would be dangerous if this House were perceived to have given support to one political opposition group and, by making this decision today, we will be doing a disservice to many other Iranian democrats, liberals and secular people, as well as to the moderate Islamists and monarchists who oppose the regime in Tehran.

It is not in this country's interests simply to say that the matter has been resolved. It was clear from the Minister's remarks that the Government have concerns about this organisation and its future, and I hope that they will report back to us regularly. If there are any indications of a breach of the conditions, of a potential terrorist threat from that organisation, either in this country or abroad, or of fundraising activities for illegitimate purposes, I hope that the Government will review today's decision.

I do not believe that de-proscribing an organisation means that it has been given a clean bill of health for the future. In the past, the PMOI had admitted to being engaged in activities that we would define as terrorist activities. It is not engaging in such activities today. As the hon. Member for Castle Point (Bob Spink) pointed out, people change over time. If that organisation is not engaged in terrorist activities today, and does not intend to do so; that is very good. However, we need to be careful that we do not give the impression that we are giving it carte blanche for ever. We need to be sure that any organisation based in this country is involved only in peaceful, democratic activities, and that it is not supporting terrorism in this country or in any other part of the world.

9.9 pm

Mr. David Amess (Southend, West) (Con): My hon. Friend the Member for Bury St. Edmunds (Mr. Ruffley) described the Minister's speech as gracious. I assume that he was being sarcastic, because it was certainly nothing of the sort. It was a disgraceful and churlish speech. When the House considers this terrible matter, it is clear that the Government have behaved appallingly with the Foreign Office saying one thing and the Home Office saying another. The Minister's position tonight was disgraceful and it is a pity that the Home Secretary did not stay to listen to his speech.

The PMOI has been seeking to bring an end to the terrorist and barbaric regime ruling Iran. More than 120,000 members and supporters of the movement, including boys and girls as young as 12, have been executed by the regime. Mrs. Maryam Rajavi and her supporters should be congratulated on the huge sacrifices they have made on behalf of others.

The Minister cannot possibly dismiss what the Lord Chief Justice said in the Court of Appeal's judgment of 7 May 2008. I repeat what he said then:

> "It is a matter for comment and for regret that the decision-making process in this case has significantly fallen short of the standards which our public law sets and which those affected by public decisions have come to expect."

That is an absolute disgrace. I firmly hope that today the Government have turned a page in their relations with the Iranian regime on the one hand and the Iranian people and their legitimate resistance to that regime on the other.

I hope that the Minister will dissociate himself from the article in today's edition of *The Times*, which was written by its deputy political editor, that told us that the Prime Minister

> "has ordered... the Home Secretary to ban the PMOI's military wing instead".

We are told that, apparently

> "Iran has been exerting pressure on ministers to keep the ban on the PMOI, which is part of the National Council of Resistance of Iran. 'They have threatened to withdraw diplomats over this unless the ban stays,' one well-placed figure said."

The Government must take immediate steps to ensure that the PMOI is removed from the European Union asset freeze list. The Government must accept that although the UK was a competent authority upon whose decision the EU listed the PMOI, now that that decision has been declared unlawful, the listing of the PMOI in the EU is also unlawful. At the same time, the Government must recognise the National Council of Resistance of Iran, as well as the PMOI, as being the legitimate opposition to the Iranian regime and engage in dialogue with them about the future.

Of course I commend the Prime Minister for his announcement last week that Britain and a few other EU states would be imposing further sanctions on the Iranian regime's banking, oil and natural gas interests. However, the Government need to go much further. They should adopt a firm policy towards Iran, including blacklisting the revolutionary guard while applying comprehensive sanctions against the regime.

The message to the mullahs in Tehran needs to be very clear: Britain will no longer have anything to do with a mediaeval regime that stones women to death, hangs children in public, exports fundamentalism and terrorism across the middle east, trains, funds and arms terrorists responsible for the killing of innocents in Iraq and Afghanistan, as well as coalition troops, and pursues nuclear weapons.

The order is a matter for rejoicing for all those people who want freedom in Iran, and it is a matter of shame for Her Majesty's Government that it has taken them so long to bring it forward.

9.13 pm

Mr. David Drew (Stroud) (Lab/Co-op): It is an honour to follow the hon. Member for Southend, West (Mr. Amess), particularly when he has given me rather more time than I thought I would get for my speech. It was also a particular honour to hear the speech of my hon. Friend the Member for Thurrock (Andrew Mackinlay) who has raised this matter more than anyone else in the House. Indeed, he has raised it on countless occasions in order to bring justice and fairness to bear. This victory is his, along with a few others. I am not sure what the 35 of us will be called in future; the "Chicago

[Mr. David Drew]

Seven" was an interesting epithet; but we will just take it as one of those victories that was well deserved and long overdue.

It was with some disappointment that I heard my right hon. Friend the Minister say what he said; he could have been more magnanimous. As the hon. Member for Southend, West said, he was somewhat churlish. In a sense, it is surprising that the hon. Member for Bury St. Edmunds (Mr. Ruffley), speaking from the Conservative Front Bench, had to bail the Government out somewhat by saying, "There must have been some justification. We don't know what it is, but there must have been something because of the case that those people kept putting across."

The reality is that the writing had been on the wall for some years and it would have been much better to accept the judgment of POAC rather than going through to the Court of Appeal. The Government would then not have received the admonition of the Lord Chief Justice, whose words were carefully chosen. I do not know what it has all been about. If there was such strong evidence for the proscription, I would have thought we would have heard it by now, but all the evidence has been to the contrary. It has been a question of when, not if, the de-proscription would take place.

I pay tribute to the National Council of Resistance of Iran. Talk about a democratic campaign: we cannot go out of a tube station, attend a political party or go into Central Lobby without being lobbied by those people. That is what we call politics in this country. They have done it democratically. They have lobbied many of us on numerous occasions to get their point of view across. One would have thought that if there was a contrary point of view, one would have heard it and felt threatened in this country by the gestures of the PMOI. One would have thought that one would have heard what was happening in Iran.

I hear what my hon. Friend the Member for Ilford, South (Mike Gapes) says—one has to consider balance and take account of the fact that when there is a democratic Iran there will not necessarily be one particular party in the ascendancy. We do not know. All I know is that without the PMOI and the NCRI in this country, we would probably have not, in the wider field of things, heard about Natanz and the reprocessing. We owe them an obligation for the fact that they spilled the beans on the Iranian regime to make it absolutely clear that what was going on there was reprehensible, and the rest of the world has followed suit and taken action against the Iranian regime.

We hear today that there is a possibility of even stronger sanctions, but without those who took an enormous personal risk in going inside Iran and saying what was going on in reality, we would not know all that and we do know it. We should acknowledge that and hold up our hats in admiration for those who take such risks.

I hope that my right hon. Friend the Minister will say somewhat more magnanimously that the right decision has now been arrived at, notwithstanding the caveats that always have to be put in place. I hope also that he will at least disown the report in today's edition of *The Times*. If that is spinning, it is most unhelpful. We may have to be careful that we are not seen to be too much in bed with one opposition group, but at the same time we should make it absolutely clear that we do not in any way support the regime in Tehran. If that regime thinks that it can lean on a Government here or a Government elsewhere in the EU, or indeed if it feels that it can get its way in the United States, where the proscription stays in place, that is wrong and it needs to be said that it is wrong.

I am pleased that we have arrived at this decision and sorry that it has taken so long.

Mark Williams (Ceredigion) (LD): I concur with what the hon. Member for Thurrock (Andrew Mackinlay) said about the message that the House and the other place have sent. How does the hon. Member for Stroud (Mr. Drew) believe that his Government will advance the case at EU level? I have been associated with the NCRI, as he has, and one of the central cases that it has made is the need to lift the ban and the freezing of resources at European level. What does he expect of his Government on that matter?

Mr. Drew: That is a perfectly fair question, dare I say, to turn back to my right hon. Friend the Minister. As a number of speakers have asked, what will now happen with the UK Government's role in EU terms? Putting words in my right hon. Friend's mouth, I hope that the Government say that under no circumstances will they carry on with any proscription and that they will say categorically that the de-proscription, which I hope will go through this place unanimously to deliver a clear verdict, should take effect in the EU. That should be our diplomatic position as well as our political position here.

I hope that we have clarity. I hope that we have made a statement in defence of democracy and in defence of an organisation that is clearly, according to those of us who have stood with it, one that has changed its stance. We are now coming forward in supporting that stance.

I hope that the Minister will now see that and say the obvious thing: that the Government have listened and learned and will now recognise that the PMOI, through its political front, the NCRI, has a part to play in a future Iran, and has a part to play through the proper political process.

9.20 pm

Mr. McNulty: First, the Government have always argued that the Secretary of State was entitled to take a cautious approach when considering the PMOI's application for de-proscription. No one, not least POAC, argues that when the original proscription was made in 2001, it was not a terrorist organisation. Indeed, the POAC judgment says that there were reasonable grounds for the belief of the Secretary of State that the PMOI was "concerned in terrorism" at the date that it was originally proscribed, 29 March 2001.

As I tried to show in my introductory remarks, it is the PMOI's assertion—we would say—from 2003 onwards that it had forsaken the armed struggle. Versus POAC's ultimate decision to take that at face value, the Government took the more cautious approach that it was not the case. The notion that we are dealing with some wonderful little gang of democrats who have never raised arms in anger, or taken terrorist action, is erroneous and not the case at all. Our contention was that, given its long and active history of committing acts of terrorism, and its

failure publicly to renounce terrorism or voluntarily surrender its weapons, it should remain proscribed, on the criteria that it remains involved, or potentially involved, in terrorism, and no more.

Chris Huhne: Has the Minister heard anyone in the House today suggest that the PMOI was a gang of democrats that never lifted an arm in anger? I have not heard that.

Mr. McNulty: It was certainly the assertion of the hon. Member for Southend, West (Mr. Amess) and at least part of the contention of my hon. Friend the Member for Stroud (Mr. Drew), as we will be able to see in *Hansard*. I am terribly sorry if this disappoints, but it is our duty: we will not hesitate to re-proscribe the PMOI if circumstances change and evidence emerges that it is concerned in terrorism. It is not some reckless cat-and-mouse game, but our duty and responsibility under the legislation. That is all there is to it.

To reiterate the point of my right hon. Friend the Chairman of the Home Affairs Committee, the judgment relates solely to the PMOI and has no direct effect on the proscription of other organisations. We have already strengthened our processes for reviewing the proscription of organisations and dealing with applications for their de-proscription, and will of course consider those again in the light of the judgment.

Bob Russell: Is the Minister giving a clue to how the article appeared in *The Times* today?

Mr. McNulty: I do not need to give clues; I shall come on to that point.

Our role, job and responsibility is to keep organisations that we feel are involved in terrorism under review. I know of no dealings with the Americans in this regard, but, as hon. Members have said, it is quite proper that the PMOI is listed under EU common position 931, based on a national competent authority decision that we discuss in detail the consequences of the de-proscription order. We will discuss with our European Union partners the implications of the United Kingdom de-proscription in the light of the EU list, as my hon. Friend the Member for Stroud suggested. I think that that was a perfectly fair point.

All groups under consideration for proscription or de-proscription are kept under review. There is no substance in the story in today's *Times*. As I have said on other occasions when we have dealt with proscription orders, I will not be giving the House or, more important, the organisations concerned due notice of whether we are going to proscribe them. I think Members will understand that, given the nature of the circumstances. However, although we do not normally discuss whether groups are being considered for proscription, I can say in response to the *Times* article that there are currently no plans to proscribe the National Resistance Army of Iran. I can also say that with de-proscription comes a watching brief from the Government, not least because of our position on these matters, churlish or otherwise. We still favour the cautious approach.

Let me say again to the hon. Member for Bury St. Edmunds that if the group resorts to terrorism and the evidence is clear that it meets the statutory test under law and no more, we will consider the case for re-proscription My hon. Friend the Member for Thurrock (Andrew Mackinlay) said that the PMOI had been given no opportunity to prove that it was not a terrorist organisation, and quoted from a 400-page judgment. Nothing in the law has impeded the PMOI from applying for de-proscription, or any interested party from doing so on its part. Such applications give organisations the opportunity to provide evidence that they are not concerned in terrorism.

Andrew Mackinlay: That was not my point. My point was that the PMOI and related organisations had knocked on the Government's door and said "Dear British Government, what can we do to demonstrate that we have demilitarised? What would you like us to show you?", and that their request had received no response. That was my point, and it is a simple one. It is history now, because we are going to pass the motion unanimously, but my right hon. Friend should not try to rewrite history.

Mr. McNulty: It is not the Government's job to tell a proscribed organisation what it needs to do to be de-proscribed. That is absolute nonsense.

POAC concluded that there was no credible support for the assertion that an agreement had been reached with Iran pursuant to which the PMOI would remain proscribed, still less for the assertion that it would remain proscribed even if the statutory criterion for proscription was not fulfilled. My hon. Friend has thrown around wonderful words like "appeasement" and "reckless". As ever, he has been very nice and very loud, but very wrong.

I can tell the hon. Member for Southend, West that we shall not be meeting the PMOI, because we do not consider it to be a credible opposition group. We also have no plans to meet members of the National Council of Resistance of Iran. Nor—if I may deal with another of my hon. Friend's points—do we agree with the assertion that the PMOI/MEK or the NCRI constitutes the Iranian Government in exile. I repeat that the PMOI's terrorist acts resulted in the deaths of many Iranian citizens. It fought against Iran during the Iran-Iraq war, and we see no evidence of popular support for either organisation.

The judgment turns on our cautious approach. Given the history of the organisation since 2003, we simply do not believe that its intent is entirely passive and peaceful. POAC's judgment, to which it is entitled, is that the organisation's assertions that it is no longer involved in terrorism and taking up arms are genuine and that it should therefore be de-proscribed. In the light of that judgment, we presented the order as quickly as we could. I hope that it will be passed unanimously, as forecast by my hon. Friend the Member for Thurrock—and I do not doubt that Members will rush out of the Chamber and start rewriting history as we speak.

I commend the order to the House, Mr. Deputy Speaker—and in passing, and not in connection with this very serious matter, I wish you a very happy birthday for what remains of it.

Mr. Deputy Speaker: I am obliged to the right hon. Gentleman.

Question put and agreed to

Resolved,

That the draft Terrorism Act 2000 (Proscribed Organisations) (Amendment) Order 2008, which was laid before this House on 21st May, be approved.

DELEGATED LEGISLATION

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Delegated Legislation Committees),

IMMIGRATION

That the draft Immigration and Nationality (Fees) (Amendment No.2) Regulations 2008, which were laid before this House on 14th May, be approved.—*[Steve McCabe.]*

Question agreed to.

REGULATORY REFORM

Ordered,

That Stephen Hammond be discharged from the Regulatory Reform Committee and Mr. Mark Prisk be added.—*[Tony Cunningham, on behalf of the Committee of Selection.]*

PETITION

Planning and Development (Essex)

9.30 pm

Bob Spink (Castle Point) (UKIP): I acknowledge the need for more housing to meet the uncontrolled immigration that flows from our membership of the costly European federal project, but we are under attack from inappropriate developments of flats without sufficient parking, which in this case will damage the very heart of our community—our ancient St. Mary's conservation area. I hope that local councillors will accept that the purpose of the conservation area is to conserve it, and reject the application. I congratulate everyone who has signed this excellent petition—they are stars—and, of course, Brian Keeler and Mr. and Mrs. Patel, who organised it, are excellent leaders in our community, and they are to be roundly congratulated on their work and community-spirited actions.

The petition states:

The Petition of Brian Keeler, Mr and Mrs Patel, the residents of Castle Point and others,

Declares that they object to the proposed demolition of the two shops at 1 to 5 High Street Benfleet, to make way for a commercial development with seven 2 bed flats in an unsympathetic and unattractive 2 and 3 storey development above shops, with only seven parking spaces, putting unacceptable pressure on alternative local public parking facilities which are increasingly inadequate, that this development would further spoil the Conservation Area and create unacceptable stress on the existing infrastructure, including roads, schools, rail, doctors, dentists, etc. Further declares that they urge Councillors to reject this development for these and for many other valid planning reasons, and to ensure that this application is decided by Councillors rather than officers, given the importance to the wider community of protecting their unique Conservation Area.

The Petitioners therefore request that the House of Commons urges the Government to press Castle Point Borough Council, the three Boyce Ward Councillors and all mainland Councillors in particular, to reject this planning application and to substantially protect the unique St Mary's Conservation Area.

And the Petitioners remain, etc.

[P000218]

North Northamptonshire Core Spatial Strategy

Motion made, and Question proposed, That this House do now adjourn.—*[Steve McCabe.]*

9.32 pm

Mr. Philip Hollobone (Kettering) (Con): I thank you, Mr. Speaker, for granting me permission to hold this debate this evening, and I welcome the Minister to his place to listen to the concerns of my constituents, and to respond in due course, on the very important subject of the north Northamptonshire core spatial strategy.

North Northamptonshire is the biggest single housing growth area outside London. That is the fate the Government have decided is appropriate for my part of the world. Because of their plans, north Northamptonshire, which comprises the districts of Corby, Wellingborough, Kettering and East Northamptonshire, is set to grow to a planned population of more than 370,000 by 2021. That means that it will by then be a community equivalent in population to Bristol today.

In that plan, north Northamptonshire is supposed to witness the creation of some 52,100 new homes and 47,400 new jobs. It is a massive development on an unprecedented scale for Northamptonshire, and I have to say to the Minister that it is not a popular development in Northamptonshire. Were these proposals put to a test of popular opinion through a referendum they would be soundly rejected, because local people are rightly worried about the scale of the proposed development and the speed with which it is being rammed through. Local people are also worried that whereas at the start they were clearly promised by this Government infrastructure, jobs and then houses—in that order—what they are actually getting is lots more houses, precious few extra jobs, and infrastructure going backwards instead of forwards.

The subject of tonight's debate is the core spatial strategy, which was officially adopted by the north Northamptonshire joint planning committee at its meeting on 12 June. To the credit of local authorities in the north of Northamptonshire, the joint planning committee is an innovative concept. Rather than having a Government-imposed development corporation making all the decisions about where houses should go and in what numbers, where jobs should be provided and so on, the local authorities in the north of the county got together at an early stage and decided to work on a different model whereby they would co-operate to try to create the best conditions for the new growth coming to the county. That is not to say that they were all in favour of the scale and pace of the development that the Government are imposing, but they felt that the best way to get the job done correctly was to keep the decisions local, so they decided to get together to form the joint planning committee.

The core spatial strategy that they adopted at the meeting of 12 June aims to ensure that the plans for the more than 50,000 new homes go hand in hand with the investment in jobs, infrastructure, services and environmental improvements that we have all been promised, so that growth benefits the existing communities in north Northamptonshire, as well as the new residents who have yet to arrive. This is the first strategic plan to

be agreed in the whole of the east midlands, and the first in the UK to be prepared by a number of councils working together as a joint planning unit.

Believe it or not, the plan is the culmination of three years' work by the joint planning unit, involving extensive studies and consultation. It was subject to an independent examination last winter, when a Government-appointed inspector looked at it and at the representations made by both developers and other interested parties. The inspector's report was published on 15 May 2008 and, not surprisingly, endorsed the overall approach that the plan laid out.

The independent inspector was appointed by the Secretary of State on 22 February 2007 to carry out this independent examination. A pre-examination meeting was held on 4 July, and the examination itself was conducted by way of written exchanges and a series of hearings held between 23 October 2007 and 13 February 2008. The inspector's report contained his recommendation

"that the submitted Core Spatial Strategy…is sound, pending an early review to provide longer term certainty over infrastructure, housing and employment provision".

The point I wish to make to the Minister this evening is that, despite the time that preparation of the core spatial strategy has taken, it is actually a highly flawed document that is causing widespread alarm among residents in north Northamptonshire. I urge the Minister and his Department to ensure that, even though it has been officially adopted by the north Northamptonshire joint planning unit, there is an early review to provide the much-needed certainty about infrastructure, jobs and housing that, sadly, the present document does not provide.

Mr. Peter Bone (Wellingborough) (Con): My hon. Friend is making a powerful case, as usual. The problem as I see it with the new strategy is that some of the fundamentals that local people wanted have been excluded. Wellingborough council wanted a right to strategic gaps between the villages and the urban areas, but that has been removed by the inspectorate. That seems a very strange way of dealing with local democracy.

Mr. Hollobone: My hon. Friend is a powerful champion for his constituency and, as always on this issue, he is spot on. Indeed, the policy of strategic gaps—green areas between major developments in the county—was described in the draft core spatial strategy as "Policy 6"; I am looking at the inspector's amended report, where that policy has lines all the way through it. That is of great alarm to residents in the north of the county, and it is an issue to which I wish to return later in my remarks.

The scale of the development that the Government envisage for my part of the world is truly alarming, although the Minister might think that "alarming" is a strange word to use. I am not against economic development or housing development, but local residents are concerned at the scale and speed of the proposed development, which most of them would argue is simply not sustainable, despite the core spatial strategy's conclusions.

Let me illustrate the scale of some of the proposals. By 2021, there are supposed to be an extra 52,100 new houses in north Northamptonshire, of which 16,800 are to be in Corby, 13,100 in Kettering, 12,800 in Wellingborough and 9,400 in east Northamptonshire. The quinquennial breakdown of that housing growth is also alarming to local people. They are noticing new houses going up all over north Northamptonshire at the moment, but they may not be aware that, according to the Government plan, the rate of housing completions is meant to increase sharply. Between 2001 and 2006, some 8,190 houses were to have been completed in north Northamptonshire, but in the current period—2006 to 2011—the figure rises to 12,655. For the period 2011 to 2016, the figure rises to 15,560, and there is to be a similar total for the period 2016 to 2021, 15,695. Local people simply are not prepared for that rate of growth in the number of housing completions, and those figures are of alarm to my constituents.

I wish to highlight some of the most worrying aspects of the core spatial strategy report, which lead me to conclude that it is a fundamentally flawed document. It is a very big document—fortunately, it is publicly available on the north Northants joint planning unit website—running to more than 90 pages, and it really is a most riveting read. Some of its most important paragraphs are buried away in the detail of the text. I wish to refer not to the final report, as adopted, but, for ease of argument, to the inspector's amended report before the final document was approved. On page 28 of the report, which was published in May 2008, one finds in item 3.16 this particular gem:

"Due to known constraints on current highways it is essential to seek improvements to enable the anticipated growth. It may not be possible to upgrade the highway network to accommodate all of the proposed growth. It will therefore be necessary for there to be a substantial reduction in the proportion of trips made by private car. This Plan aims for a modal shift away from car use and road freight haulage, towards more sustainable alternatives. For residential development this Plan has a target of a 20 per cent. reduction in car journeys in new developments over 200 dwellings …and a 5 per cent. reduction for existing areas."

I expect that the Minister lives in a sort of rural community like mine.

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Parmjit Dhanda) *indicated dissent.*

Mr. Hollobone: Perhaps not; perhaps the Minister's area is more built up. May I tell him that in north Northamptonshire the idea that car use can be cut by 20 per cent. in new housing developments is simply fanciful? It may be that in an urban area people can be persuaded out of their cars on to public transport, if sufficient provision is made, but I am sceptical that a 20 per cent. reduction in car journeys can be made by people who move into those new developments. It is simply not possible for many people in north Northamptonshire to survive without the use of a motor vehicle. I suggest that that particular aspect of the core spatial strategy is fundamentally flawed.

Policy 2 is entitled "Connecting North Northamptonshire with surrounding areas". It states

"North Northamptonshire's connections with surrounding areas will be strengthened and enhanced to ensure that these are to the standard necessary to fulfil the role expected of them."

Well, that is good. Among the priorities for further work and investment in north Northamptonshire in the period to 2021 are

"Provision of additional capacity on Midland Main Line services calling at Kettering and Wellingborough."

[Mr. Hollobone]

That sounds fantastic, but in fact the rail services to and from Kettering and the north will be halved this December, and the additional capacity mentioned amounts to the spare seats on the train service from St. Pancras to Corby.

Mr. Bone: I have fresh up-to-date information on the rail capacity from Wellingborough. My wife travelled up today and had to sit on the floor as all the seats were full.

Mr. Hollobone: I am grateful to my hon. Friend for that observation and I am sorry that his wife had that unfortunate experience. As we know, that is a daily occurrence on services between Kettering and Wellingborough and London. It is an absolute disgrace that passengers from those places have to stand for an hour on a train all the way to London, when they are often paying as much as £73 for a return journey. The additional capacity that has been promised to local people is a huge con trick. In fact, the fast inter-city services will disappear from Kettering, and the additional capacity, such as it is, will be on stopping services calling as far north as Corby, which is just next door.

Policy 2 also mentions the road network. Highlighted as a priority is:

"A43 Kettering to Northampton dualling".

In the final document, the word "dualling" has been replaced with "improvement". That will be horrifying to local people, because the A43 links the county town of Northampton with Northamptonshire's second town, Kettering. It is the busiest, most congested and most dangerous road in the area. There were plans to dual this road, but they were axed by John Prescott in 1999, who then produced the basis for this housing development plan in the Milton Keynes and south midlands growth area plan.

Here we are in 2008, nine years on from the axing of the dualling programme, and it is confirmed in black and white—in fact, by a thick red line—that the Government do not want the road dualled. My constituents and those of my hon. Friend the Member for Wellingborough (Mr. Bone) will have to suffer further congestion and dangerous driving conditions for the foreseeable future.

That places in sharp relief the words of the Secretary of State for Transport, who used to be the Secretary of State for Communities and Local Government. In a debate last year—I was in my place at the time and noted her words with glee—she said:

"Given my experience at the Department for Communities and Local Government and now at the Department for Transport, I can assure him that the two Departments are joined at the hip when it comes to planning for more houses".—[*Official Report*, 4 December 2007; Vol. 468, c. 679.]

I would suggest to the Minister that the evidence from the north Northamptonshire core spatial strategy suggests completely the opposite.

If we go further into the document, we see that paragraph 3.25 on page 31 states:

"The Plan supports re-opening the passenger rail station and service to Corby... providing a service to London St Pancras."

That is great. I think that we would all support it. The strategy goes on to state:

"Opening this link will be advantageous to North Northamptonshire in the longer term by promoting passenger services north to Leicester".

Completely the opposite is happening. In December, East Midlands Trains will halve the number of trains running north from Kettering to Leicester. The service will be cut in half, and that hardly ties in with the words "by promoting passenger services north to Leicester".

Further down the page, in paragraph 3.29, the strategy states:

"The provision of a distributor road to the east of Kettering, linking between the A43 Northern By-pass and a new junction on the A14 may be brought forward as part of the proposed sustainable urban extension provided that environmental issues can be adequately addressed."

That is absolutely super, but the strategy goes on to state:

"Although transport modelling indicates that this road is not essential for development planned to 2021",

it could provide

"access to the sustainable urban extension and provide some traffic relief to Kettering town centre, villages to the east and the A14. Development proposals should safeguard the potential for this distributor road."

I am staggered that the document can say that transport modelling indicates that this road is not essential for development planned to 2021.

Under the plans in the core spatial strategy, there is provision for 5,500 houses to be built to the east of Kettering. I have to tell the Minister that unless the eastern bypass is built there will be excessive traffic congestion throughout the town of Kettering and villages to the east will be simply gridlocked. The villages of Weekley and Warkton will be particularly affected by the development. Some 10,000 vehicles a day run through Warkton, and it sits on the busiest C road in the county of Northamptonshire. If those 5,500 houses are built to the east of Kettering, Warkton will have construction traffic going through it all the time and will be an extremely unpleasant place in which to live.

I come now to policy 6, which is the infamous "strategic gaps" policy. I have reached page 37 of the inspector's amended report, and my hon. Friend the Member for Wellingborough will confirm that the whole page has been crossed out with thick red lines. That is extremely alarming, because in north Northamptonshire there are the three main towns of Corby, Kettering and Wellingborough, which sit more or less on top of each other in a straight line. It is very important to local people that those towns remain three distinct and separate communities. That was the purpose of the strategic gaps policy, which, before it was obliterated, stated:

"To prevent neighbouring urban areas from merging into one another, strategic gaps, comprising land that has a predominantly urban and/or rural appearance, will be maintained between"—

there follows a list of the towns and villages that will be separated, including Kettering and Corby, Kettering and Isham, Wellingborough and Ecton, Wellingborough and the Harrowdens, Wellingborough and Finedon, Wellingborough and Irthlingborough and Wellingborough and Rushden.

The fact that that policy has been obliterated will sound alarm bells across north Northamptonshire, because it raises once again the nightmare scenario of a linear

city being created between Corby and Northampton with Kettering and Wellingborough in between. My hon. Friend the Member for Wellingborough will be able to confirm that the phrase "the linear city" comes from an early Government consultee's report that tried to steer the development of the local area away from that nightmare scenario. Yet here we are, in 2008, and a policy designed specifically to prevent that scenario from happening is being obliterated line by line.

And so the document goes on. There is an important section under item D called "Delivering Infrastructure". Paragraph 3.41 on page 39 reveals that the policy in the draft said:

"The proposed housing growth is only acceptable if it is accompanied by the necessary improvements to physical and social infrastructure."

What is wrong with that? That provides the guarantees that local people want. However, that sentence has been crossed out and replaced with:

"The proposed housing growth will need to be supported by improvements to the physical and social infrastructure."

The wording has been very subtly but importantly watered down, and as a result it does not give local people the confidence that they need that growth will become sustainable in their local area.

There should be infrastructure triggers in the document. There should be specific commitments that if the infrastructure is not provided up front or at the same time as the housing growth, extensions to the housing growth targets should be shelved. Those triggers are not in this document. There is further analysis of infrastructure in paragraphs 3.48, 3.49 and 3.50, which come under the title "Phasing of Infrastructure". Paragraph 3.49 says:

"Key strategic infrastructure constraints identified in North Northamptonshire are the limited capacity of sewerage infrastructure and levels of congestion on the A14."

It suggests a number of remedies for those problems. One is the expansion of the Broadholme sewage treatment works. To deal with the road issue, it is suggested that

"a separate carriageway should be provided to take 'local' traffic off the A14 between Junction 7 (A43 Northern Bypass) and Junction 9 (A509), together with widening the A14 to three lanes in the section from Junction 9 to 10".

In a way, that is quite encouraging, because the spatial strategy is identifying the infrastructure that will be needed to cope with the housing growth. However, paragraph 3.50 goes on to say:

"Further technical work is needed to prepare and evaluate these projects and each will be subject to the usual statutory procedures including public consultation. The timescales involved in planning, funding and delivering these major infrastructure projects means that, dependent on the rate at which development proceeds, there may be a delay between the need for the improvement and when it can be put in place. For example an expansion of Broadholme treatment works is unlikely to be achieved before 2013 and the first stage of the A14 improvement may not be complete until 2017."

That is alarming in two respects. One is that, as my hon. Friend the Member for Wellingborough, whose constituency includes the Broadholme sewage treatment works, knows, those works will reach capacity in 2010. There will therefore be a three-year gap, and that could get very smelly for the Wellingborough constituency. Furthermore, the document says that

"the A14 improvement may not be complete until 2017."

The Minister needs to understand that this is a spatial strategy document looking at housing growth up to 2021. Most of the extra housing is meant to be in place by the time the improvements to the A14 arrive. One would think that the sensible thing would be to say, "Right. We cannot have the housing growth unless the infrastructure improvements to the A14 are in place"—but not a bit of it. The document says that

"the interim solution to the A14 constraint may involve a range of measures to manage local travel patterns, together with the Department for Transport relaxing its congestion targets for Junctions 7-9."

On the desk of the Under-Secretary of State for Transport, the hon. Member for Glasgow, South (Mr. Harris), there is a proposal not to widen the A14 to three lanes but to carve up the two lanes on either side of the carriageway into three without widening the carriageway at all. When we add that to the Department for Transport relaxing its congestion targets, we get the nightmare scenario of the A14, which is already a killer road around Kettering, becoming even more dangerous and frightening for local people to drive on.

It being Ten o'clock, the motion for the Adjournment of the House lapsed, without Question put.

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Khan.]*

Mr. Hollobone: We then go on to policy 7, which has also been substantially amended. This one is called "Infrastructure delivery and developer contributions". In the draft document, it said, very sensibly:

"Planning permission will not be granted for new or expanded Sustainable Urban Extensions development until appropriate solutions to infrastructure constraints have been agreed with the appropriate delivery body."

Excellent, fantastic; that is the sort of support that local residents wanted to see. But no—that text has been crossed out. The document also said:

"If there are delays in infrastructure provision, the future review of the Core Strategy will reduce the scale of development to be accommodated within the phasing period or defer it to a subsequent period."

Very sensible. But no—that too has been crossed out.

The Northamptonshire branch of the Campaign to Protect Rural England has contacted me to highlight its huge concern about the amendment to policy 7. It says:

"We consider it vital that infrastructure should be in place before development takes place, but this requirement which was in the first draft of the Strategy has now been deleted by the government inspector following the Examination in Public. Policy 7 of the Strategy now permits all development regardless of the provision of infrastructure. In its desire to get development under way, the Government is building up trouble for the communities and local authorities who will have to deal with what the developers leave behind."

Further alarm will be caused in my constituency and neighbouring constituencies by the fact that, as the strategy states, there is no way that it can meet the Government's target for the percentage of new homes that are built on brownfield land. It says:

"High priority will be given to the reuse of suitable brownfield sites".

Great. However, it continues:

"North Northamptonshire has a limited supply of such sites and, with the substantial levels of development proposed, cannot achieve the national and regional targets of building 60 per cent. of new homes on brownfield land. A more realistic, but still challenging, target is for at least 30 per cent. of new housing to be provided on previously developed land and buildings."

[Mr. Hollobone]

It goes on to quantify 21,500 homes as the estimated amount of housing that will need to be built on new greenfield sites in north Northamptonshire by 2021. So there we have it in black and white: the housing expansion policy in north Northamptonshire will not be able to meet the Government's stated aim of 60 per cent. of new build taking place on brownfield sites.

When the Government announced the Milton Keynes and south midlands housing expansion strategy in 2001, local people were led to believe that infrastructure would be provided up front and that the quality of life for existing residents would be enhanced at the same time as the quality of life for new residents would be provided for. That is not what has happened at all. We have not had infrastructure, jobs and then houses, but houses, not many more jobs, and then infrastructure going backwards.

The rail services to and from Kettering are being cut, the A14 is getting more and more congested and the best that local people can hope for is some kind of improvement to the road in 2017 at the earliest. The A43 Kettering to Northampton road, which is the busiest, most congested and most dangerous road in the county, was to be dualled, but that has been taken out of the programme. Strategic green gaps between the major towns and villages in the north of the county were protected by the initial policy, but they have been scrubbed out by the inspector. The limited promises on the phasing and delivery of infrastructure, enshrined in the draft report, have also been axed.

The core spatial strategy document is fundamentally flawed. It does not give local residents in my part of the world the assurances that they need with regard to the rate, scale and speed of housing development in my constituency and neighbouring ones. That is a mistake, the responsibility for which rests with the Department for Communities and Local Government.

10.5 pm

Mr. Peter Bone (Wellingborough) (Con): I congratulate my hon. Friend the Member for Kettering (Mr. Hollobone) on making such a splendid and reasoned speech. He truly speaks for the people of Kettering and for north Northamptonshire, and his interest in this subject dates back to before he was elected to this House. I am delighted to see the Minister in his place; he is held in high esteem by the House, and I know that he will listen to our arguments.

I do not want to rehearse what my hon. Friend has said, but I would like to add one or two points about Wellingborough. My hon. Friend talked about the A14, and he is right to do so because it is a killer road. He was also right to talk about the A43. In my constituency, the A45-A6 interchange is also extremely dangerous—we have had an Adjournment debate in this House on the issue—but there is nothing in any programme about the improvement of that interchange. It is not even in the 15-year forward programme. The Highways Agency thinks that it is a good idea, the county council thinks it is a good idea, the local council thinks that it is a good idea and the local people think that it is a good idea. But it is just not happening.

On Saturday, I attended a public meeting in the village of Isham, which is one of the villages that would be dramatically affected by the loss of the strategic gaps. I was at the meeting because of flooding, which my hon. Friend touched on. During three of the last five years, there has been significant flooding, with sewage floating in people's homes. When I asked local people the reason for that, they told me that it was the result of development of housing in the area without any improvement in infrastructure. It is hard to come to any other conclusion. My constituents fear that with the huge increase in housing that Wellingborough is already committed to, but with no improvement in the sewerage and drainage systems—there are no planned improvements—that issue will become a widespread concern. The problem with infrastructure can only get worse with the north Northamptonshire development.

I do not really want to make a party political point, but I will. In my constituency, under a Labour Government and a Labour county council, one of the secondary schools has been knocked down. All the other secondary schools are overcrowded, but we are going to bring in all these new houses with nowhere for the children to go to school. People do not move in without children, but that point does not seem to have been addressed anywhere in the Government's thinking. They just believe in building new houses. I understand their thinking—they are not evil people. They are thinking that people need homes, but they fail to recognise the need to provide the matching infrastructure.

My constituency has no hospital and lies in the worst primary care trust in the United Kingdom, according to the Government's figures. If we cannot get to a hospital now, and there are excessive delays and cuts in services, yet all the new houses are to be built, where will my people go to hospital? Sometime in the past, the plans suggested that there should be a new hospital, but that proposal has been lost—it simply will not happen.

I am grateful to my hon. Friend for bringing the subject before the House yet again, but I assure you, Mr. Speaker, that we will continue to press on variants relating to the development until the Government listen.

I want to give the Minister an idea of the unpopularity of the loss of the strategic gaps. Last Thursday, a by-election took place in Wollaston, which is a small village with many open fields between it and Wellingborough. It was announced that there was a danger of building on the fields. On a 33 per cent. turnout, the Conservative candidate got 816 votes and the Labour candidate got 97, and the strategic gaps were the main issue in the election. The Conservative majority increased by 50 per cent. I ask the Under-Secretary, not on party political grounds, but out of justice, to listen to local people.

10.11 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Parmjit Dhanda): I congratulate especially the hon. Member for Kettering (Mr. Hollobone) and also the hon. Member for Wellingborough (Mr. Bone) on their contributions. The hon. Member for Kettering is known in the House for his assiduous work and his concentration long into the night. I noticed that the documents in his hands had many green post-it notes stuck to them. I am sure that

he studied his 90-page document in great detail; he read out some snippets to us. I shall try to respond to as many of his points as possible.

As the hon. Gentleman said, the north Northamptonshire core spatial strategy was adopted in June this year. It represents a significant milestone in the realisation of the Milton Keynes and south midlands growth area—the wider growth area that he mentioned. It is the first core strategy of its kind to be produced by a joint planning unit and the first to be adopted in the east midlands. Many of the points that both hon. Gentlemen made about their constituencies were addressed not only to me as Under-Secretary, but to the joint planning unit and, I dare say, the local development company, as they do their work locally. It is important to remember that the joint planning unit comprises planning officials from an array of district and county authorities, as they try to piece together all the work on regeneration, infrastructure and, indeed, housing.

I hope that both hon. Gentlemen acknowledge—I believe that they do—that housing is a key priority for the Government. In the past 35 years, under all Governments, we have not built nearly enough homes. Pressures and imbalances between supply and demand have resulted from increased longevity and changes in the way we live. We need to build more homes to tackle that imbalance. There are far more households of individuals rather than couples and families, and far more older people. I looked at the statistics as the hon. Member for Wellingborough was speaking and I saw that life expectancy remains above average in Northamptonshire. I am pleased that the indices for employment show that the claimant count is below average.

Our housing Green Paper, "Homes for the future: more affordable, more sustainable" makes it clear that we must go further to tackle the housing needs and aspirations of current and future generations. I accept that changes are difficult—in my constituency and in every constituency in the land, including those of the hon. Gentlemen.

We have set a new housing target for 2016 of 240,000 additional homes a year nationally to address growing demand and affordability. They will not be just houses; they will be homes, let us remember, in the hon. Members' constituencies. The Green Paper set out proposals to deliver a total of 2 million new homes by 2016 and 3 million by 2020.

Milton Keynes and south midlands will provide the highest level of growth in any growth area between 2001 and 2016, delivering 210,000 new homes. I congratulate the hon. Gentlemen on the fact that their constituencies are desirable locations where people want to make their homes. As the hon. Member for Kettering said, north Northamptonshire's share of that will be 52,100 houses up to 2021, with a further 13,975 identified in the draft east midlands regional spatial strategy, which is to be delivered by 2026.

The north Northamptonshire core spatial strategy acknowledges that that proposed housing growth will need to be supported by improvements in infrastructure and recognises that the delivery of that infrastructure is dependent on partnership working between the public and private sectors. Both hon. Gentlemen centred on the importance of infrastructure, which I shall return to in a moment.

The north Northamptonshire core spatial strategy gives a key role to the North Northants Development Company to work with infrastructure providers to identify needs and secure the timely delivery of facilities and services. The North Northants Development Company is due to submit a development plan to the Department for Communities and Local Government in the autumn. From my experience of working with such companies and seeing what they have done in other parts of the country, I know that they can make a difference. Indeed, I am sure that the company will have tuned into this debate and listened to every word of it, and will be reading it in *Hansard* tomorrow, too.

As well as acknowledging the vital role of local partners, the Government fully recognise the role that we have to play in helping to unlock growth and create sustainable communities by supporting that infrastructure development. That is why we have provided a variety of funding to deliver growth in the Milton Keynes and south midlands growth area and elsewhere. Under the growth area fund, north Northamptonshire has so far received just under £30 million, of which it received £10 million under round 1, between 2004 and 2006, and just under £20 million under round 2, between 2006 and 2008.

I hear what the hon. Gentlemen said, and what the hon. Member for Kettering said in particular, about the coming years and the possible strains on infrastructure. Among other things, the money already set aside has been used to help fund the regeneration of key parts of Kettering town centre, a new civic hub in Corby town centre and improvements to Wellingborough high street.

The results of the third round of the growth area fund were announced in December 2007. Under that exercise, north Northamptonshire was awarded just under £29 million to fund further work over the three-year period between 2008-09 and 2010-11. Under the first round of the community infrastructure fund, north Northamptonshire received more than £7 million to help fund a Corby northern orbital road, the building of a new road and the upgrading of an existing one, plus improvements to the A45 near Wellingborough.

The House has heard the concerns that the hon. Member for Kettering expressed about road infrastructure and further improvements that need to be made. I hope that those involved—the joint planning unit and the development company—will work with hon. Members. It is important that Members of Parliament should have a role, working with development companies to ensure that they tailor the best solutions for their local communities, through the available funds. MPs are uniquely placed to do that, as pillars of their local communities and as people who listen to them, each day and each week.

Bids for a second round of the community infrastructure fund are currently under consideration. I understand that north Northamptonshire has submitted several expressions of interest under this exercise. It is expected that decisions on which expressions of interest can go forward to the full bid stage will be made in just a few weeks' time, in July, so hon. Members will not have too long to wait, and the announcement of successful bids will be made in February next year.

Transport infrastructure was at the core of the hon. Gentleman's Adjournment debate tonight. Further transport infrastructure funding has been made available by the Department for Transport via the local transport

[Mr. Parmjit Dhanda]

plan. Over the period of its first local transport plan, Northamptonshire received £84 million. We are part way through the second local transport plan period, under which the county will receive a further £95 million. I know that upgrading the transport infrastructure is very much a focus of attention for partners in north Northamptonshire, especially on the A14 and A45 trunk roads. I also know that north Northamptonshire has engaged with my ministerial colleagues at the Department for Transport on these issues and that ongoing work is taking place to come up with solutions to the issues posed. I hope that both hon. Members will be keen to continue to ask questions. The hon. Member for Kettering has already had an Adjournment debate on a similar subject a couple of months ago, which was responded to by my right hon. Friend the Housing Minister.

I fully recognise that infrastructure is a key issue for north Northamptonshire—and, indeed, all areas engaged in the growth agenda—but I hope that the examples of funding that I have mentioned will help to illustrate that the Government are fully committed to playing their part in resolving these issues, and that we are keen to work with Members of Parliament, local authorities and t e development companies to support this process in the long term.

Mr. Hollobone: I sense that we have a little longer for our debate than the Minister was anticipating, and I am grateful to him for giving way. What can he say to the Department for Transport with regard to the A14? Most people in my constituency believe that, if the improvements are not made to the road until 2017, it will be far too late. Tens of thousands of new houses will already have been built by then, and a road that is already congested will have become even more dangerous.

Mr. Dhanda: The hon. Gentleman makes a very fair point on behalf of his constituents. This is about a partnership to decide on the greatest local need. The hon. Gentleman obviously has a clear idea in his own mind of what that is. The joint planning unit and the development company in his constituency are progressing their work and liaising with and talking to the Government. I do not have a magic wand with which to resolve all the problems with different roads, but I hope that that partnership at local level, alongside the lobbying of the Department for Transport, might result in some of the money being focused most relevantly on to the areas of greatest priority and need in his community, including the two roads that I have just mentioned.

As I was saying, I hope that the examples of funding that I have mentioned will help to illustrate that the Government are fully committed to playing their part in resolving these issues, but questions in the House and debates such as these are all part of the process, which is why I welcome them.

Mr. Bone: I am very encouraged by the Minister's remarks, which seem to represent a shift in policy. In relation to the A14 and the A45, my hon. Friend the Member for Kettering (Mr. Hollobone) and I had understood that improvements could be made only if the regional assembly had agreed to them, despite the fact that the Highways Agency, the county council and the local council all thought that they were a good idea. May we be encouraged to think that the money could be spent locally without reference to the regional assembly?

Mr. Dhanda: As the hon. Member for Wellingborough will know, so much of this will depend on local plans and local priorities as pressed for by the county council and his county authority. I have not been privy to those discussions and I am not a Transport Minister, so I will not make up policy on the hoof. What I can say, however, is that they presented their case and it is important that they do so. The relationship with Parliament is important, as is the connectivity between themselves. I am sure that they are well aware of the relevant local officials and local politicians—those involved with the joint planning unit and those who are members of the development company in their own patch. It is important to continue to have that dialogue and I am sure that they will.

I know that the north Northamptonshire joint planning unit and its partners, which have had a bit of hard time in the course of this debate, have received congratulations not least from the Minister for the East Midlands, my hon. Friend the Member for Corby (Phil Hope). He recognised that the strategy provides an excellent example of joint working. I would like to add my own congratulations to the unit and all those concerned on producing this important strategy. It is not an easy piece of work. The hon. Member for Kettering has highlighted points 3 and 16 on page 28, but I do not know the wider context. Let me be honest and say that although I have had a flick through, I have not read all 90 pages of the document—*[Interruption.]* The hon. Member for Wellingborough is shaking his head, but I would not want to misrepresent in any way what is in that document. I am not suggesting that the hon. Gentlemen have either, but it is important to take account of the full context of reports.

I acknowledge that there is much more to do. This is the first development plan document—or DPD—to be adopted as part of the north Northamptonshire local development framework. I understand that about 14 further DPDs are currently scheduled in the agreed north Northamptonshire local development scheme. That represents a very significant work load and I would encourage all the responsible partners to look again to find opportunities to streamline the number of DPDs. I offer that encouragement in the spirit of wanting to see north Northamptonshire succeed in realising the ambitions set out in the core spatial strategy and to build on this promising start.

Although both hon. Gentlemen have their differences with much that they have seen in the document, I think that they would accept that there are some very important and good things in it. I would strongly encourage those in north Northamptonshire and elsewhere to look closely at the opportunities presented by the revised version of planning policy statement 12 on local spatial planning. My right hon. Friend the Minister for Housing has already acknowledged that the new spatial plan-making system introduced in 2004 has proved to be unnecessarily complicated, but we have taken that into account and listened to concerns, so the revised PPS seeks to create a fairer, more streamlined and, I hope, transparent spatial planning process. In doing that, it places community engagement at its heart, while stressing the need for robust evidence and active engagement with infrastructure providers.

I would particularly like to emphasise that we want to see community engagement at the heart of the local plan-making process and I urge the hon. Member for

Kettering to engage with the further development of the north Northamptonshire local development framework and to encourage his constituents to do likewise.

As I have said, there is still much more to do and many challenges to face—not least in developing infrastructure. I would like to repeat that the Government will strive to play their part in resolving the challenges before us as part of the partnership and I would like to restate the importance of tackling the need for more housing—failure to do so would be to fail our children and future generations.

Question put and agreed to.

Adjourned accordingly at twenty-nine minutes past Ten o'clock.

House of Commons

Tuesday 24 June 2008

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

FOREIGN AND COMMONWEALTH OFFICE

The Secretary of State was asked—

Burma

1. **John Bercow** (Buckingham) (Con): What recent representations he has made to the Government of Burma on the renewed detention of Aung San Suu Kyi. [213055]

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Meg Munn): My right hon. Friend the Prime Minister and President Sarkozy of France jointly called for Aung San Suu Kyi's immediate release on 19 June, her birthday. My right hon. Friend the Foreign Secretary deplored the extension of her house arrest on 27 May. We worked to ensure that the European Council and the United Nations Human Rights Council issued calls for her release in the past week.

John Bercow: I am grateful to the Under-Secretary for that informative reply. Given that the illegal, immoral and intolerable detention under house arrest of Aung San Suu Kyi for more than 12 years is but one example of the Burmese Government's egregious human rights abuses, which include rape as a weapon of war, extra-judicial killings and the active denial of aid to hundreds of thousands of people following Cyclone Nargis, will she work with her international counterparts to press the United Nations Security Council to refer the Burma Government's conduct to the International Criminal Court?

Meg Munn: I am sure that all hon. Members agree with the hon. Gentleman's sentiments. He will appreciate the difficulties of getting a resolution through the Security Council on those matters. At the moment, we are concentrating on seeking an authoritative assessment of the situation on the ground. The UN Human Rights Council agreed a resolution by consensus, which calls for the regime to give full access to all parts of Burma.

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): Does my hon. Friend appreciate the amount of frustration felt in this country at our inability to effect any change in this wicked regime and its attitude to that fine woman? Does she realise that even moderate Members of Parliament such as me would change their minds about a boycott of the Beijing Olympics if we found that, in Burma, as in Zimbabwe, China is the block on anything being done by the international community?

Meg Munn: Of course, I appreciate the frustrations that many people feel in this country about the lack of change in Burma. We have succeeded in getting aid into Burma, especially with the help of the Association of South East Asian Nations countries in the region. China agreed with the consensus on the UN Human Rights Council declaration. On that basis, we believe that we can continue to work with China to put pressure on the Burmese regime.

Mr. David Burrowes (Enfield, Southgate) (Con): Will the Government ensure that sanctions are tougher, more targeted and hit the military junta where it hurts, not least on arms? Will they also ensure that international aid from taxes and charities does not unwittingly get into the despicable junta's hands?

Meg Munn: On the latter point, I reassure the hon. Gentleman that aid in Burma goes through the UN and non-governmental organisations on the ground. On the first point, our sanctions in the European Union are designed to do exactly what he said: to be targeted on the regime, through, for example, timber, precious gems and so on. We are also doing further work to ascertain whether any financial sanctions could have the same effect.

Julie Morgan (Cardiff, North) (Lab): I am sure that my hon. Friend will be pleased to hear that, in Cardiff on Saturday, nearly 200 people attended an event to mark Aung San Suu Kyi's 63rd birthday. Does my hon. Friend agree that, following the referendum, which many people consider rigged, Burma's new constitution will effectively debar Aung San Suu Kyi and her party from taking part in the democratic process? What can she do about that?

Meg Munn: I congratulate my hon. Friend and the people of Cardiff, who keep the issue in the public eye, which is essential. She is right that the constitution has no legitimacy. Indeed, it is incredible that anyone could believe that the referendum was fair. The constitution is flawed and would debar Aung San Suu Kyi, and we continue to call for a proper process, which includes all those in Burma who have an interest in the development of democracy—Aung San Suu Kyi and all the leaders of the different ethnic groupings.

Mr. Keith Simpson (Mid-Norfolk) (Con): I see that the Foreign Office has a special representative, whose responsibilities cover the wider middle east, including Iraq and Iran, as well as the middle east peace process. He is also responsible—rather bizarrely—for Burma. Has that representative been involved in any negotiations with the Burmese Government on the issue that we are considering and others? When did he last visit Burma?

Meg Munn: The hon. Gentleman refers to Michael Williams, who has been very involved in our work on Burma. He has spent a great deal of time travelling in the region and speaking to countries there about the

pressure that they can bring to bear. He also attended the donors conference in Burma at the end of May with my right hon. Friend the Secretary of State for International Development.

Mr. Lindsay Hoyle (Chorley) (Lab): My hon. Friend would recognise that Aung San Suu Kyi has been completely failed by the international community. Whichever way we look at it, we see that there have been 12 years of imprisonment and a lot of fine words, but absolutely no movement and an evil regime still in place. What can we do, other than just having fine words from all the different nations? What sanctions can we put in place to overthrow the Government in that country?

Meg Munn: The truth is that neither sanctions by the international community nor engagement by countries in the region has brought about the result that we would desire. In the aftermath of Cyclone Nargis, we have seen something of a change in the neighbouring ASEAN countries, which are now indicating more vocally that they believe that things need to change in Burma. We will continue to work with those countries and with the United Nations. Ban Ki-moon has said that he will return to Burma later this year, following up his visit after the cyclone. We are hopeful that that will enable us to move the political process forward in the right direction.

Baha'is (Iran)

2. **Tom Brake** (Carshalton and Wallington) (LD): What recent reports he has received on the situation of Baha'is in Iran; and if he will make a statement. [213056]

The Minister for the Middle East (Dr. Kim Howells): When I raised with the Iranian ambassador to London the UK's great concerns about reports of maltreatment of adherents of the Baha'i faith in Iran, he told me that Baha'ism is not officially recognised as a religion in Iran. We receive reports that Iranian Baha'is face routine discrimination and harassment on the grounds of their faith, and the informal Baha'i leadership has been detained for more than a month now. We remain deeply concerned by the situation of the Baha'is in Iran and will continue to raise our concerns with the Iranian authorities.

Tom Brake: I thank the Minister for his response. He will be aware of reports from Iran that a new penal code is being drafted, which will be considered by the Iranian Parliament, that would introduce a mandatory death sentence for apostasy. The code would have extra-territorial jurisdiction and could lead to a fundamental attack on the human rights of Christians and Baha'is, particularly those with one Muslim parent, who could, under the new law, be considered apostates. Will the Minister confirm what action the Government are taking on the issue, in particular with the international community, to remind Iran of its responsibilities under international law, in particular article 18 of the international covenant on civil and political rights?

Dr. Howells: Yes, I can confirm that the new draft penal code is currently being considered by a judicial committee in the Iranian Parliament, but it has not yet been debated or voted on in plenary. We are very concerned that the draft code makes apostasy punishable by death and that the provisions contravene the principle of religious freedom. We are worried about the impact that they would have on religious minorities in Iran, including Christians, as the hon. Gentleman said, and the Baha'i community.

We have certainly made representations to the Iranian Government about the matter. The EU issued a statement of concern on 25 February and raised its concerns with Iranian officials in Tehran on 4 March. I called in the Iranian ambassador to express the UK's concerns on 1 April. We are keeping a close watch on the issue, and I very much hope that our concern will help to galvanise international opinion against this barbaric proposal.

David Lepper (Brighton, Pavilion) (Lab/Co-op): As an officer of the all-party friends of the Baha'i faith group, may I thank the Minister for the representations that he and others have made to the Government of Iran about the situation of individual Baha'is whose cases we have drawn to his attention? Will he also make representations to the Government of Iran about the denial of access to higher education of young Baha'is in that country? Of some 200 Baha'is who began university courses in autumn 2006, about 130 have since been expelled on the grounds of their religious faith. Will the Minister raise that point with the Government of Iran, too?

Dr. Howells: Yes, we will certainly raise it with the Government of Iran. That is one example of the way in which Baha'is in Iran are being marginalised because of their beliefs. That is wholly without justice and is a very worrying development.

Mark Pritchard (The Wrekin) (Con): The Minister will know that not only Baha'is, but Christians and indeed homosexuals often face torture and sometimes even death in Iran. Does he therefore share my concern about the recent alleged comments made by the Home Secretary when asked about failed asylum seekers who are openly homosexual, that they should return to Iran and be discreet in their sexuality? Given that there is no discretion, with the eyes of the state constantly on the gay community in Tehran and Iran more widely, does the Minister want to put it on record that he perhaps has a different view?

Dr. Howells: I am completely unaware of the alleged statements made by my right hon. Friend the Home Secretary, but I am only too willing to put it on record that people should not be punished in any way for the way in which their sexuality guides them. They should certainly not be tortured, imprisoned and hanged, as they have been in Iran.

Middle East (Egypt)

3. **Mr. Eric Joyce** (Falkirk) (Lab): What recent discussions he has had with the Government of Egypt on the middle east peace process. [213057]

The Secretary of State for Foreign and Commonwealth Affairs (David Miliband): I spoke to the Egyptian Foreign Minister yesterday about the middle east peace process. I thanked him for Egypt's efforts in bringing about a ceasefire between Israel and Hamas. It is vital that the

ceasefire now holds, allowing the humanitarian situation to improve and bringing to an end the rocket attacks on southern Israel.

Mr. Joyce: I thank my right hon. Friend for that answer. I agree that the Egyptians have made commendable efforts in the last short while. Does he agree, however, there is a great deal more that they could do? I hope that they would agree that that is the case as well. I am thinking in particular of the tunnelling under the border, which is continuing, and the smuggling of people and dangerous contraband.

David Miliband: My hon. Friend raises an important point. He will know that smuggling is a long-term issue that is a threat to Egypt as well as something that just goes through the country. This is intimately related to the crossings between Gaza and Egypt, and the crossings into Israel. As soon as we get properly organised legal traffic going through those crossings, which is a priority for all sides, there will be a parallel commitment to crack down on the smuggling that is a threat to all the countries in the region.

Sarah Teather (Brent, East) (LD): I welcome, as did the Foreign Secretary, the ceasefire between Hamas and Israel. Does he agree, however, that there is now a pressing need to ease the blockade on Gaza? I went to Gaza two months ago, and I was horrified by the crippling poverty there, and particularly by the impact of the blockade on health services. In his discussions with Egypt and with Israel, has he had specific talks about the passage of patients across the border to access better health care? I certainly saw individuals being denied that health care.

David Miliband: The hon. Lady raises an important point, and it is one that we raise particularly in respect of health supplies, and in general in respect of fuel, electricity and other traffic into the Gaza strip. It is important to say that we are not just calling into thin air for improved access to Gaza on humanitarian grounds. As part of the agreement, Israel itself has committed to improving the flow of goods services, and all the independent estimates—and statements by Hamas and by Israel itself—show that there has been an improvement of, I think, about 30 per cent. during the first three days of the ceasefire. That is certainly something that we should encourage all sides to build on.

Mike Gapes (Ilford, South) (Lab/Co-op): The Foreign Secretary referred to the Rafah crossing. He will aware that the opening of that crossing in 2006 was negotiated after a lot of effort by the US Secretary of State, Condoleezza Rice. What recent discussions has he had with Condoleezza Rice about the prospects, seven months on, for securing the Annapolis process agreement?

David Miliband: On almost every occasion that I meet or speak to Secretary Rice, we discuss the situation in the middle east. We certainly did so on Sunday, when I last spoke to her, and I will obviously meet her at the G8 Foreign Ministers' meeting on Thursday in Japan. I know that the middle east will be a major topic there, and we are looking forward to her latest report on her recent visit, and also to having further discussions oh how to advance a process that, I think it is fair to say, is slightly more promising than it would have been in a Question Time two or three weeks ago. The developments in Gaza and the Lebanon, and the opening of the Israel-Syria talks, are creating a more propitious environment for the Israeli-Palestinian track. It is important that we should not get carried away by any sense of optimism, but there are some important stirrings there.

Mr. Douglas Carswell (Harwich) (Con): Can the Minister give me an assurance that there will be no negotiations with Hamas by the British Government until the three Quartet principles have been met and upheld?

David Miliband: *Yes, we certainly stick to the Quartet* principles. It is important to say, however, that the lack of contact is not the real issue in respect of Hamas. The real issue is the choice that it has to make about the role that it wants to play in the future. The Norwegians have publicised the fact that they are talking to Hamas, and Hamas has obviously been involved in discussions with the Egyptians over the humanitarian situation in Gaza. The announcement by President Abbas that he wanted to re-establish Palestinian unity on a basis that recognised the state of Israel, that renounced violence and that respected previous Palestinian agreements was the right way forward. It is important that we take our cue from President Abbas on this matter.

Sir Gerald Kaufman (Manchester, Gorton) (Lab): In congratulating the President of Egypt on, and thanking him for, the key role that he has played in bringing about the ceasefire between Hamas and the Israelis, will my right hon. Friend say whether when he has his discussions with Secretary of State Condoleezza Rice, he will also discuss with her the continued expansion of illegal Israeli settlements on the west bank, which are against international law and which President Bush to his credit—a very rare thing—has denounced?

David Miliband: Yes; my right hon. Friend has made his own position clear and I have made the Government's position clear from this Dispatch Box on many occasions: the requirement on all sides to live up to their road map commitments does indeed apply to all sides. The Israeli commitment in respect of settlements needs to be honoured. There is significance in what President Sarkozy said in Israel yesterday and in what President Bush said there the week before. There is real determination in the international community to hold on to the idea that 2008 has to be made into a key year for the middle east peace process. There has not been such a process for seven years; there is one now, and it is precious, so we need to ensure that we make some progress.

Human Trafficking (Romania/Bulgaria)

4. **Mr. Anthony Steen** (Totnes) (Con): If he will meet his counterparts in Romania and Bulgaria to discuss human trafficking. [213059]

The Minister for Europe (Mr. Jim Murphy): I met Bulgaria's Europe Minister earlier this month and discussed a range of rule of law issues. The Under-Secretary of State for the Home Department, my hon. Friend the Member for Gedling (Mr. Coaker), has recently visited both Romania and Bulgaria to discuss a number of issues, including those relating to human trafficking.

Mr. Steen: In light of the Foreign Office's responsibility for dealing with human trafficking under the Government's action plan, does the Minister think it sensible to discuss with his opposite number the possibility of our embassies in both Bucharest and Sofia doing more to raise awareness of the scale of human trafficking in Bulgaria and Romania? Hundreds and thousands of children from poor Roma communities are sold into slavery every year, so should not our embassy be doing more? Could we not lead a crusade in eastern Europe with other embassies to raise the whole profile of the trafficking problem in eastern Europe?

Mr. Murphy: The hon. Gentleman raises entirely reasonable points and I hope that he is reassured that our embassies in both Bulgaria and Romania are working very hard on these issues. That is not to say that we cannot continue to look for additional initiatives and energies to expend. He rightly draws attention to the trafficking of children in particular, and it may help the House if I say that intelligence reports have identified a network of ethnic Roma criminals involved in the trafficking of Romanian Roma children, particularly to the UK. Police forces in the UK have identified more than 200 children being exploited in London and beyond. We are grateful for the co-operation that we have with the Governments of Bulgaria and Romania, but there is more that we can do together.

Mrs. Ann Cryer (Keighley) (Lab): Is my hon. Friend quite satisfied that the Russian Federation is doing enough to halt the flow of trafficked people through its territory?

Mr. Murphy: I know that the Russian Federation is committed to controls on people trafficking, but it is certainly the case that, across the European Union and the wider sphere of Europe, there is far too much people trafficking, with criminal gangs exploiting the vulnerability of often frail and desperate people in a vile and sick trade. We do all we can in the EU through the European neighbourhood policy and much else besides, but if my hon. Friend has specific additional points that she would like Her Majesty's Government to address with the Russian Federation, I am always happy to listen.

Sir Paul Beresford (Mole Valley) (Con): I would like to re-emphasise the concern over child trafficking, especially of babies, for all sorts of purposes—slavery, sex and so forth. The Minister says that we can do more. What does he have in mind?

Mr. Murphy: The fact is that as these criminal gangs become more sophisticated, we always have to develop new ways to deal with them. Working with Save the Children in Romania is one important example of what we need to do, and the voluntary return of children, if their safety and well-being can be guaranteed, is another. We continue to discuss such issues with the Governments of both Bulgaria and Romania. As I say, as the challenge changes and these gangs become more sophisticated and in some ways more subtle, we have to be equally determined and flexible in our efforts.

EU Presidency

5. **Mr. Robert Syms** (Poole) (Con): If he will make a statement on the agenda of the French EU presidency. [213060]

The Minister for Europe (Mr. Jim Murphy): My right hon. Friend the Prime Minister said to the House yesterday that we will continue to focus on an outward-looking European agenda. We look forward to working with the French presidency on climate change, defence and security, migration, and rising food and fuel prices.

Mr. Syms: Should not Her Majesty's Government be impressing it upon the French presidency that the kindest thing for the treaty of Lisbon is to let it die? The people of Europe do not want it. Some of the matters that the Minister raised at the Dispatch Box a few moments ago are far more important for the people of Europe than this treaty.

Mr. Murphy: The fact is that the United Kingdom Government will not seek to decide, determine or dictate to the Irish Government regarding their next move. It is for the Irish Government to make their decision. I offer an observation in passing: as has been said, the Lisbon treaty is the first treaty that officially recognises children's rights across the EU. Previous treaties recognised animal rights; this treaty recognises children's rights. That is an important innovation and improvement.

David Taylor (North-West Leicestershire) (Lab/Co-op): Was not President Sarkozy right at the weekend when he said to the former Member for Hartlepool—the future Lord Mandelson, no doubt—that he was responsible for the Irish "No" because of his free trade policies, which frightened Irish farmers into the no lobby? Does the Minister agree with that assessment and does he recognise that the laissez-faire attitude of the EU and its undemocratic roots are having a similar impact on the core vote that might have supported continued membership in this country?

Mr. Murphy: I thank my hon. Friend for the gracious way in which he carefully put his point. I do not agree with him, however. I think that Peter Mandelson is doing a fantastic job as Commissioner. *[Interruption.]* I had thought, until today, that the Conservative party supported reform of the common agricultural policy as we continue a wider review and reform of Europe's budget so that it reflects the future, rather than the historical past of massive subsidies being paid to farmers instead of protecting the environment.

Angus Robertson (Moray) (SNP): It would be welcome if the French presidency looked closely at the European neighbourhood policy. A great many projects previously supported by member states are now part of the ENP. Does the Minister agree that, with close attention from the presidency and the Commission, those projects can go from strength to strength?

Mr. Murphy: I do agree, and I had the opportunity to meet the hon. Gentleman yesterday to discuss many of those issues. Europe has substantial influence in countries on its borders, both to the east and to the south. That is a responsibility and an opportunity, and we should seek to maximise our influence on democracy, the rule of law, human rights, penal reform and a range of other matters. He is absolutely right, and the French presidency shares our ambitions for a European neighbourhood policy that seeks to do more in supporting human rights and democracy.

Mr. David Heathcoat-Amory (Wells) (Con): The Minister for Europe mentioned the problem of high energy prices, but EU policy on climate change and the directive on renewable energy and biofuels will increase energy prices further, so can we have some consistency here? Will the Government stop complaining about high energy costs while supporting measures that will increase them further?

Mr. Murphy: In response to the point raised by the former Minister for Europe, I point out that it is important to reflect the fact that the EU is working on an energy policy and a climate change policy that are about transparency in the market, matching supply and demand, investment in climate change technologies such as carbon capture and storage, and so much else besides. That variety of policies plays an important role in supporting our economies, but also in protecting our environment.

Mr. Mark Francois (Rayleigh) (Con): The people of Ireland clearly rejected Lisbon by an emphatic margin on a record turnout, since when *The Economist* has wisely advised the Government, "Just bury it". Will the Minister answer the question that the Foreign Secretary clearly ducked last week and assure the House that no further work on the External Action Service will be undertaken by British officials, including during the French presidency?

Mr. Murphy: The Foreign Secretary was very clear on this point, as was my right hon. Friend the Prime Minister: in light of the Irish referendum result, plans to have discussions on the External Action Service at the General Affairs Council and the European Council were cancelled. That was the right response to the referendum in Ireland. No further work will be carried out, and the work has stopped in the UK until such time as there is a new suggestion from the French presidency or a way forward suggested by the Irish Government. That is very clear.

Palestinian Occupied Territories

6. **Mr. Crispin Blunt** (Reigate) (Con): What assessment he has made of compliance of the operations of the Israeli defence force in the occupied Palestinian territories with the fourth Geneva convention. [213061]

The Minister for the Middle East (Dr. Kim Howells): We expect Israel, including the Israeli defence force, to comply with its obligations under the fourth Geneva convention, and have made clear where we profoundly disagree with Israel on key issues, such as the route of the barrier and location of settlements. The Annapolis talks provide the best opportunity yet to move forward. The announcement of a ceasefire in Gaza was welcome. We are doing all that we can to help to relieve suffering and move towards resolution of long-term issues.

Mr. Blunt: I am grateful to the Minister for that answer, and agree with his points. I am interested, however, to know what he means by "location of settlements". Article 49 of the fourth Geneva convention is extremely clear that colonisation of occupied territory is illegal. The settlements in all of the occupied territory are the biggest physical obstacle to a settlement between the Palestinians and the Israelis. Now that a ceasefire is in place, surely the Palestinians can expect us to pursue the matter under international law. What kind of signal does it send when settlers' leaders are then invited by Her Majesty's ambassador to Israel to a party celebrating the Queen's birthday?

Dr. Howells: Not very helpful signals, and I agree entirely with the hon. Gentleman that this is the time to push the Israelis hard on the question of illegal settlements. Clearly, they are illegal and are not helping the Annapolis process in the least. Indeed, they are an obstacle to progress.

Jeremy Corbyn (Islington, North) (Lab): Can the Minister help us with another question concerning the role of the occupying forces in Palestine: the imprisonment of elected Palestinian parliamentarians, about 70 of whom are still in detention, which is outrageous? If we support Palestinian democracy, what pressure are we putting on Israel to release those who were elected to represent the Palestinian people?

Dr. Howells: We continue to raise the issue with the Israelis, and continue to urge them either to charge those individuals or release them—it is as simple as that. They are elected representatives and should be treated as such. If the Israelis believe that they are guilty of some crime, they should charge them, not keep them incarcerated without a proper trial.

Mr. Lee Scott (Ilford, North) (Con): In the Minister's opinion, is the continued holding of hostages by Hamas, Hezbollah or whoever helpful to the peace process? Under the current ceasefire, will further pressure be exerted to release the Israeli hostages?

Dr. Howells: The taking of hostages was not only a despicable act in itself, and it remains so—kidnapping is always one of the worst crimes—but caused thousands of deaths in the Lebanese war of July 2006. We urge the Palestinian and Hezbollah factions to release the Israeli soldiers. That would be a concrete and important step towards a sustainable peace in that region.

Mr. David Winnick (Walsall, North) (Lab): Is it not the case that in Israel too small a minority, unfortunately, realise that the behaviour of the Israeli soldiers and armed forces generally in the occupied territories demonstrates, day in and day out, a contempt for human rights? Have the Israeli Government any understanding of the contempt that we have for the way in which their country occupies the post-1967 territories?

Dr. Howells: I certainly do not believe that all officers and all men in the Israeli army behave in that way. Many soldiers, including many whom I have met, have a real regard for human rights—the human rights of Palestinians as well as of Israelis. We will continue to urge Israel to abide by international law in its treatment of Palestinians in those occupied territories, and to work towards a sustainable settlement so that the Israeli defence force does not need to be in those areas. That must be our object, and we believe that a two-state solution is the right one.

Richard Burden (Birmingham, Northfield) (Lab): I welcome my right hon. Friend's comments about settlements, but given that the website of the Israeli

Ministry of Construction and Housing lists 4,900 housing units that are currently in the construction programme, may I ask him what response is coming from Israel to our representations on the matter, particularly in relation to the E1 scheme?

Dr. Howells: I should like to think that my hon. Friend had inferred that our actions were having some effect, but I do not think they are having a great effect. The latest announcements—within the last few weeks—of 1,000 new dwellings on occupied territories are doing no good whatever to the Annapolis process.

When I met Prime Minister Fayad in Berlin last night, he repeatedly referred to the issue of illegal settlements as one of the greatest impediments to progress on Annapolis. My hon. Friend is right: we must keep plugging away, and trying to convince the Israelis that this is one of the most important steps forward that they could take.

Mrs. Louise Ellman (Liverpool, Riverside) (Lab/Co-op): When my hon. Friend assesses Israel's reactions to attacks on its citizens, does he bear in mind that false allegations can be made? Is he aware, for example, that Hamas has now admitted that the explosion that killed 50 people on 13 June was not Israel's responsibility?

Dr. Howells: My hon. Friend is right. I have seen and heard many reports of truck-loads of rockets intended to be fired into Israel that have been hit or handled badly and have exploded. People have been killed, including onlookers and innocent people in the streets of Gaza. I take reports of that kind with a pinch of salt, and I think we all should. The fact is that there is a propaganda war going on in the area, as well as a deadly war involving bullets, bombs and rockets.

Yemen

7. **Keith Vaz** (Leicester, East) (Lab): If he will visit Yemen within the next six months to discuss relations with the UK and regional issues. [213062]

The Minister for the Middle East (Dr. Kim Howells): Foreign engagements for my right hon. Friend the Foreign Secretary and other Ministers are kept under constant review. We do not announce visits until they have been confirmed, and final decisions on overseas visits are often not possible until shortly before the day of travel. Last month, however, I paid my third visit to Yemen. It included a visit to Aden, which I know is a place close to my right hon. Friend's heart.

Keith Vaz: I welcome the fact that the Minister went to Aden, the city of my birth, and acknowledge the fact that he returned from his visit. No one fired any shots at him, no one directed any bombs at him; he came back safely. So why does the Foreign Office continue to pursue a travel advice policy that prevents business persons and tourists from going to Yemen? Surely the best way in which to ensure good relations with the country is for us to allow our people to engage with the people of Yemen.

Dr. Howells: My right hon. Friend will know as well as I do that civil unrest in Yemen is growing. There are grievances throughout the country. Al-Houthi-led rebels in the north have been exploding bombs, and indeed exploded bombs while I was there, although luckily out of my earshot for a change. There is also a great deal of disquiet in the south, even around Aden. As my right hon. Friend will know, people in the south feel that they are not receiving the investment that they should be receiving for their industries and infrastructure.

There is a great feeling of unease. Tourists have been kidnapped, and although they have not been British tourists—thank goodness—I am not sure that I would like to ease that travel advice and then find that as a consequence someone caught up in a bomb outrage had been killed or maimed, or someone had been kidnapped or shot. I am sorry to say that, because Yemen is a very beautiful country which ought to be prospering as a result of tourism.

Daniel Kawczynski (Shrewsbury and Atcham) (Con): When the Minister next meets the Yemeni authorities and those of neighbouring countries, will he raise the concern that is felt about the increasing piracy off the coast of the horn of Africa around Somalia and Yemen and the effect that that is having on international shipping?

Dr. Howells: Yes. It is an extremely serious problem. The hon. Gentleman will be glad to know that the British Navy and the British coastguard service have been co-operating closely with the Yemeni—

Sir Patrick Cormack (South Staffordshire) (Con): The Royal Navy.

Dr. Howells: I am sorry: the Royal Navy. *[Interruption.]* No, not the Welsh navy. The Royal Navy has been co-operating very closely with the Yemenis on this. The authorities in Somaliland and Djibouti, which are also exercised about the problem, are now beginning to co-operate with Yemen to try to eradicate it, but it does not just involve piracy. There is an enormous amount of people trafficking, and an enormous number of people are drowning as they try to make the crossing from the horn of Africa to the Saudi peninsula.

Ann Clwyd (Cynon Valley) (Lab): As my hon. Friend knows, the Yemeni constitution guarantees freedom of expression, but in reality that is not the case. Will he take up the case of Yemeni journalist Abdul Karim al-Khaiwani, who was sentenced to six years of imprisonment on 9 June? Amnesty International considers him to be a prisoner of conscience, as he has been convicted and sentenced solely because of something he wrote. Last week, he received an Amnesty award, among its annual awards, for his work, and I ask the Minister to take up his case and ask for his release.

Dr. Howells: I would be only too glad to take up this case.

Iran (Nuclear Programme)

8. **Mr. Andrew Mackay** (Bracknell) (Con): What recent assessment he has made of developments in the Iranian nuclear programme; and if he will make a statement. [213063]

The Secretary of State for Foreign and Commonwealth Affairs (David Miliband): Dr. el-Baradei, the International Atomic Energy Agency director general, reported on Iran's nuclear programme on 26 May. I spoke to him last week about his report. He confirmed that Iran had failed to suspend enrichment-related activities; had made no progress on transparency measures, for which the United Nations Security Council and the IAEA had called; and had failed to answer the IAEA's questions relating to studies with a possible military dimension. He said that these studies were a "matter of serious concern", and they are the subject of continuing IAEA investigation.

Mr. Mackay: Why did the Prime Minister say on 16 June, after his meeting with President George Bush, that that day he would take action that would immediately freeze the assets of Iran's biggest bank, Bank Melli, when many days later that clearly still has not happened?

David Miliband: I am sorry that the right hon. Gentleman says that has not happened, because there was political agreement at the Foreign Affairs Council that I attended last Monday, and yesterday the formal technical procedure that froze the assets of Bank Melli went through the European Union. I would have thought that that would be welcomed in all parts of the House.

Mr. Douglas Hogg (Sleaford and North Hykeham) (Con): The Foreign Secretary will have seen the reports over the weekend that the Israeli Government were carrying out exercises that suggested a possible long-term intention to attack Iran and her nuclear establishment. Will the Foreign Secretary make every effort to persuade the Israeli Government that such an action would be profoundly unwise?

David Miliband: I am very happy to confirm to the right hon. and learned Gentleman that we are 100 per cent. committed to the pursuit of a diplomatic resolution to the problem in respect of Iran's nuclear intentions, which are, of course, a threat to stability right across the region. There is now an ever wider coalition ready to put pressure on the Iranian regime, and also to try to make it clear to the Iranian people that a major offer of economic, cultural and scientific co-operation is waiting for them. The economic malaise that currently afflicts Iran is the result of the choices made by the Iranian Government, but there is an alternative for them, and we are committed to make sure that the sanctions and incentives reflect that.

Mr. David Lidington (Aylesbury) (Con): The Foreign Secretary will recall that the Prime Minister promised in his Mansion house speech last November tougher sanctions on oil and gas investment in Iran, and yet only last week in his joint press conference with President Bush, the Prime Minister said:

"Action will start today in a new phase of sanctions on oil and gas."

I wonder whether the Foreign Secretary can explain the reasons for this seven-month delay, and does he accept that if Ministers threaten sanctions and then fail to deliver them, all they end up doing is undermining the credibility of any threat this country can make?

David Miliband: I am genuinely sorry that the hon. Gentleman has taken that tack because actually there is agreement across the House that a sanctions and incentives dual track is the right approach to Iran. There is agreement—from Iran to the United States, to this country and to any independent observer—that the sanctions are having an effect on the Iranian economy. The Bank Melli decision has been implemented, as of yesterday, and UN resolution 1803 has been fully implemented and the further sanctions to which he referred. Although the International Atomic Energy Agency discussions were completed only in May, there is the report to the IAEA board, and, as I said, UN sanctions resolution 1803 is now to be implemented. There should be a shared commitment to see those fully in force. The fact that, side by side with those measures, there is a revived offer to Iran is a good thing, not a bad thing, and I am sorry that the hon. Gentleman has tried to create division about that.

Lebanon

9. **Mr. Andrew Love** (Edmonton) (Lab/Co-op): What assessment he has made of the prospects for achieving sustainable peace in Lebanon following its recent presidential elections. [213064]

The Secretary of State for Foreign and Commonwealth Affairs (David Miliband): The Doha accord and the election of President Sleiman were important steps forward for Lebanon, but the situation remains extremely fragile. It is now vital that a national unity Government be formed as soon as possible. During my recent visit to Lebanon earlier this month, I underlined my strong support for President Sleiman and Prime Minister Siniora, including through $4 million of UK support to the Lebanese security sector that will be so important in rebuilding the confidence of the citizens of that country in their armed forces.

Mr. Love: We certainly do need to rebuild confidence, because earlier this year they had gone to the brink, almost reaching civil war. The Doha agreement has proved the way forward, yet the situation remains deeply unstable and tense; indeed, I understand that troops were called out onto the streets of Tripoli today. What more can my right hon. Friend do, particularly in using his good offices, to ensure that a Government are elected at the earliest opportunity? That is the way that we can bring greater stability not only to Lebanon but throughout the middle east.

David Miliband: I know that my hon. Friend has championed the importance of Lebanon not just to the Lebanese people but in terms of security and stability across the middle east, and he is absolutely right to do so. I think that it is the nomination of a Government that is currently held up, and I spoke to Prime Minister Siniora about that when I was in Lebanon and last week, in advance of yesterday's and today's conference in Austria on the rebuilding of the Palestinian refugee camps. The nomination of the Government will take place and, next year, there will also be elections for a new Government. I very much hope that all the parties will recognise their interest in pursuing a stable strategy in advance of those elections, and in allowing them to take place in conditions as close to normality—certainly without violence—as possible.

Topical Questions

T1. [213045] **Mr. Robert Goodwill** (Scarborough and Whitby) (Con): If he will make a statement on his departmental responsibilities.

The Secretary of State for Foreign and Commonwealth Affairs (David Miliband): I spoke in the House yesterday of the appalling campaign of state-sponsored violence that made a free vote in Zimbabwe impossible. I welcome yesterday's UN presidential statement, the first from the UN Security Council, condemning the violence and demanding that the Zimbabwean Government respect basic political freedoms. Regional and international partners need urgently to ensure that the democratically elected will of the people of Zimbabwe, reflected in the results of the 29 March election, be respected.

Mr. Goodwill: In the past, the British Government have been accused of pussyfooting around the issue of human rights in Uzbekistan, partly because of the need for the Americans to use bases in that country. What is the current assessment of political and human rights in that country, in particular with regard to child labour in the cotton fields?

The Minister for Europe (Mr. Jim Murphy): The hon. Gentleman is correct about the worrying reports of human rights abuse in Uzbekistan as detailed in the Foreign Office's annual report on human rights. We raise this issue regularly, bilaterally and multilaterally. There are very worrying reports of child labour in the cotton industry. We have raised these matters with the Government, but we also support the demand of UNICEF and the International Labour Organisation for an external examination and oversight of what is happening in the Uzbek cotton industry, so that those reports can be discounted or proven once and for all, and then action can be taken.

T2. [213047] **Phil Wilson** (Sedgefield) (Lab): Will the Foreign Secretary comment on the capacity of the Palestinian Authority to provide security for their own people, and outline what came of the Berlin security conference?

David Miliband: My hon. Friend raises a very important point. I was able to see for myself in Jenin the real efforts being made by the Palestinian security forces, and I am pleased to say that those are successful efforts to bring new security to that city and effectively to end the occupation. For the first time in the occupied Palestinian territories, there has been a withdrawal of Israeli defence force troops and the installation of the Palestinian security forces. We are big sponsors of the Palestinian security forces financially, but also through the mentors whom we provide there. I believe that my hon. Friend the Minister for the Middle East discussed the matter with Prime Minister Fayad last night in Berlin. The critical thing is that the successes in Jenin are now repeated in other parts of the west bank.

Mr. William Hague (Richmond, Yorks) (Con): May I join the Foreign Secretary in welcoming the UN presidential statement on Zimbabwe and ask him whether the Government will now put forward a concrete set of proposals for European Union sanctions on the Mugabe regime that are more serious, more far-reaching and more rigorously applied than anything that we have seen in the past? Will they include, in particular, a full visa ban for Mugabe, his officials and their families and associates, a range of financial measures, including an assets freeze on institutions complicit in the regime's abuses and a ban on their transactions, and a guarantee that there will be no more invitations to European Union summits for a criminal Government who have lost all legitimacy?

David Miliband: I am pleased to tell the right hon. Gentleman that no such summit is currently in prospect. I can assure him that all the options that he has described will be discussed at European Union level; last night, I spoke to the Dutch Foreign Minister. This is not Britain against Zimbabwe; the whole of the European Union now wants to recognise the importance of the situation. On the basis of two recent phone conversations and exchanges with Mr. Kouchner, the French Foreign Minister, I am pleased to say that the incoming French presidency wants to give this matter priority too.

Mr. Hague: We hope that these measures will be not only options but British and French proposals in the coming days. May I additionally ask the Foreign Secretary, particularly in the light of the African National Congress statement today, which is much more critical than the South African Government have been of the situation in Zimbabwe, whether he has had any indication of any change in South Africa's policy? Given that President Mbeki has been invited to the G8 summit in two weeks' time, where Africa and development is on the agenda, will the Prime Minister and the Foreign Secretary try to ensure that the G8 communiqué calls specifically on all nations present at that summit to cease any actions that prop up a regime that is doing untold damage, both to Africa and to development, and thus give appropriate voice to world opinion on the conduct of the South African Government?

David Miliband: I think the whole House united yesterday in recognising the importance of South Africa to change in Zimbabwe. The right hon. Gentleman asked whether I had been given any indications about a change in the South African attitude, perhaps suggesting some private conversations. One can look at the public actions of South Africa, notably in the UN Security Council yesterday, when the presidential statement was published—it is available on the website—by unanimity. South Africa and China, countries that were mentioned in yesterday's discussion, signed up to language condemning the Mugabe regime, both for its humanitarian abuses and for the way in which it tried to rig the election—or made the election impossible— and calling on African leaders to take steps forward. On the G8, the Prime Minister and I will certainly be arguing for the most effective and strongest possible G8 and G8 plus five communiqué to address all our responsibilities to tackle those issues.

T3. [213048] **David Wright** (Telford) (Lab): On one of the hottest days of the year so far, may I turn the minds of Ministers towards Antarctica—the two are, of course, linked? What are we doing to preserve the great wilderness that is Antarctica and to ensure that we use the resources that are there in abundance very carefully?

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Meg Munn): It is a pleasure to answer my first ever question on Antarctica. The protection of the Antarctic environment is enormously important and is provided through the 1991 protocol on environmental protection to the Antarctic treaty. My hon. Friend will know, given his interest, that that treaty has so far been successful in preserving Antarctica as a natural resource devoted to peace and science. It is an example of the international community working together to achieve that aim, and I assure him that this Government will continue to give it their full support.

Mr. John Baron (Billericay) (Con): The Iranian Government are reportedly sympathetic to the idea of an international consortium enriching uranium on Iranian soil. Given that that would allow western powers to be involved with, and to oversee, enrichment and the harnessing of nuclear power for civilian use, would the British Government back such an idea?

David Miliband: The hon. Gentleman will know from the package that was presented to the Iranian Government 10 days ago, and has now been published right round the world, that we believe that there is a future for civilian nuclear power generation in Iran. However, the history of Iran's failure to be open and transparent with the international community about its nuclear intentions has gravely undermined confidence. Therefore, at this stage it is right to talk openly and plainly about continued commitment to shipments of uranium into Iran, for example for the Bushehr reactor, for which the Russians are responsible. It is right that we are willing to open discussions with the Iranians should they first freeze and then suspend their uranium enrichment programme. It is premature for us to say that we know that there is one single answer of the sort to which the hon. Gentleman refers. We have to recognise that confidence has been gravely undermined and needs to be rebuilt step by step as the Iranians show themselves to be a trustworthy partner of the international community.

T5. [213050] **Anne Moffat** (East Lothian) (Lab): What confidence does my hon. Friend have that the figures given by the Colombian Government on the deaths of trade unionists are accurate, given that Amnesty International reports that many more deaths have occurred? Imagine the atrocity of people losing their lives just because they are trade union members.

The Minister for the Middle East (Dr. Kim Howells): The murder of trade unionists and human rights workers in Colombia is an issue of great concern. I have seen various figures and the picture is far from clear, but the bottom line is that a single murder of a trade unionist or a human rights defender is one too many. My hon. Friend will know that, whichever figures one takes, the number of such killings was falling year on year until this year. I am sure that she will share our great concern that the trend has been reversed and, as I did in April, I call on the Colombian Government to do everything that they can to ensure that those in Colombia who fight to defend human rights are able to do their work in safety and without fear.

Mr. Edward Davey (Kingston and Surbiton) (LD): What is the Foreign Secretary doing to end the scandalous situation in which a British bank—Barclays—still bankrolls Mugabe's thugs by operating through a local subsidiary, thereby bypassing EU sanctions on Zimbabwe? Why has action not yet been taken to deal with that insidious loophole at either the UK or the EU level? Will he condemn that practice which flouts the spirit if not the letter of the sanctions against Zanu-PF's leaders?

David Miliband: I condemn anything that gives financial or moral succour to Zanu-PF leaders. As far as I am aware—and I am happy to take new information if the hon. Gentleman has it, and follow it up—we know of no British company that is breaking the sanctions regime.

In respect of companies that are using subsidiaries or other means, I would want to look at the details of any individual case. The details are important, because there is the question of employment and support for ordinary Zimbabweans as well as succour for the regime. However, we utterly condemn anything that gives support to the regime.

T6. [213051] **Mr. Andrew Love** (Edmonton) (Lab/Co-op): My hon. Friends will be aware of the ceasefire in Burundi between the FNL and the Government. Hopes are high that that will lead to peace talks and a settlement, but we have been here before. Critical to any success will be the reintegration of the FNL combatants into Burundi society. What efforts are Ministers making to assist in the peace process and, perhaps more importantly, to help Burundi reintegrate people into society after the civil war?

Meg Munn: We too are optimistic about the peace process and the UK Government will continue to support the Government and people of Burundi in terms of that process. We are expecting about 150,000 refugees to return to Burundi this year, and my hon. Friend will know that that means that the rate of return has increased considerably. The UK provided £1.1 million in October 2007 for cash grants for those returning refugees.

Mr. Stephen Crabb (Preseli Pembrokeshire) (Con): If the catastrophe and suffering in Burma are not sufficient, and the bloodshed, violence and economic destruction taking place in Zimbabwe are not sufficient, can the Minister please tell us what set of circumstances would warrant intervention under the doctrine of responsibility to protect?

David Miliband: We did not manage to get to this question in the first 45 minutes, and the hon. Gentleman is absolutely right to raise it. As he knows from the debates we had about Burma, we are ready to use the full force of international law. Of course, the responsibility to protect has legal aspects as well as political aspects—those legal aspects include proof of crimes against humanity, war crimes or ethnic cleansing.

Because Zimbabwe is not a signatory to the International Criminal Court, the hon. Gentleman will know that a UN Security Council resolution is required for any referral. He will know from yesterday's statement that we have been working very hard to get Zimbabwe on to the Security Council agenda and that that has not been possible until now—never mind getting a Security Council resolution with a reference to the ICC. However, the UN's call for humanitarian envoys to be sent to Zimbabwe to assess the situation is the first step towards not only exposing the regime but making possible any referral such as that to which he refers.

T7. [213052] **Ann McKechin** (Glasgow, North) (Lab): Given the adoption of the new constitution in Kosovo, will my right hon. Friend comment on the progress of the withdrawal of the UN forces and the deployment of the new EU mission?

David Miliband: My hon. Friend makes an important point. The untold tale of the past three months is the lack of violence in Kosovo. The fact that 120 days have gone by since the declaration of independence—15 June marked that date—is very significant. This week, the Secretary-General of the UN will be taking forward the commitments in his report on the reconfiguration of the UN force into an EU presence right across Kosovo, respecting the need to ensure that there are no parallel security structures or alternative state structures in Kosovo. That is a major issue for the completion of the process of reconstruction in the former Yugoslavia and the western Balkans. It is a major achievement for European security and defence policy because the stability that now exists, although it is fragile in all sorts of ways, represents the best hope for Kosovo and its newly independent authority and Government.

Sir Patrick Cormack (South Staffordshire) (Con): Will the Foreign Secretary give the House an undertaking that Zimbabwe will remain at the top of the Government's agenda until Mugabe has been removed from office and that there will be no question of giving help, aid or succour of any sort to other African leaders who make any attempt to sustain him in office?

David Miliband: Yes, certainly. I am sure that the hon. Gentleman will agree that Zimbabwe should remain at the top of our agenda beyond the date of the end of the Mugabe regime. Both sides of the House recognised yesterday that the massive reconstruction job is one in which we are not monopoly players—we are not the sole players—but I hope that we will be significant players in supporting a decent Government for those decent people in Zimbabwe who desperately need the help of not only Britain but all the richer countries, and certainly all their neighbours.

T8. [213053] **Hilary Armstrong** (North-West Durham) (Lab): My right hon. Friend will be aware, as I am, of the worrying speculation about an impending famine in Ethiopia and its consequences. We have all seen this before. How are the Government and other players preparing to ensure that we do what we can either to avoid the famine or to deal with the lack of food so that the people of Ethiopia do not suffer?

Dr. Howells: I visited Addis Ababa last week and tried to discover what I could about the preparations that have been made to meet that impending catastrophe. As far as I could judge, it certainly does not look as though it will be on the scale of 1984. I was told that there are adequate food supplies and that the systems are in place to get that food to the people. I hope that that is right. The Secretary of State for International Development has been keeping a close eye on the matter and our aid agencies in Ethiopia are working very hard to ensure that those systems are used to the full and that starvation does not occur.

Mr. Geoffrey Cox (Torridge and West Devon) (Con): The Foreign Secretary will be aware of the tragic and disturbing case of my constituent, Scarlett Keeling, who was brutally murdered and raped on a beach in Goa. What steps has the Secretary of State taken to review the advice to visitors to Goa? Will he meet her mother, my constituent Fiona MacKeown, who is extremely anxious to meet him?

Meg Munn: All our travel advice is reviewed regularly, to take account of changes in the diplomatic situation and of examples such as the tragic case that the hon. and learned Gentleman has cited. I am sure that the whole House will want to send our condolences to Scarlett's mother. Ministers will of course meet any family who have experienced such a tragedy, and I am sure that my noble Friend Lord Malloch-Brown will be happy to meet Ms MacKeown.

T9. [213054] **Jim Sheridan** (Paisley and Renfrewshire, North) (Lab): Ministers may be aware of an organisation called the Westminster Foundation for Democracy, which is funded out of taxpayer's money by the Foreign and Commonwealth Office. What is the organisation's purpose, how is the money spent, and what parliamentary accountability does it have?

Meg Munn: The Westminster Foundation for Democracy facilitates links between political parties around the world to help build democratic skills. We all know that training people and strengthening Parliaments and political parties at national and local level are very important to ensuring transparency and effectiveness. The FCO provides grant aid for the foundation, whose board includes six independent governors and eight governors from the Westminster political parties.

Protection of Bats and Newts

3.35 pm

Mr. Andrew Robathan (Blaby) (Con): I beg to move,

That leave be given to bring in a Bill to permit the disturbance of bats and newts for specified purposes; and for connected purposes.

I should at the outset declare an interest, as I have been a member of the World Wildlife Fund, now called the World Wide Fund For Nature, longer than I have been a member of the Conservative party.

Mr. Desmond Swayne (New Forest, West) (Con): Shocking!

Mr. Robathan: It is not shocking at all.

I am very fond of bats and newts and it still thrills me when I see them. As a child, I used to catch newts when doing what is now known as "pond dipping". Like Ken Livingstone, I like newts and, on that basis, I would name this Bill the "Livingstone Mayoralty Memorial Newt Bill".

Although there may be some amusement here, this is a very serious issue. What links great crested newts and bats is that they are both European protected species—EPS—and that gives strict protection under the European habitats directive.

I shall illustrate but two of many recent cases that explain the problem. First, last summer Mr. and Mrs. Histed, who live near Chippenham in Wiltshire, were flooded out of their house by 3 ft of water when a ditch blocked. Repairs to the house cost a quarter of a million pounds and, not unreasonably, they wished to unblock the ditch. However, they were refused permission by the Environment Agency, which ordered a "newt search", forcing this pensioner couple to remain in a caravan.

Secondly, on the edge of my constituency, the Earl Shilton bypass was delayed three months after it was believed that great crested newts might be on site. The council spent £1.2 million erecting special newt fencing and traps, but it never found a single great crested newt.

That is hardly surprising, as anyone who knows anything about the life cycle of great crested newts will know that they can move 1,000 yd or more from their breeding sites. One might think that this newt must therefore be rare but, according to the Government, there are 66,000 great crested newt breeding ponds in England alone, and the Secretary of State for the Environment said in a letter to me that

"great crested newts are widespread in lowland England and in some areas are present in good numbers".

Furthermore, the decline in these newts results from changed farming practices, which have caused ponds on farmland to be filled in. May I suggest that creating new ponds would be cheaper and more effective than expecting the Leicestershire council tax payer to fork out £1.2 million for nothing?

Bats—which are so beautiful flying at dusk—are also an EPS under the habitats directive. They are wild creatures whose natural habitat is roosting in caves or rotten trees. They existed long before man built houses and churches. Bats in the belfry may be a longstanding joke—of sorts!—but it is no joke in many churches.

I should like to draw particular attention to St Nicholas church in the hamlet of Stanford on Avon, 100 yd outside my constituency in the constituency of my hon. Friend the Member for Daventry (Mr. Boswell). The 14th century church is filled with the most marvellous monuments in alabaster and marble. There is an organ case from the chapel royal in Whitehall palace that was sold after the execution of King Charles I. Simon Jenkins gives the church four stars in his book, "England's Thousand Best Churches", but if the mediaeval stained glass had been in situ rather than being restored, he might easily have given it five stars. The church is part of our national heritage, and deserves to be preserved. I was there on Sunday, sitting next to a 16th-century tomb of a knight and his wife. The tomb was restored at great cost, which was partly met by taxpayers through English Heritage and the National Heritage Memorial Fund. Bat droppings are stuck all over the intricate tracery and writing on the tomb and can also be found all over the walls and often on the altar. That is very unpleasant and is a hygiene risk during communion.

Much worse is the damage being caused to another fine marble monument, which has been under a bat roost. The urine, which contains ammonia, has stained and scarred the marble and the monument itself is sometimes completely covered in piles of droppings; I am talking about not one or two, but bucketloads of droppings. I have a photograph that I am happy to show any concerned Member.

The church's tiny congregation is unable to take any action because of the habitats directive. Natural England has not been helpful. It has suggested ludicrous gazebos over the monuments; I wonder how that approach would work with wall paintings similarly at risk in other churches. Helpfully, Natural England charged the church warden £525 for its useless advice. The taxpayer funds the restoration of churches through one Government body, but another Government body insists that they cannot be preserved from damage by bats. Even worse is the fact that the diocesan advisory committee for Coventry and Leicester wrote that the parochial church council

"should seriously consider declaring the church redundant"

because of the infestation. I shall be writing to the bishop.

Bats, of course, will live elsewhere. According to the Bat Conservation Trust,

"The Pipistrelle bat has probably declined as a result of modern agricultural practices"—

no mention is made of boring sermons in church. One can assist bats by putting up bat boxes and by leaving rotten trees to stand, and we should do such things.

My problem with both, the EPS issues that I have mentioned is that the entire approach is disproportionate. The Department for Environment, Food and Rural Affairs tells me that it advocates a proportionate response regarding great crested newts, but I note that last year Taylor Woodrow was fined £2,000 for damaging a newt site in Essex.

If anybody doubts the ridiculous bureaucracy surrounding this issue, they should look at the way in which Natural England thinks one should deal with great crested newts. It recommends completing a "method statement" on an Excel-format spreadsheet template. There is not much common sense in that.

[Mr. Robathan]

Furthermore, the Government's Countryside and Rights of Way Act 2000 has made disturbing or handling the animals arrestable offences—someone could get a six-month jail sentence for pond dipping. Why is there not a proportionate response? The House might know that there was a derogation under the original legislation in 1994. Members might wonder what the European Court of Justice does, and now I can tell them: it judges these matters, and it overturned the proportionate approach and the derogation. It transpires, I regret to say, that this ridiculous situation is all down to the wicked European Union. *[Interruption.]* It is true.

Mankind can and should be able to live in harmony with the animal kingdom, including bats and newts. We should have a balanced approach so that, without harming newts or bats, people can get on with their lives. Our natural heritage, which I wish to see enhanced, can co-exist happily with our national heritage in churches in Norfolk, Stanford on Avon and elsewhere. It is ridiculous that some very intelligent, highly paid civil servant in Brussels, or indeed in Whitehall, should be laying down such detailed and foolish laws. In this case, the law really is an ass.

Christopher Fraser (South-West Norfolk) (Con): It's batty!

Mr. Robathan: Indeed.

My Bill would ensure that Ministers insisted on the reform of the European habitats directive and set up a more pragmatic, balanced approach, conserving our natural heritage of great crested newts and bats without the adverse consequences that I have illustrated.

Hon. Members may know act IV, scene i of "Macbeth":

"Fillet of a fenny snake
In the cauldron boil and bake;
Eye of newt, and toe of frog,
Wool of bat, and tongue of dog".

The issue is not about putting bats and newts in cauldrons, but there is toil and trouble. Let us have some common sense instead.

Question put and agreed to.

Bill ordered to be brought in by Mr. Andrew Robathan, Sir Patrick Cormack, Christopher Fraser, Mr. Tim Boswell and Robert Key.

PROTECTION OF BATS AND NEWTS

Mr. Andrew Robathan accordingly presented a Bill to permit the disturbance of bats and newts for specified purposes; and for connected purposes: And the same was read the First time; and ordered to be read a Second time on Friday 17 October, and to be printed [Bill 125].

Opposition Day

[15TH ALLOTTED DAY]

Cost of Living

Mr. Speaker: I inform the House that in both debates I have selected the amendments in the name of the Prime Minister.

3.45 pm

Mr. Philip Hammond (Runnymede and Weybridge) (Con): I beg to move,

That this House expresses its deep concern at the rapidly rising cost of living; recognises the pressures this places on wage-earners and pensioners, especially those on the lowest incomes; acknowledges the danger to the UK economy of entrenching inflation through excessive wage claims in response to rising prices while understanding the concern of people who find their living standards squeezed; and therefore regrets the inability of the Government to provide assistance and support to hard-pressed families because of what the OECD describes as 'excessively loose fiscal policy' pursued by this Government over the years of economic growth.

The cost of living is back at the top of the political agenda and on the front pages of all our newspapers. When I first became aware of political debate in my early teens, the economy dominated the agenda and the battle to control inflation dominated the economic policy debate. It influenced almost every aspect of that debate; it toppled Governments and shaped our national institutions. Indeed, for many of us, it shaped our perceptions for half a lifetime. Then, after the Conservative Government introduced inflation targeting in 1992 and the incoming Labour Government reinforced that move in 1997 by creating the independent Monetary Policy Committee of the Bank of England, it ceased, for a decade or more, to be an issue on the political radar screen.

How tempting it was, therefore, to believe the rhetoric of the then Chancellor, our Prime Minister, that the dragon of inflation had really been slain—that the sunlit uplands of endless economic growth, low interest rates and appreciating asset values had been reached without the unwelcome spectre of inflation spoiling the view. Indeed, the Prime Minister built his entire reputation on the claim to have been the man who delivered economic stability—who ended boom and bust. Well, not any more.

Mr. Andrew Love (Edmonton) (Lab/Co-op): Will the hon. Gentleman accept that the former Chancellor built his reputation on the independence of the Bank of England, which the hon. Gentleman's party did not support at the time, and that that has been a major weapon against inflation?

Mr. Hammond: If the hon. Gentleman had been listening, he would have heard me say a few moments ago that inflation targeting was introduced by a Conservative Government and reinforced by independence of the Bank of England, which we, in turn, are now committed to reinforcing still further in a way that this Government have resisted.

Mr. John Redwood (Wokingham) (Con): Does my hon. Friend remember that, far from creating an independent Bank of England, the Chancellor gutted

and filleted it, taking away debt management and nationalising it into the Treasury, and taking away day-to-day banking supervision, so that the Bank was blind and deaf in the money markets when the credit crunch hit? Is not that a major problem?

Mr. Hammond: My right hon. Friend is absolutely right. As he will know, we have been arguing for some time that the responsibility for rescuing a failed bank under the proposed new system must lie with the Bank of England, not the regulator. We are delighted that the Chancellor appears at last to have come round to accepting the logic of that position.

The former Chancellor's reputation is unravelling before his eyes. The man who rode the Asian tiger of imported deflation bleats that what is happening in Britain today is all someone else's fault—from the credit crunch; to the fuel price at the pumps, to the soaring cost of food and spiralling home heating bills. He was the lucky Chancellor whose good fortune was to preside over the greater part of what the Governor of the Bank of England has called the NICE—non-inflationary, consistently expansionary—years, and whose misfortune is now to have his legacy exposed as a sham, because when the wind blew the economic house that Gordon built turned out to be made of straw.

Mr. Angus MacNeil (Na h-Eileanan an Iar) (SNP): The hon. Gentleman calls the former Chancellor the lucky Chancellor, but when we set his record beside those of Charlie McCreevy and Brian Cowen as Finance Ministers of the Republic of Ireland, we see that the growth that he achieved was only half what they achieved. He was not that lucky or that golden—in fact, I would contend that he was a bit rusty.

Mr. Hammond: The hon. Gentleman makes a point. By "lucky Chancellor" I simply mean that he was riding the crest of a wave of imported deflation, which created many of the conditions upon which he built his claimed reputation. The hon. Gentleman is absolutely right to point out that UK economic growth, like UK productivity growth, has been poor over the past decade compared with many of our competitors.

The economy is firmly back on the agenda. Inflation is booming on the high street and the Prime Minister's reputation for economic competence is bust. The cost of a shopping basket of groceries has rocketed by 12.6 per cent. according to *The Grocer*—that well-known authority on grocery prices—while fuel and domestic energy prices are up 17 per cent. and 9 per cent. respectively, with a further increase of at least 40 per cent., or around £400, for an average household predicted in domestic gas prices for the coming winter. Worse than that, the cost of a basket of 40 essentials has increased by 19.8 per cent. over the last year, piling the pressure on the most vulnerable consumers—those on low and fixed incomes. Bread is up 29 per cent., eggs are up 48 per cent, butter is up 30 per cent. and transport costs are up 16 per cent. The *Daily Mirror*'s cost of living index shows most people faced a rise of 11.6 per cent. over the last year, not the official 3.3 per cent. I think that even the Government are likely to agree that that is unlikely to be a Conservative plot.

A family that spent £100 a week on food or drink a year ago has to find an extra £1,000 this year for the same items. There are some positive consequences. Apparently, more people are growing their own vegetables—one in three of us according to a survey in *The Daily Telegraph*, with nearly half motivated by cost. But there are some not so positive consequences. Bargain hunters are moving away from fresh foods and resorting to cheaper options. Frozen fish sales are up 11 per cent. on a year ago. A survey of citizens advice bureaux in England and Wales suggests that a growing number of people are having difficulty in paying for, and are seeking help with, essential household bills.

John Barrett (Edinburgh, West) (LD): Does the hon. Gentleman agree that among the most vulnerable groups—those who are hit hardest—are disabled people, who have higher energy costs and often higher food costs as well? Inequality among the most vulnerable has widened.

Mr. Hammond: The hon. Gentleman is absolutely right and I shall say something about that in a moment.

Citizens advice bureaux reported a sharp increase in the number of mortgage arrears problems, which were up 35 per cent. in the first two months of 2008, compared with the same period in 2007. They also report a continuing increase in problems relating to basic essentials, such as gas, electricity, water, telephone and council tax debts. The CAB's briefing reports that the combination of big increases in household bills, especially fuel, and rising housing costs is putting additional pressure on people's finances when they are already stretched to the limit. Bureaux reported that they had dealt with 215,000 new debt problems in the first two months of 2008 alone and the report goes on to list examples that all have one thing in common: people on low or fixed incomes who are living at the margin of economic viability. For many people, the surge in living costs is turning a situation that is just manageable into one that is not.

We have tabled this motion to give the House an opportunity to debate the soaring cost of living and the Government's lack of room for manoeuvre in responding to it. The first part of the motion expresses the House's deep concern at the rapidly rising cost of living. To be candid, there are two reasons for that concern. The first, as the CAB report demonstrates, is a compassionate concern because inflation hits hardest those with the least bargaining power: pensioners on fixed incomes, the lowest paid in the most marginal jobs and people with long-term disabilities who are living on benefits. When an economic shock strikes, those groups, by definition, will be the least able to cope with it and the least likely to have any savings cushion. All of us in Parliament must voice their concerns and fears because they have little bargaining power themselves.

There is, however, a more calculating economic reason for the rising cost of living. Rapidly rising inflation also affects those with more bargaining power in the employment marketplace. Their response to the rapidly rising cost of living poses the genuine threat to our future economic stability, hence the second part of the motion, which acknowledges the dangers of a wage-price spiral.

As the economy slows and earnings stagnate while prices rise inexorably, the average family is already £400 a year worse off than it was a year ago. The current official retail prices index inflation is 4.3 per cent. a year, but the expectation of future inflation is as important as the level today in determining the behavioural responses to it. Every hon. Member knows from discussions

[Mr. Philip Hammond]

with constituents that people's perception of price increases and their expectations of future inflation are far higher than the official data suggest—unsurprisingly, in view of the figures that I have cited.

Mounting evidence shows that rising prices are feeding into higher wage demands and settlements. Pay rises in the energy, water, chemicals and engineering sectors in the quarter to April were at or above current inflation. The recent Shell tanker drivers' settlement has subsequently added a further turn of the ratchet. The Incomes Data Services data, which were published this morning, show how many private sector settlements now include RPI linking, reigniting memories of the disastrous flirtation with indexation in the 1970s.

Yesterday's announcement of a vote for industrial action by local authority workers rejecting a 2.45 per cent. pay offer underlines the scale of the challenge that the Chancellor will face as he repeats his exhortation for pay rises to be kept in line with the Government's 2 per cent. inflation target, even as inflation looks set to reach double that figure. The prospect of a summer of discontent looms and Conservative Members wait with interest to see how a Labour Government, desperate for cash from the unions to save the Labour party from bankruptcy, will deal with the new militancy on wages on top of the already aggressive demands for further competitiveness-eroding employment legislation.

Last week, the Governor of the Bank of England gave a frank appraisal of the threat to Britain's economy from the rising cost of living. With consumer prices index inflation up from 1.8 per cent. to 3.3 per cent. in the past nine months and a raft of further price increases to feed through, the Governor warned of the dangers of a wage response, which would mean that the jump in food and oil prices was embedded in our economy through an old-fashioned wage-price spiral, with wage earners trying to compensate themselves for rising prices, thus ensuring the further erosion of the value of their wages.

Let me take the opportunity to say from the Dispatch Box that the Governor of the Bank of England is right. Given that growth is slowing significantly below the Treasury's Budget estimate, if the inflationary pressure that has surged through into the index in the past months is reflected in future wage rises, Britain risks revisiting the 1970s, with entrenched inflation and stagnant growth—stagflation in all its horror. By warning of his determination to stick to the Chancellor's inflation target, the Governor is effectively throwing down the gauntlet to the unions, with the clear threat, "Go for the inflation-matching wage rises and I will bust you with growth-killing and unemployment-creating interest rate increases." They should listen to the Governor of the Bank of England.

We will support the Government when they do the right thing on pay restraint, as my right hon. Friend the Leader of the Opposition said yesterday. However, after two years of stagnant real wage increases, let us be clear about what the Chancellor is demanding. As with taxes, so with wage policy—let us have an end to stealth and a new openness: an explanation of policies, tough or tender, up front and without spin. I put it to the Chief Secretary that the Chancellor is demanding a cut in living standards—is not that the essence of a demand for below inflation wage settlements? Is not the legacy of the Prime Minister's 10 years in the Treasury falling living standards for British workers? Yes, inflation has to be controlled, so that Britain can maintain its competitiveness and be in a position to respond when the upturn comes. That means difficult times ahead. The truth is that the Government are in no position to help out and soften the blow of this painful adjustment to economic reality.

Rob Marris (Wolverhampton, South-West) (Lab): Obviously our country faces great challenges, and the hon. Gentleman is right: people are hurting. He talks about openness of policy, so could he tell the House the extent to which he thinks any Government can alleviate the sorts of difficulties that our country faces, and what his party's policies are to address them? The Conservative party motion puts forward no policies, whereas the Government amendment sets out four of the steps that the Government have taken to try to address the issues. If we are to have open debate and openness about policies, for which the hon. Gentleman calls, could he tell us his party's policies?

Mr. Hammond: The hon. Gentleman asks what the solutions to the problems that we face are. He is right in one sense: there are no easy or quick solutions and no magic wands. The essence of our argument against the Government is that we have entered this downturn—and it is a downturn—uniquely ill prepared to deal with it. The Prime Minister did not fix the roof while the sun was shining, and the British people will pay the price for the lack of preparedness of the British economy.

Michael Jabez Foster (Hastings and Rye) (Lab): What the hon. Gentleman says is exactly what he and his hon. Friends keep saying. What particular cuts would have been made by a Conservative Government in the past 10 years? What expenditure would not have been incurred, to make the savings that would have achieved his objective? *[Interruption.]*

Mr. Hammond: My hon. Friends behind me are throwing out a few suggestions: the refurbishment of the Ministry of Defence headquarters, identity cards and money wasted on computer systems that never work. If the hon. Gentleman thinks back, he will remember that my party's manifesto at the last election set out some clear proposals for cutting costs and waste in government. However, we want to look to the future and talk about the policies that we need to adopt to prevent a repetition of this situation, so that we never return to this position again, by setting out a long-term policy to share the proceeds of economic growth, so that in future we do not borrow through a boom and leave ourselves unable to respond to the kind of situation that the Government now face.

Mr. Graham Stuart (Beverley and Holderness) (Con): The incoming new Labour Government promised my constituents, particularly the low-paid and those living in isolated rural areas, that they would be wise spenders, not big spenders. Those people feel absolutely let down by a Government who were supposed to be there to look after the least well-off, when it is the least well-off who are paying the highest price for that Government's failure.

Mr. Hammond: My hon. Friend expresses eloquently the concerns of his constituents and those of many other of my hon. Friends' constituents.

Daniel Kawczynski (Shrewsbury and Atcham) (Con): Does my hon. Friend also share my concern about the sheer levels of national debt that the socialists have incurred over the past 10 years? We now owe more than £700 billion, which has obviously put them in a straitjacket, which means that they cannot inject liquidity into the economy when we face a recession.

Mr. Hammond: My hon. Friend is right. I will return to that issue in a moment, because that is the essential point. Although we agree with the Government about the need to avoid a wage/price spiral and the need for wage restraint, they have put themselves into a position in which they simply do not have the tools available to respond to the pressure that families and businesses are feeling.

Mr. Don Touhig (Islwyn) (Lab/Co-op): Will the hon. Gentleman give way?

Mr. Hammond: I will in a moment, but I want to make a little progress.

The Government have no room for manoeuvre, because they did not act prudently during what the Governor of the Bank of England called the NICE years. Fiscal policy is now alarmingly loose and monetary policy very tight in response—the classic hallmarks of a basket-case economy. Yet the Government still seem to be displaying just the tiniest bit of self-satisfied complacency. In their amendment to the motion, the Prime Minister invites the House to note that

"unemployment, inflation and interest rates"

are

"all at historically low levels".

But what matters to people now is that interest rates are the highest in the G7, unemployment is rising and the inflation rate is double what the Government inherited 11 years ago. Their amendment boasts about the measures that they are taking to support families and business, including increased tax allowances and winter fuel payments, yet those are the very measures that the Chancellor was forced to concede to buy off the rebellion on his own Back Benches over the 10p tax rate.

Interestingly, the amendment describes the extra winter fuel payments and increased tax allowances as measures that the Government

"will continue to take to support families and individuals".

At first they said that they could not reopen the Budget, but then they did. Then they said they had no money, but when the political chips were down, they found some. Then they told us they would not announce until the pre-Budget report whether the additional winter fuel payments and increased tax allowances would be ongoing. Now they have done so, in this amendment. When the Chief Secretary to the Treasury responds to the debate, will she confirm that this is a policy announcement, and that the extra winter fuel payments and increased tax allowances are measures that the Government will continue to take to support families and individuals? And if that is the case, will she tell us what the cost will be for next year and the year after?

Mr. Jeremy Browne (Taunton) (LD): I keep hearing from the Conservatives the mantra that the Government should have fixed the roof when the sun was shining. Will the hon. Gentleman comment on this quote from Michael Portillo, the then shadow Chancellor, in 2000, when the budget surplus was at its height and the sun was shining most strongly? This is what he said:

"Conservatives will tax less, spend better and deliver more…We will cut taxes on business, so that they can compete and create prosperity and jobs. We will reform Labour's taxes on entrepreneurs…We will encourage savings…We will help pensioners and hard-working families. We will restore a married couple's allowance. We will cut the duty on fuel. That gives you a flavour of my budgets!"

He did not sound as though he intended to put a lot of money aside for the lean years.

Mr. Hammond: The gentleman in question went on to try his luck, lose and depart from these Benches. The Conservative party, too, has moved on in the past few years. We are always happy when Labour or Liberal Democrat Members offer quotes that merely serve to emphasise the extent to which my right hon. Friend the Member for Witney (Mr. Cameron) has changed the direction of the Conservative party.

Mr. Browne: Will the hon. Gentleman give way?

Mr. Hammond: No, I want to make some progress.

Where did it all go wrong? The Prime Minister must ask himself that question every morning when he wakes up. It went wrong because he swallowed his own line on boom and bust. He started behaving as though the good times—the NICE years—were here for ever, and there were no rainy days to prepare for, and no roof to fix while the sun was shining. He borrowed through a boom, apparently oblivious to the need to prepare for the possibility that it would not be perpetual. Now he can stick "inappropriate pro-cyclical fiscal policy" on his mantelpiece next to "post-neoclassical endogenous growth theory"—*[Interruption.]* I think I said it okay, didn't I? For seven consecutive years he predicted that the deficit would turn into surplus three years out, and for seven consecutive years that target was rolled forward. He offered jam tomorrow, like putting a carrot in front of the donkey. While competitors and trading partners such as Australia, Sweden, the Czech Republic, Denmark and South Korea used the worldwide boom in trade and economic growth to pay off their public debt—making them well placed to weather the slowdown—he rolled out more, right the way through the good years.

So, as a third of OECD countries face the economic slowdown with their budgets in surplus, Britain, with over 3 per cent. of GDP, has the largest public sector net borrowing requirement of any country in the world bar Hungary, Egypt or Pakistan, making Italy look like a paragon of fiscal virtue.

Mr. Jim Cunningham (Coventry, South) (Lab): We all recognise that we have economic difficulties, but I noticed that when the hon. Gentleman responded to my hon. Friend the Member for Wolverhampton, South-West (Rob Marris) who asked about alternatives, he started to talk very vaguely about ID cards and that sort of thing, and in response to the hon. Member for Taunton (Mr. Browne) he mentioned the manifesto. All that he talked specifically about was cutting waste—an argument

[Mr. Jim Cunningham]

that is always used. May I remind the hon. Gentleman that in 1997 we inherited a situation in which 50p in every pound went to pay off debt? The hon. Gentleman did not touch on those things. The Conservatives borrowed their way through the '80s and the '90s, so what is their solution to the problem now, as it is worldwide?

Mr. Hammond: I am not really sure that I understand the point of that intervention, but I would say this to the hon. Gentleman. We have set out a very clear policy of sharing the proceeds of economic growth and we want it to go forward. It is a rule that will prevent us from getting into the same kind of trouble that the Prime Minister has got this Government into. I shall explain in a few moments, if I may, what I think has gone wrong.

The Prime Minister swallowed his own line on boom and bust. He apparently believed that the good times would never end, and instead of putting something by for the more difficult times that were bound to come, he just went on spending and borrowing right the way through the boom.

Ms Dawn Butler (Brent, South) (Lab) *rose—*

Mr. Hammond: I want to make some progress.

Britain, with 3 per cent. of GDP as a net borrowing requirement, is going into an economic slow-down in a very serious fiscal position. In 1989-90, the Budget was in surplus as we moved into a period of economic slow-down. Where the Government have led, the consumer has followed, piling up a mountain of debt on the back of asset price inflation, with 175 per cent. of personal disposable income in household borrowing—the highest ratio in the world. The Government cannot help households because they have over-borrowed, and households cannot help themselves as the squeeze tightens because they have over-borrowed as well.

Nigel Griffiths (Edinburgh, South) (Lab): Will the hon. Gentleman give way?

Mr. Hammond: Let me make my point, and then I will.

As well as being unable to help people, the Government are actively reinforcing the inflationary pressures and thus the risk of a wage response. Consumer prices index inflation at constant tax rates is 3.1 per cent., which means that if taxes remained at the rates prevailing at the beginning of this year, inflation would be 0.2 per cent. lower than it is today.

The issue of diesel prices has moved up the political agenda. That is hardly surprising, because the figures show that before tax the UK has lowest diesel prices in the EU, but after tax is added they are the highest. With inflation expectations so important, the Government must look again, as they surely will be forced to do by their own Back Benchers, at the swingeing road tax increases for next year and the year after, which are doubling the road tax for about a million older cars and raising it on the overwhelming majority.

Nigel Griffiths: What the hon. Gentleman is failing to point out to the House is that at the beginning of the 1997 cycle, Conservative debt was more than 41 per cent. of gross domestic product. Under Labour in this cycle, it is less than 37 per cent. The cost of servicing that Conservative debt was 9 per cent.; now it is less than 6 per cent.—a saving of around £23 billion to put into services each year. The hon. Gentleman may be shaking his head, but the truth is that debt levels under the Conservatives were astronomical compared with debt levels today, and he should admit that fact.

Mr. Hammond: We have to remember that nowadays there is a huge concealment of Government debt off balance sheet, through the private finance initiative and other mechanisms. What I remember of 1997 is rising economic growth, falling unemployment, falling youth unemployment, falling inflation, and inflation half the level it is today. That is the legacy that I remember, which the hon. Gentleman's Prime Minister has squandered.

Mr. Brooks Newmark (Braintree) (Con): To clarify the point that my hon. Friend is making, may I add that the figure is, I believe, not 40-odd per cent. of GDP but about 110 per cent., if we include all the debt that this Government have put off balance sheet?

Mr. Hammond: My hon. Friend is right. If we strip out the Enron accounting we will get to some very different figures, which few Labour Members will want to quote back at us.

Mr. Jeremy Browne: Will the hon. Gentleman give way?

Mr. Hammond: I want to finish, as many hon. Members would like to speak.

There are other practical steps that the Government could take to help, such as promoting greater awareness of the best tariffs available from gas and electricity suppliers, adopting the proposal made by my right hon. Friend the Member for Witney (Mr. Cameron), the Leader of the Opposition, to include in gas and electricity bills information on average consumption levels of similar properties and a roll-out of smart metering to help people to manage their energy consumption better. However, the sad truth is that the Government have boxed themselves in. Excessively loose fiscal policy has left the UK, in the words of Alan Greenspan, "more exposed" than the US and facing difficulties that, in the words of the OECD, will be "larger than elsewhere".

So here we are, with a Labour Prime Minister who for the last decade has been lecturing his neighbours on the continent on how to do it, now being slammed by the OECD for excessively loose fiscal policy, disciplined by the EU for the size of our deficit and, more importantly, unable to take action of the kind that more prudent Governments are taking to help their citizens and businesses when they most need it, not just because Governments are there to help their citizens, but because that is the best way to counter the pressure for inflationary wage increases.

With the cost of living set to go on rising as growth stagnates, there are just two possible outcomes: either real living standards will fall in the immediate future or inflationary wage rises will defer the moment of pain, and in the process risk destroying Britain's competitiveness, and thus its prospects beyond the current downturn. The Government need to be frank with the electorate about the situation. Either way, the British public will

know who to blame: a Prime Minister whose sole legitimacy was the claimed ability to manage the economy, but whose economic incompetence has left Britain and its citizens so ill prepared for the economic slow-down that we now face.

4.17 pm

The Chief Secretary to the Treasury (Yvette Cooper): I beg to move, To leave out from "House" to the end of the Question, and to add instead thereof:

"notes the significant increases in world prices, with the oil price rising 80 per cent. and food prices up 60 per cent. in the year to May 2008; notes that the Governor of the Bank of England's letter to the Chancellor dated 16th June 2008 said that 1.1 per cent. of the 1.2 per cent. increase in inflation over recent months was due to world food and energy prices, and that the Government was right to tackle the rises with action on an international level, including urgently looking for a successful conclusion to the Doha round of negotiations in the World Trade Organisation and examining the impact of biofuels on food production; supports the Government's global leadership on these issues; recognises the pressure that these increases in world prices put on family budgets; further notes the measures that the Government will continue to take to support families and individuals, including pensioners and businesses, throughout the UK, including through extra tax credits, increased tax allowances, winter fuel payments and increases in child benefit; further notes that the most important support for working families is a strong and stable economy; and supports the Government's actions that have delivered unemployment, inflation and interest rates all at historically low levels, helping millions of families into stable home-ownership and sustainable employment."

This is an important debate at a time when families across the country face pressure from rising world food and fuel prices. Those prices are going up across the world, not just here in Britain. Oil prices have nearly doubled in a year. Whereas a barrel of oil cost $10 a decade ago, a few weeks ago the price rose by that much in one day alone. That puts up the cost of petrol at the pump, as well as the cost of gas and electricity bills, which have themselves risen by 15 per cent. and more than 12 per cent. respectively in the last 12 months.

Mr. MacNeil: The Minister mentions the rising price of oil in world markets, but my constituents face prices per litre for diesel and petrol that are 30p more expensive than in the Irish Republic. Will she accept her responsibility and that of her Government in relation to the pump prices that people face?

Yvette Cooper: Right across the country, there are pressures that people face—at the petrol pump, but also with their utility bills. There are also different parts of the country that show disparities in the prices that they face, which do not appear to be justified by ordinary economic factors. We are keen to look further into that. Discussions have taken place on the issue.

Mr. Redwood: If people could still get petrol at £1.15 a litre, 70p of that would be Government taxes, which have been going up this year when the Government claim to be worried about the plight of the motorist. Why do they not simply get their tax down, because that is the dominant part of the price at the pump?

Yvette Cooper: As the right hon. Gentleman knows, we have delayed the fuel duty increase, and fuel duty has fallen in real terms over many years as a result of the decisions that we have taken. The issue that faces people at the petrol pump is not fuel duty, but the fact that we have seen such substantial increases in the price of oil, which is affecting countries right across the world.

Robert Key (Salisbury) (Con): The Chief Secretary is a reasonable person, and knows that hundreds of thousands of people across the country, in every part of the economy but notably in the national health service and social services departments, are subsidising their employers every time they fill up their cars with petrol that they use in the course of their work, because the approved mileage allowance payment scheme, set in 2002 at 40p a mile for the first 10,000 miles, has not been upgraded. Last year there was a review, which has not been published. I have tabled a parliamentary question asking the Department to publish that review, and have not been answered for three weeks. If she wants to take us into her confidence, could she not publish that report so that we can see why the Treasury has refused to take the simple step of upgrading such mileage allowances so that some of the poorest people in society no longer subsidise their employers?

Yvette Cooper: I am happy to look into the point about the review and to write to the hon. Gentleman about it. Again, however, the fundamental problem faced not just by this country but right across the world is the soaring price of a barrel of oil. Fuel duty is 16 per cent. lower in real terms than it was in 1999. Every country in the world is facing problems. Egypt, Haiti and the Philippines have had riots over food prices as a result of the pressure on commodity prices. In Spain and Italy, major protests have taken place about the cost of petrol. Countries right across the world are affected, and that is feeding into domestic inflation in this country too.

Mr. Stewart Jackson (Peterborough) (Con): On that point, is not the pertinent issue that other countries, particularly the United States, have in their armory fiscal policy to alleviate the credit squeeze? They are in a position to do that, but we are not, as a result of our Government's fiscal management.

Yvette Cooper: I want to come on to that point, because it is important. As a result of changes to tax credits, tax allowances and so on, we are putting money into the economy this year, and such support is right. The record of the hon. Gentleman's party on fiscal policy and debt management, however, was atrocious. Under this Government between 1997 and 2007 public sector borrowing was 1.2 per cent of GDP, whereas under the last Conservative Government between 1992 and 1997, public sector borrowing was considerably higher at 6 per cent. of GDP, and that is why debt was also considerably higher. He is therefore in no position to provide lessons on management of fiscal policy.

Daniel Kawczynski: Will the Chief Secretary give way?

Yvette Cooper: I will give way on one last point, and then make some progress.

Daniel Kawczynski: The Chief Secretary has referred repeatedly to the price of petrol and diesel. What plans does she have to help essential users such as road hauliers and those in the farming industry in the short term, to help them to overcome the petrol costs crisis?

Yvette Cooper: As the hon. Gentleman will know, such users can claim back VAT, and there is support in place to do that. We must recognise, however, that such price increases are having an impact across the economy, on businesses as well as on households. That is why it is important that sensible decisions are taken not just in this country but globally, to try to get through the problems that we face as rapidly as possible.

The problem affects not just oil, but food. Global food prices have also risen by over 40 per cent. in the last year, with basics such as rice and wheat hitting new highs. The increased price of bread and eggs in the shops has an impact on families. The Governor of the Bank of England has said that the inflation increase that we have seen is accounted for by

"large and until recently unanticipated increases in the prices of...food, fuel, gas and electricity."

Those components alone account for 1.1 percentage points of the 1.2 percentage points increase in the CPI inflation rate since last December.

The price rises are having an effect across the world. Those on fixed incomes, and particularly pensioners, who are often on fixed incomes and might be on lower incomes than households across the board, face particular pressures when they look at their gas and electricity bills and worry about prices as winter approaches.

Mr. Mark Field (Cities of London and Westminster) (Con): Will the Minister give way?

Yvette Cooper: I shall be happy to give way after I have made a little progress.

The world economy faces rising prices, and at the same time we are having to deal with an ongoing global credit squeeze that is having an impact on mortgage lending. As a result the British economy faces tougher times ahead, and like other countries we will need to respond to that. However, we face these challenges in a much stronger position than our position in earlier decades. Overall inflation stands at 3.3 per cent.; the Governor of the Bank of England has said that he expects it to rise to 4 per cent. before falling again towards the target next year. Our inflation rate is still lower than the rates in the United States and the eurozone, and very different from the rate in the 1980s and 1990s.

Mr. Philip Hammond: The Minister says that we face these pressures in a stronger position than other countries, but Alan Greenspan says that the United Kingdom is more vulnerable than other major economies. I understand that Alan Greenspan is, or was, an adviser to the Prime Minister. Is he wrong?

Yvette Cooper: Last month's report from the International Monetary Fund stated:

"For over a decade, the United Kingdom has sustained low inflation and rapid economic growth—an exceptional achievement...the fruit of strong policies and policy frameworks, which provide a strong foundation to weather global"

challenges.

Let us examine the position from which we start, compared with that of previous decades. While the CPI inflation rate is now 3.3 per cent., it was 8.5 per cent. in April 1991, and for nearly two years it was more than twice as high as it is now. The retail prices index inflation rate is now 4.3 per cent. It peaked at over 20 per cent. in 1980 and averaged 6.4 per cent. from 1979 to 1997, compared with an average of 2.8 per cent. since. We should now be supporting the pensioners who experienced the breaking of the link between pension and earnings, cuts in their pensions and persistent high-inflation problems throughout the Conservatives' time in office, rather than listening to lessons from the Conservatives, whose record on both inflation and the management of public finances is one of which they should be ashamed.

Mr. Field: Does it not occur to the Minister that the hostile public sentiment being directed at the Government is partly due to the fact that, while everyone understands that big global problems are affecting the economy at the moment, during the good times for the Government over the past 10 years they never observed that they were being assisted by benign economic conditions throughout the world, but tried to take the credit for all that was going well?

Yvette Cooper: I certainly think it worth reflecting on some of what has happened over the last 10 or 11 years. There have been benefits from world commodity prices, largely thanks to developing countries. There have also been significant benefits as a result of our making the Bank of England independent—a decision which, as the hon. Gentleman will recall, was opposed by his party—and there have been changes to support more competitive and global markets across the board. During the same period we have dealt with global challenges: for example, the bursting of the dotcom bubble and the events of 9/11, which pushed other countries into recession. Over the past 11 years other countries have experienced recession, while the United Kingdom has continued to experience strong economic growth throughout. We have weathered global storms before, and have done so better than other countries.

The particular challenges that we face at the moment—the dual challenges of increasing world prices and a global credit crunch—are also posing considerable challenges to every other country in the world, but over the last 11 years income per head of population has grown faster in this country than in any other G7 country. In 1997 we were bottom of the G7 prosperity league; now we are second to top. We begin this period with employment at a record high, rather than the record unemployment that we experienced in earlier decades.

None of that should cause us to underestimate some of the challenges that we will face as a result of these global problems, and the need to respond to them. No national Government can act alone to stop a global slowdown, and no national Government can act alone to solve problems caused by rising world commodity prices. What we can do, however, is work with the rest of the world—with our global and European partners—and take action here at home to support the economy and the families who face difficult times.

Mr. Douglas Carswell (Harwich) (Con): Pensioners in Clacton face a fall in their standard of living. Their incomes are by and large fixed, but the costs of energy and utility bills and council tax bills have shot up. Apart from offering pensioners free swimming, what does the Minister think can actually be done to try to help their situation?

Yvette Cooper: As the hon. Gentleman will be aware if he has talked to pensioners in his constituency, we have increased the pension credit, as a result of which some pensioners are £2,000 a year better off than they would have been in 1997. We have also introduced the winter fuel payment, which will be increased this year by £50 for the over-60s and by £100 for the over-80s, particularly because we know that pensioners will be facing winter fuel bill pressures as a result of rising oil prices. We have increased the pensioner tax allowance this year as well. We have, therefore, already done a lot to support pensioners. *[Interruption.]* My party colleagues on the Back Benches are reminding me of other measures, such as concessionary fares, free bus passes and the Warm Front programme to help pensioners insulate their houses. *[Interruption.]* Yes, TV licences, too, and free eye tests. This Government have introduced a whole series of measures that the Conservative party did not introduce in order to help support pensioners. We want to continue to support pensioners, because we recognise that pensioners on fixed incomes face the greatest pressures.

Mr. MacNeil *rose—*

Mr. Jim Cunningham *rose—*

Yvette Cooper: I have given way to the hon. Member for Na h-Eileanan an Iar (Mr. MacNeil) once already, so I shall give way to my hon. Friend the Member for Coventry, South (Mr. Cunningham) instead.

Mr. Cunningham: My right hon. Friend lists what we are doing for pensioners, and I am sure that the Government understand that there are both fuel and economic problems. Will she also mention what she is doing for women between the ages of 60 and 64, because that is important, too, and people are concerned about it?

Yvette Cooper: My hon. Friend is right. As well as the winter fuel payment increase, we have increased the tax allowance; my right hon. Friend the Chancellor announced that.

It is also worth pointing out that the Conservative party's own research document on the cost of living was forced to admit that since 2001-02 pensioner couples are in real terms £30 a week better off and single women pensioners are £21 a week better off. Those are not our figures; they are the figures that the Conservative party produced on the impacts on pensioners.

Several hon. Members *rose—*

Yvette Cooper: Members will appreciate that I have given way a lot, and I know that many Members want to speak, but I shall give way to my hon. Friend the Member for Hastings and Rye (Michael Jabez Foster).

Michael Jabez Foster: I am grateful to my right hon. Friend. May I remind her of the deal she has done with the energy companies? The poorest pensioners in my constituency are getting 15 per cent. reductions in their fuel bills as a result of the social tariffs she has brought about.

Yvette Cooper: My hon. Friend is right. After this year's Budget, we held discussions with the utility companies, and as a result of working with them they have agreed to treble the amount of investment they are putting into assistance for the most vulnerable households—those on the lowest incomes, and those at greatest risk in terms of fuel poverty—in order to help them with their fuel bills this year. That is hugely important, and it needs to be seen alongside work to reduce the demand for electricity and higher heating levels by improving insulation through the Warm Front programme and also the requirement on the energy companies to put more money into insulating people's homes.

Several hon. Members *rose—*

Yvette Cooper: I must make a little progress before giving way again. I will take more interventions later, if I can.

The fundamental problem is that the world is not producing enough food or energy to meet rising demand, particularly with the growing demand from developing countries as well. We need to act at international level to help increase production in the short term. That means working with international partners to remove some of the barriers preventing increased supply. On food prices, the UK will work with other countries to put forward proposals for increasing agricultural production at next month's G8 summit. We have already committed to doubling investment in agricultural research to help improve efficiency and production over the next five years. We are continuing to press for reform of the common agricultural policy, because it is unacceptable that the EU continues to apply high tariffs to many agricultural imports, particularly at a time of such high prices.

On oil, we are pressing for the removal of barriers that are preventing an increase in supply. This weekend, the Prime Minister was in Saudi Arabia making the case for greater transparency in the provision of data on oil supply and demand.

We are continuing to press for further energy market liberalisation in the EU, so that consumers and businesses do not lose out as a result of inefficient and expensive gas and electricity markets. Of course, in the medium term we need to do more to reduce our dependency on oil and gas both in Britain and across the world, for the sake not simply of the world economy but of the planet. That is why we will be setting out further proposals on renewable energy later this week.

Mr. Peter Atkinson (Hexham) (Con): On the rising price of oil, a claim is being made in the US that some of this increase is due to speculation in the oil futures market, and the Fed lays considerable blame for this on the London oil futures market, which it claims is under-regulated and wants greater regulation of. Will the right hon. Lady comply with that?

Yvette Cooper: The Financial Services Authority has been looking at this issue, and there are different views on speculation. There is also an underlying view that there are long-term problems here, regardless of the impact of short-term speculation, which mean that we are overly dependent on oil and gas not simply as a nation, but across the world. We need to do more to address that and to improve energy efficiency, while also recognising some of the pressures in the market that prevent increasing responsiveness to price signals in the energy market but also in food production.

Rob Marris: Will my right hon. Friend give way?

Yvette Cooper: I will, but then I need finally to make progress.

Rob Marris: I am grateful to my right hon. Friend. She has read out a long list of what the Government are trying to do to assist in this difficult situation. Does she agree with me that the official Opposition are not fit for government, given that they cannot put forward any policies? They decry jam tomorrow when in fact, all that they are talking about is proceeds of growth, which is a "jam tomorrow" policy if ever I heard one. They are the ones who caused the roof to be leaking in the first place, which we fixed literally and metaphorically around the country. They say that we need to tighten fiscal policy, but they do not even say whether they will put taxes up or cut spending. With a rhetorical flourish, the hon. Member for Runnymede and Weybridge (Mr. Hammond) sets out his policy to address the huge problems associated with the cost of living—smart metering. That is their policy.

Yvette Cooper: My hon. Friend is right—there was a distinct absence of alternatives and proposals from the Conservative party that would actually help either the UK economy or the global economic situation.

We will continue to support the Bank of England through the monetary policy framework, and we are urging a responsible and disciplined approach to pay on both the private and public sectors. From the boardroom down, people do need to recognise the importance of this, of avoiding a return to the destructive wage spirals that we saw in previous decades, and of the Bank of England's being able to respond within the monetary framework. That is why we have welcomed the three-year pay deals in a series of areas in the public sector.

The hon. Member for Runnymede and Weybridge (Mr. Hammond) was keen to protest the Opposition's strong support for wage restraint, probably in some determination to correct the hon. Member for Tatton (Mr. Osborne), who told the BBC,

"I'm not against opening negotiated pay deals",

sending a much looser signal about their commitment to support for wage restraint at a difficult time. We are increasing borrowing to support the economy, and that is the right thing to do at this stage in the economic cycle. We have delayed the increase in fuel duty, and we have increased tax credits and allowances for pensioners and cut the basic rate of tax. In addition, the Chancellor has increased the tax allowance for this year not just for those affected by the 10p rate, but for all basic rate taxpayers, putting £120 into the pockets of some 22 million people. The overall tax burden, which is less than it was during most of the 1980s, is set to fall this year.

The impact of all this is that families with children will see their tax bills fall, in many cases by several hundred pounds a year, giving them more support at a time when there are difficulties in terms of pressures on the cost of living.

Mr. Philip Hammond: I am listening carefully to what the right hon. Lady is saying. Will she answer the question that I put to her? Will she confirm that, in asking people to settle for wage increases lower than the rate of inflation, the Chancellor is asking them to take a cut in living standards?

Yvette Cooper: I should point out to the hon. Gentleman that his own party's research document has recognised that in real terms, since 2001-02—even in advance of some of the most recent changes that we have set out—families with children are better off than they were in 1997, or in 2001-02. They are seeing real improvements in their income and their support. For example, lone parents are £12 a week better off and couples with children where one parent works full time can be more than £700 a year better off. That is why we are also providing people with additional support through tax credits. I should point out to the hon. Gentleman that this extra support being provided through tax credits, and by increasing child benefit in the next year and the winter fuel payment this year, is funded by the increase in alcohol duty that Conservative Members have opposed. They are opposing our measures to provide additional support to families at a time when people are under pressure, particularly from their winter fuel bills.

It is worth reflecting, as my hon. Friend the Member for Wolverhampton, South-West (Rob Marris) suggested, on what the Conservatives' remedy might be. They have said that they would not put up alcohol duty and would have lower borrowing—not that they can point to any kind of historical record to support their position. We must remember that this is a party that has never proposed lower borrowing. Instead, it has repeatedly proposed spending increases and tax cuts at the same time—that would push borrowing up. Over the past 12 months alone, the Conservatives have called for £10 billion of extra spending on unfunded tax cuts. At the previous election, just at the time they now say they would have cut borrowing, they were actually calling for billions of pounds in extra borrowing—the independent Institute for Fiscal Studies costed their tax and benefit plans alone at an extra £5 billion. In 2005, they were also planning billions of pounds of extra spending on top of that, on things such as the pupil passport and the patients passport for private care, not to mention defence, the right to buy, tuition fees and offshore processing centres for asylum seekers.

At the 2001 election it was the same story: a £3 billion unfunded tax cut on savings, which would help those on the highest incomes, but billions of pounds more spending on asylum seekers' reception centres, defence and other areas. The Conservatives would not have cut borrowing; instead, they promised again and again to dig themselves a massive black hole for the public finances. So much for telling us to fix the roof; they promised to dig up the foundations.

This Government did invest in fixing the roof. Not only did we mend the hospital roofs, the school roofs and the council house roofs that the Conservative party neglected and abandoned, but we invested in the infrastructure and skills that the British economy needs. We have been operating within our fiscal rules to bring down debt substantially and to cut the bills of the economic failure and high unemployment that we inherited from the Conservatives. That is why we have the flexibility to support the economy right now.

Britain, like other countries, is facing a difficult time as a result of world economic problems. Families across Britain are facing the pinch. They are facing higher prices as a result of increasing world food and fuel prices, but these world economic problems need a serious response—with substance, not just showmanship, and

with serious policies not just spin—to help households and businesses through the more difficult times. That is why the House should reject the posturing of the Conservative party and back the Government amendment.

4.43 pm

Dr. Vincent Cable (Twickenham) (LD): The hon. Member for Runnymede and Weybridge (Mr. Hammond) gave a clear and forceful critique of Government economic policy, much of which I agreed with and so do not need to repeat. I am thinking in particular of the sense of hubris that derived from the claims about there being no more boom and bust and about the best economic performance since the Hanoverians, and the contrast with today's reality.

There is one commodity that is not in scarce supply at the moment, and that is criticism of the Government, so I do not need to add to a glut in the market. I shall concentrate instead on scrutinising more closely what the Conservatives are offering as an alternative economic strategy and the terms of their motion. I think that there is a genuine interest, both positive and negative, in what an alternative Government might have to offer. Perhaps I could start by dealing with the phrasing of the motion, by which I am genuinely a bit confused. The first five lines seem eminently sensible and fair, but the motion then goes on to talk about "excessively loose fiscal policy" with approval. The correct policy response to excessively loose fiscal policy—this is presumably what the Conservatives think the Government should have done, and is what the Conservatives would have done and would now do—is to use a combination of higher taxes and reduced spending. That is the opposite to loose fiscal policy. But the motion does not say that. It says that what the Government should have done—what the Conservatives would presumably have done—is to provide assistance and support to hard-pressed families, which involves cutting taxes and increasing spending. Within the same sentence, we have two diametrically opposed macro-economic policies—

Mr. Redwood: Was the hon. Gentleman asleep when the Conservatives produced endless proposals for getting better value for money and having fewer administrators, fewer targets, fewer quangos, fewer ID cards and all the other claptrap that has wasted billions?

Dr. Cable: I was not asleep: I was assiduously reading "The Cost of Living Under Labour" and I shall address the seven-point plan that the Conservatives propose to deal with the situation. It is possible plausibly, and perhaps wisely, to argue for fiscal austerity and for crowd-pleasing tax cuts and spending measures, but to advance them at the same time completely lacks credibility. I will proceed through the seven points, and I hope that my argument will begin to stack up.

Mr. Philip Hammond: I have great respect for the hon. Gentleman on these issues, but does he accept that "excessively loose" was not our description of the Government's fiscal policy—it was the OECD's description? Does he agree that if the Government had adopted a less excessively loose fiscal policy during what the Governor of the Bank of England called "the NICE years", they would be in a stronger position now to provide support and assistance to hard-pressed families and businesses and thus to draw the sting from the pressure for inflationary wage increases that they now face?

Dr. Cable: That does not follow at all. The hon. Gentleman said in his speech that the main emphasis of policy has to be on monetary policy and if interest rates have to fall—which I think is what he wants to happen to deal with the slow-down in the economy—fiscal policy would have to be tightened. There is a problem with fiscal policy, as the OECD identified, although it is less extreme than the hon. Gentleman claims. Were we to go into a period of slump, or of prolonged stagnation as they had in Japan, it would be very difficult for the Government to embark on strikingly Keynesian policies, because of the erosion in the fiscal rules that has already taken place. But that is not what the motion says. It gives the impression that we can simultaneously have fiscal austerity and crowd-pleasing measures of assistance and that is a fundamental contradiction.

I shall go through the seven proposals. The first is to give 1.8 million couples an extra £2,000 a year, addressing the couple penalty in the tax credit system. That is a good policy, and I applaud it, but the concluding sentence makes it clear that the change

"will be implemented as savings are generated through our radical programme of welfare reform."

In other words, it may happen, but it would take time and it certainly would not provide much relief to hard-pressed families in the short term.

The second proposal, which interested me particularly, was shifting the burden of taxation away from families. It talks about

"our commitment to increase the proportion of taxation raised through green taxes by rebalancing taxation away from taxing 'good' things, like jobs and investment, towards taxing 'bad' things, like pollution and carbon emissions."

When I read that, I felt like a member of the General Medical Council reading an essay by Dr Raj Persaud. I felt that I had read that somewhere before and, in fact, I wrote it. The Conservatives have lifted our green tax switch policy of several years ago.

As a candid friend, I can tell the Conservatives in strict confidence that adopting Liberal Democrat policy in that respect would not be without problems. There are two ways in which that Conservative policy—I take it as a compliment that they have borrowed it from us—could be delivered. The first is to have a carbon tax, which in reality is a tax on household fuel, and even I am not brave enough to argue for that. The second is to increase taxation on transport fuels. A bit can be raised from aviation taxes, but the green tax switch, which is the third element in the Conservative proposals, in fact involves increasing taxation on the motorist.

I do not know whether the editor of the *Daily Mail* has been told yet that the Conservatives are campaigning to increase taxes on the motorist. I am not even sure that the shadow Chancellor has been told, because he told *The Daily Telegraph* last week that he was committing himself to not increasing the 2p rate on duty on petrol in the autumn, which struck me as an extraordinarily silly and impetuous thing to do. It might be that the Government will not increase it, and that might perhaps be the right thing to do, depending on conditions at the time. We do not know what the Government's fiscal position will be in the autumn. We do not know what the oil price will be. Any sensible person would wait before making such a commitment.

Mr. Stewart Jackson: Being lectured by the Liberal Democrats on tax policy is rather like being lectured by a eunuch about an orgy. The only two discernable fiscal policies that the Liberal Democrats have had are the 50p top rate of tax, which was unpopular, and the local income tax, which is completely unworkable. Apart from that, the Liberals are doing well. Has the hon. Gentleman any other ideas on fiscal policy that he will be putting in his next manifesto?

Dr. Cable: I was actually talking about one of our policies, which the Conservatives are talking about introducing, and I was explaining how they could do it. I am not sure what the hon. Gentleman's problem is.

As I say, the shadow Chancellor has committed himself to the 2p tax reduction—at least, he has made that commitment to the readers of *The Daily Telegraph* blog, although it might not have gone any further yet. The implication, of course, is that the family fund that the Conservatives propose to establish to help cut taxes for families starts with a deficit of £1 billion a year. That is a problem.

The third element of the programme involves cutting stamp duty for first-time buyers, but to do so at this stage of the housing cycle is not just economically foolish but positively unethical as that is trying to draw people into the housing market at a time when house prices are falling. Be that as it may, I agree that stamp duty needs to be reformed. In particular, it needs to be reformed not for people at the bottom end but for those who are paying more than £250,000 for a property, who pay the 3 per cent. slab. There is an argument for reforming stamp duty to shift the burden on to much higher value houses from those in that price range.

The interesting thing about the proposal—perhaps the Conservative spokesman can clarify it—is that that policy depends on the assumption that the tax change will be paid for in full by the fixed levy on foreign non-doms. My understanding is that that levy is going through the Budget, but once the Budget has been completed, will that policy lapse or will there be a second levy on foreign non-doms? That is a legitimate question and I hope that at some point we might get an answer.

There is another set of Conservative proposals to do with personal debt. I am very interested in the subject and have spoken a lot about it, and the Conservative suggestions are quite sensible if extremely modest. The one specific suggestion concerns illustrative scenarios for credit card users, and the only problem with the policy is that it is already happening. I believe that the Office of Fair Trading ruled three years ago that such illustrative scenarios for credit cards should be introduced. They have been introduced and they do not work because they are not comparable. The policy seems to have limited value, although it is perfectly sensible—

Mr. Philip Hammond: No doubt we are going to hear what the hon. Gentleman's policies are in due course.

Dr. Cable: The hon. Gentleman mentions our policies, but it is not our Opposition day. We had an Opposition day three months ago in which we set out some detailed proposals on the housing market and repossessions. I am happy to repeat what I said then, but this is not our Opposition day. The Conservatives have set themselves up and I hope that they would accept that it is reasonable to scrutinise what they have to say.

Finally, I want to draw attention to the proposals on council tax, because they are fair. The Conservatives rightly point out that the doubling of council tax since the Government came in has been a major contributory factor to the pressures of the cost of living on low-income families and pensioners. It is a regressive tax that bears very little relation to current property values, and the Conservatives should know that because they introduced it. What I am puzzled about is why they have ignored some perfectly sensible reforms. We have argued that council tax should be abolished, but it does not have to be. The Lyons report contains some perfectly sensible reforms for increasing the take-up of council tax benefit, but they are not even mentioned by the Conservatives. Instead, they suggest that there should be a referendum to deal with excessive increases in council tax, and on page 18 of their document they list five councils that have imposed such increases.

The unfortunate problem is that four of those councils are Conservative led—indeed, two of them, Birmingham and Leeds, have benefited from a joint administration with the Liberal Democrats. They are clearly not bad councils, therefore, but they appear to have been singled out for a referendum on the council tax.

I am genuinely puzzled about how the referendum would work in helping people with the cost of living. What question would be asked? If people vote no to a proposed council tax increase, does that mean that councils would have carte blanche to cut their education budgets? Would they be free to use their reserves without being subject to the present constraints? The policy is extremely badly thought out, yet it is at the centre of the Conservatives' proposals for dealing with the cost of living.

In the few minutes that remain to me, I want to concentrate on what I think are the two key elements in the increased cost of living that, in reality, we face. On the front of their report, the Conservatives have helpfully included a summary of the main contributory factors to what they describe as "Gordon Brown's Disaster". Those factors are nine price increases—seven of them in food, and the other two in fuel.

What is the Conservatives' proposal for dealing with those nine price increases? Indeed, what can anyone do about them? Three of the price rises relate to dairy products—butter, milk and cheese. What is the failing in Government policy in respect of the dairy industry? How could the Government be expected to mitigate the problem? I have sat through years of painful Department for Environment, Food and Rural Affairs questions, in which the main challenge from both Conservative and Liberal Democrat Members has related to the poverty and poor returns of dairy farmers.

That problem has been rectified through the market, so are the Conservatives suggesting that dairy farmers are now being paid too much, or that the market should not be allowed to work? I do not know, but we are talking about part of "Gordon Brown's Disaster", so I presume that the Conservatives have some idea of how the problem should be rectified.

A much bigger problem exists, of course, and I agree with the Government motion in that much of it has to do with world trade in food. I should be intrigued to know how the Government have responded to last weekend's insane rant from President Sarkozy criticising Mr. Mandelson. I think that he suggested that

Mr. Mandelson was responsible for millions of children dying of starvation because he was failing to support French protectionist food policy. That is completely idiotic, and I hope that the Government will make it absolutely and publicly clear that they do not subscribe to that sort of nonsense.

The main contributor to inflation in the short run has been the price of energy. It is worth devoting some time to looking at how that problem has arisen. We might also consider some possible solutions to it, and whether any party has any answers.

The rise in energy prices is partly a function of world prices but, as the right hon. Member for Wokingham (Mr. Redwood) correctly noted in an intervention, another factor is the way that the economic rent from oil is divided between Governments, consumers and producers. For the moment, though, I want to focus on the problem with world prices. It is clear that the Prime Minister thinks that he has a role to play, as he went to the middle east in an attempt to influence the producers.

It is important to say that some foolish myths are circulating. The Government—and the Prime Minister personally—have been responsible for the first of them, as they have argued that the price of oil in world markets is being forced up by members of the OPEC deliberately withholding supply. That is complete nonsense: there is less than 2 per cent. spare capacity, and there are serious production problems in countries such as Nigeria and—because of the war—Iraq. The price rises are not due to the malicious withholding of supplies, and the Prime Minister is totally wrong to have created that impression.

The other myth in circulation is that the price rises are something to do with wicked speculators. It may seem odd, coming from a Liberal Democrat, but I disparage that argument. It has become a fashionable argument; indeed, the leader of the Conservative party was advancing it yesterday. However, there is not a shred of evidence that there are accumulated oil stocks or that futures markets have systematically pushed prices in their current direction. Those markets affect the level of volatility, but not long-term trends.

Speculators are clearly not the issue. There is a policy problem, on which the Prime Minister reported yesterday: there is a shortage of investment in the oil industry. I would like to have raised two issues with him at the time, and I will communicate them to the Minister. If the oil producers are so negligent in failing to attract foreign investment in the oil industry, why was the one OPEC country that has welcomed foreign oil companies—Iran—threatened with sanctions the moment it did so? Foreign oil companies were only too happy to invest in Iran, but they have been told that they will be penalised if they go there.

I am sure that the Saudis and others have made another point to the Government, who should reflect on it. The Saudis and others would ask, "Why are you criticising us for not investing, given that you have increased additional corporation tax and petroleum tax levies on the North sea oil industry, making the west of Shetland fields completely financially unsustainable?" Through its own policies, Britain has as much responsibility as the oil producers for failing to produce a supply.

Mr. Siôn Simon (Birmingham, Erdington) (Lab): Will the hon. Gentleman say a few more words about the speculation question? Is he saying that there has not been a big shift of capital from a weak dollar into oil—perhaps perfectly legitimately, and not necessarily in an abusive or speculative way? Is he saying that there has not been such a shift of capital, or simply that the shift has been legitimate rather than abusively speculative?

Dr. Cable: There is a complicated argument, and we could spend the day on it. I am trying to understand other people's arguments. When people complain about speculative pressures, I think that they are saying two different things. One is that futures markets do not function properly, although I do not think that there is any evidence for that—those markets may be volatile in the short run, but they do not cause enormous shifts over periods of years.

The other thing that such people are saying is that a lot of people who are nervous about investing their savings are putting them into commodity-based securities. That is the argument that the Conservative leader advanced yesterday. However, the actual magnitudes of money involved in those commodity securities is trivially small in relation to the turnover of oil markets. It is difficult to explain what has happened in any way other than through the fact that world oil demand has been rising unsustainably and that supply is fixed in the short run. That is the problem.

Rob Marris: In that context, will the hon. Gentleman reflect on his party's policy of an 80 per cent. cut in CO_2 emissions in the United Kingdom by 2050? World demand for oil is increasing, and the suggestions that he seems to put forward in respect of bottlenecks because of lack of investment are a policy for increasing oil output. The rest of the world continues to use oil. The macho gesture politics of 80 per cent. cuts in the United Kingdom—probably in isolation from almost all the rest of the world—are ridiculous, given that demand for oil is increasing and will continue to increase. I urge the hon. Gentleman's party to reflect on that; otherwise, it will go on asking UK residents to undergo a painful transition, which will not prevent climate change.

Dr. Cable: This is a complicated argument, and we are getting a bit off the cost of living. However, I refer back to the excellent report produced by the Cabinet Office in 2003, under the original editorship of the then Prime Minister Tony Blair. It suggested that a very large shift to renewable power could be achieved without nuclear power and at reasonable cost within the time arrangements that we are talking about.

The challenge to all parties is to face a few home truths about oil and energy prices. The first is that oil prices, and energy prices generally, are likely to remain high. It is important that they should, for conservation and environmental reasons and because of the need for long-term security of supply. There is no argument for pandering to populist demands to cut oil prices to the final user; that would make very little sense. Although there are real problems for people in remote rural communities, which is why we have argued for a derogation for them, motorists' costs have risen less rapidly than costs for public transport users, and that remains a basic feature of transport policy. Moreover, although British diesel prices are exceptionally high because of diesel taxation, which is one of the truckers' grievances, and a reasonable one, British petrol prices are not out of line with western Europe—they are pretty comparable

[Dr. Cable]

with those in France and Germany and lower than those in Holland, Belgium and the Nordic countries. The one European country that could, if it wished, offer its residents low petrol prices is Norway—a major oil producer that has much higher taxes and prices than the United Kingdom. Perhaps those are the truths that should be spelled out when we are talking about the high cost of motoring and the high cost of petrol.

The one area where the Government could sensibly intervene to reduce the cost of living in relation to energy prices is gas. The Conservative document has some sensible comments to make about the wholesale market in gas, although it does not go nearly far enough. There is a lot of evidence that there is a case for a Competition Commission reference as regards the gas and electricity producers. Social tariffs are far too ungenerous in relation to the prices that companies offer to their direct debit users. As my party leader has been arguing over a period of weeks and months, there is a case for using the windfalls that producers are earning as a result of the non-auctioning of licences under the European trading scheme to ameliorate the problems faced by poor gas users, particularly pensioners. The Government could do something constructive and useful about that in the short run.

The Government have been staggeringly complacent about the growing problems facing the economy. The Conservative alternative, at least as it has been set out today, is either feeble, in many respects, or dishonest in others. Perhaps they owe us a little more explanation of what they would do faced with this very difficult situation.

5.7 pm

Nigel Griffiths (Edinburgh, South) (Lab): It is a pleasure to speak after my right hon. Friend the Chief Secretary to the Treasury. I should like to express some interest and concern about, and to give a view on, why the Opposition have initiated this debate. I am reminded of what Nye Bevan said when he was Housing Minister after the war and the Conservatives proposed a vote of no confidence. He congratulated the Opposition on their concern for the public weal in introducing a motion on a subject so embarrassing to them—and today's subject is certainly embarrassing for the Conservatives.

The favoured cliché among the Conservatives at the moment is that not enough was done to fix the roof while the sun was shining. It certainly was not shining during the Conservative years, nor was it shining for the other G7 economies after 2001. As they went into recession and negative growth, we—month after month, quarter after quarter, and year after year—experienced continuous economic growth because of the sound policies adopted by this Labour Government. It is one of those metaphors that repays close study, because in fact we did fix the roof. There were a lot of roofs to fix—in our hospitals, in our schools, in our police stations and elsewhere. The legacy of leaking roofs in our hospitals was such that we had to provide 100 new hospital schemes, as well as 2,850 new or improved GP surgeries. The hospital buildings were needed to cater for the investment in training that Labour put into the 83,000 extra nurses, 35,000 extra GPs and 33,000 extra consultants. That is why we are achieving 600,000 more operations a year. Far from whistling while the sun was shining, we were doubling investment in our national health service to a total of £90 billion. We were fixing the leaking roofs in our schools, with 800 new or rebuilt schools to house the 35,000 extra teachers.

Mr. Graham Stuart: The hon. Gentleman mentioned Nye Bevan, who said sarcastically that what the Labour party needed as a leader was a desiccated calculator. Do Labour Members, such as the hon. Gentleman, who thought that they would get such a desiccated calculator, realise that they now have a leader who is desiccated but cannot count?

Nigel Griffiths: I am sorry, Mr. Deputy Speaker, but I am being drawn into a debate here. We have a leader about whom only the most narrow-minded apologist of a woeful Conservative record would dredge up such a question. Our leader is responsible for all of the achievements that I have spelled out, along with our previous Prime Minister and colleagues in my party, but with no thanks at all to the hon. Gentleman, who voted against some the key policies involved.

Mr. Jim Cunningham: My hon. Friend was in his place when I intervened on the Opposition spokesman, who seemed to suggest that he did not grasp my point. My point, with which I am sure my hon. Friend will agree, was that one of the first things we did when we got into power in 1997 was prepare for a rainy day by cutting the debt repayments. If we were not preparing for a rainy day by doing that, what were we preparing for?

Nigel Griffiths: My hon. Friend could not be more right. National debt is now far lower than it was under the Conservatives. The Tory debt was 41.1 per cent. of GDP at the start of the 1997 economic cycle. Labour has cut that to 37 per cent., which is a lower level of national debt than in the United States, the euro area or Japan. Debt levels in every year to 2013 will be lower than the Tory debt we inherited in 1997.

Mr. Jeremy Browne: Will the hon. Gentleman touch further on the argument made by the Conservatives, which, as I understand it, is that the Government are spending too much, taxing too much and borrowing too much? However, the Conservative shadow Chancellor, speaking on the BBC's "Breakfast" on 3 September—less than a year ago—said:

> "The Conservatives will spend the same as Labour—if there is a Conservative Government there will be real increases in spending."

I understand the criticisms made of the Labour party, and they are legitimate. What I do not understand is why the Conservative party is determined to ape it.

Nigel Griffiths: They mention desiccation, but these are the coconuts. That is a mad policy that has absolutely no credibility. I make this prediction to the hon. Gentleman and the House: when the scales come off the eyes of the press and media about Conservative party policies, they will see, as clearly as even the Liberal Democrats can, the shallowness and superficiality of those policies. But I want to return to the leaking roofs that are part and parcel of what was done and not done when the sun was shining.

Rob Marris: On the leaking roof analogy, does my hon. Friend agree that it was a pity that Thatcher did not thatch, and that the previous Conservative Government sent the national debt through the roof?

Nigel Griffiths: Absolutely right. My hon. Friend puts it as eloquently and wittily as ever. It is the roofs of council houses that I want to talk about next. The investment made by the Government in those, when the sun was shining, was considerable—a 66 per cent. increase in real terms. There were leaking roofs in stations as well; we have had 39 new or replaced railway stations. We have tripled spending on our railway system, with 1 billion journeys being made, which is the highest number of journeys since 1961. We have had 1,900 more buses a year, and the biggest replacement of rolling stock in history—40 per cent. of rolling stock has been replaced in the past seven years.

What about a subject that Conservatives used to claim as their own, but now have no credibility on: crime?

Several hon. Members *rose*—

Nigel Griffiths: I will give way in a minute.

The Conservatives ensured that police numbers fell year after year and crime doubled. We have had 13,000 more police officers in the past 11 years, with a record number of 140,000 police.

John Barrett *rose*—

Nigel Griffiths: I am delighted to give way to the hon. Member because he will want to tell us about the budget of Edinburgh's Liberal Democrat council and justify its closing schools, cutting £2 million from organisations that cater for disabled people and its priority of enabling Liberal councillors to buy ermine robes—

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. That is well off the subject of the debate, so I trust that the hon. Member for Edinburgh, West (John Barrett) will not follow it up.

John Barrett: I will take your advice Mr. Deputy Speaker. Will the hon. Gentleman comment on a serious matter that is happening in our city and relates to the cost of living and the housing market—impending redundancies in the house building industry? Will he revert to the substance of today's debate and get away from the knockabout?

Nigel Griffiths: I understand why the hon. Member does not want to respond to my points. Of course, people are having to examine their individual budgets and I am sympathetic about that. However, without the economic stability and considerable growth that we have enjoyed, which no other G7 or advanced industrial country has experienced, people would not today enjoy a standard of living unparalleled in history—we all want to co-operate to protect that. Of course, I want young couples to access the housing market. I realise that people have suffered problems and I am therefore delighted by the two thirds increase in real terms investment in local authority housing. That has been paralleled by more people than ever owning their own homes.

Even the amount of repossessions today is a fraction of the 250,000 that happened under the Conservatives in the three years at the beginning of the 1990s.

John Hemming (Birmingham, Yardley) (LD): Does the hon. Gentleman share my concern about the Government's calculations? When the Government examine the cost of living in their statistics—the consumer prices index—they conclude that average families spend more on hotels and restaurants than on their homes in the cost of housing, water, electricity, gas and other fuels. Families on lower incomes therefore face a much higher increase in their cost of living than the official statistics recognise.

Nigel Griffiths: I do not accept that. [HON. MEMBERS: "Why not?"] I will explain in a moment. I am about to read from the letter of the Governor of the Bank of England, which explains the precise reason. I would have expected all hon. Members to read it before the debate. The letter, which directly covers the point, states that

"in the year to May world agricultural prices increased by 60 per cent. and UK retail food prices by 8 per cent.;"

there is obviously a discrepancy there—

"oil prices rose by more than 80 per cent. to average $123 a barrel and UK retail fuel prices increased by 20 per cent; wholesale gas prices increased by 160 per cent. and UK household and electricity and gas bills by around 10 per cent."

Bills have gone up, but the hon. Gentleman will accept that the price of retail items such as electrical goods has dropped as China and other countries have stepped up their production. The prices of other goods have also fallen. I therefore do not accept the full implication of the hon. Gentleman's comments—that the average is higher. That is not the case.

The Labour Government have ensured that even more money is to be given to those over 60 for the winter fuel payment this year because of the rise in fuel prices. The Chancellor keeps that under constant review. Although current prices are worrying for families, in the early 1990s inflation peaked at 10 per cent. and unemployment reached 3 million. That caused great hardship and problems. The position today is far from that.

Sammy Wilson (East Antrim) (DUP) *rose*—

Nigel Griffiths: I wish to make some progress.

I want to consider some other premises of the previous Conservative Government. We have dealt with the national debt, but we also need to consider borrowing, which we are all concerned about. The Government have halved borrowing as a proportion of national income, reducing it from 3.4 per cent. between 1979 and 1997 to half that and less now. Tory borrowing peaked at 7.8 per cent. of national income in 1993, which is equivalent to £110 billion today. Borrowing next year will be well under half that, at around 3 per cent. of national income. Labour's highest borrowing is less than the average borrowing between 1979 and 1997.

The reason we have been in a good position to weather recessions that have affected countries and why, without in any way being complacent, our economy is well placed to weather the global problems that are affecting us, with higher food and oil prices, is that we

[Nigel Griffiths]

have worked with business to ensure that, at 28 per cent., our corporation tax is the lowest in the G7 and that our tax rate is the most competitive of any major economy. We have made three cuts in corporation tax since the Conservatives set it at 33 per cent. – a full five points higher than it is under this Labour Government. That is one of the reasons we have 750,000 more firms operating than we had 11 years ago. Those are important facts, which the Opposition spokesperson chose to ignore.

What else made those years, in the Governor of the Bank of England's parlance, the NICE years? The reason is partly that more people are now in work than at any time in our history – I think that the figure is 29.5 million. We can be proud that in the NICE years we took 700,000 children out of poverty.

Mr. Siôn Simon (Birmingham, Erdington) (Lab): That's nice.

Nigel Griffiths: It is nice, too, that we took 1 million pensioners out of poverty. I am pleased at that, but I know that we have got much more to do. It is good that we have put well over 1 million people into work through the new deal and it is great that 1.5 million people have benefited from the national minimum wage. I just wish that the whole House had supported those nice policies in the NICE years. It is great that we have got the extra police, the extra nurses and the extra consultants.

If the Conservative handling of the economy during those 18 years was so wonderful, why are all the figures that I am quoting paralleled by figures going in the opposite direction during those years? Not only were those years not the NICE years; they were the nasty years. They were the years when the Conservatives thought that they way ahead for people was by investing in a private health service and in private health care, not the NHS. They despised people who sent their children to state schools, and few people believe that they have genuinely reversed those policies.

The Conservatives presided over the two worst recessions since the war. Unemployment doubled, hitting 3 million not once, but twice. Interest rates rose to 15 per cent. The Conservatives should not lecture us about inflation. Inflation under the Conservatives was 10 per cent., with mortgage rates averaging 11 per cent. More than 1 million people were in negative equity and 250,000 people lost their homes. One in five families had no one in work and one in three children grew up in poverty. Yet in spite of the makeover, the Conservatives would still scrap the new deal. They opposed tax credits, which have helped both families and senior citizens, and they would divert money from public services. That is their real agenda, and that is why I—

Mr. Deputy Speaker: Order. I call Mr. John Redwood.

5.25 pm

Mr. John Redwood (Wokingham) (Con): The Chief Secretary to the Treasury and the Government make a pathetic case. They say that the rising inflation rate is entirely down to world events that they cannot control, although occasionally the Prime Minister, in his Canute-like mode, goes into embarrassing overseas meetings fatuously to lecture people who are not as guilty as he is over the price of petrol and diesel at the pump. The Government also seem to resent the fact that many millions of formerly very poor Asians – Indians, Chinese and others – are at last able to get some purchasing power in the world so that they can have a greater fraction of the standard of living that we take for granted, by buying more energy and better food products.

We are saying to the Government that it was eminently forecastable over the past 11 years that there would be a big increase in demand for food and energy from Asian sources. That is very welcome. We were all extremely grateful that the Asian economies did so well in supplying us with an ever-increasing volume of very competitively priced goods, which kept our inflation rate down despite the errors being made in inflation policy in this country. Now, however, the Government are saying that it is all the Asians' fault for daring to buy all these other things with the money that they have earned buy selling us those cheaper goods, even though the Government did absolutely nothing for 10 years to increase our capacity in agriculture or energy, when they should have been making a contribution to the world situation.

Mr. Simon: The right hon. Gentleman is noted for being an intelligent and erudite Member of the House. If he has a case to make, surely he can do better than to use Aunt Sallies and say that the Government are blaming everything on the Indians and the Chinese. That is ridiculous. If he has a case, why does he not put forward a proper argument instead of all that sort of nonsense?

Mr. Redwood: If the hon. Gentleman had been here for the Chief Secretary's speech, he would have heard her say that the increase in demand was all down to world circumstances, and that it had come not from Europe but from India and China and other much more successful, faster-growing economies in Asia. The hon. Gentleman has failed to make his case.

Over the past decade, the Government could have made the decision to allow the private sector to develop the marginal fields in the North sea instead of taxing it to the hilt and putting it off. They could also have made decisions on renewable energy, nuclear energy or other kinds of energy that do not require carbon. Instead of having to have the great debate now on new power, we could have had new power stations already up and running. We have had 10 wasted years under this Government, and we now have higher energy prices as a result.

On agriculture, instead of constantly agreeing with everything that comes from Brussels, the Government could have put some substance behind their rhetoric of reforming the common agricultural policy. Instead of having years and years of big subsidies for set-aside to prevent farmers from growing the grain that the world needs, we could have had a policy that actually promoted the growing of grain in order to make a contribution to the world scarcity of grain, both for direct eating by human beings and for eating via the animals that are increasingly in demand in the Asian countries.

That is where the Government have gone wrong, but they wish to take every credit for the cheap goods coming out of Asia, which they say is down to their economic management. Now, they wish to take no blame for the scarcity of basics that is driving prices up, and with which they have singularly failed to help.

John Hemming: The hon. Member for Edinburgh, South (Nigel Griffiths) did not seem concerned about the fact that families on lower incomes were more dependent on basics, or the fact that, while the consumer prices index shows a 10p in the pound spend on food and non-alcoholic beverages, and 12p in the pound on housing, water, gas, electricity and other fuels, it also shows a 14p in the pound spend on restaurants and hotels. Does the right hon. Gentleman share my view that we should examine how families on low incomes are affected by Government policy?

Mr. Redwood: That is what I and my party have been saying, and it was one of the reasons behind this debate. The hon. Member for Edinburgh, South (Nigel Griffiths) is as remote from the reality of modern Britain as those on his Front Bench clearly were during the Crewe by-election. They seemed to have no idea that the retail prices index basket—let alone the consumer prices index basket—does not reflect the reality of low-income households, which are spending a much bigger proportion of their income on food, energy, heating their homes and trying to get some transport. The Minister admitted that those costs had shot up, and those are the people whose incomes are being most tightly squeezed.

Nigel Griffiths: If the right hon. Gentleman is so sure of his case, why has he not persuaded those on his Front Bench to make a statement saying that they are going to cut duty on fuel?

Mr. Redwood: I am well known for believing that because there is such a rip-off at the pumps in this country and a rip-off on North sea production, we should be reducing the rates in order to keep the amount of tax coming in at the forecast level rather than over it. I suggest that the hon. Member for Edinburgh, South (Nigel Griffiths) contain himself; who knows, my Front Benchers may well come up with such a proposal in due course, but we are interested in the Government's proposals. It is their problem; they created it. They have the power to say to the House today, "We are very sorry. We are collecting far more revenue at the pumps and from the North sea fields than we forecast we would in the Budget. This is a rip-off. We will give some of it back to the public."

About £500 million of extra revenue came in from oil and petrol in the first six weeks of the financial year, but what are the Government doing with it? They have not told us how they are wasting that £500 million, but we know that they have wasted billions on computerisation, unneeded regional government in England, ID cards, too many officials and administrators and too many external consultants coming in to do the jobs that officials do not seem to be able to do so that we are paying twice for everything that goes on in the Government. That amounts to massive waste, which the Government's own Gershon review admitted, as confirmed by Conservative party work.

At the core of the debate there should, I think, be a serious examination of one of the most misleading soundbites of the past 11 years—the soundbite that the Government created an independent Bank of England, which dealt with the inflation problem and gave us economic stability. The House should remember that the Government almost lost their Governor of the Bank of England when they shoved through their bodged reforms of the Bank in 1997-98. Far from making the Bank independent, they stripped it of its responsibility to manage public debt and its responsibility to have day-to-day supervision of the clearing banks.

When the credit crunch and the crisis hit, the Bank of England was blind and deaf to its own money markets and did not know minute by minute what the Government's debt position was—crucial to the functioning of the money markets—and it did not know minute by minute what the clearing banks' position was, when they were clearly extremely short of funds. That meant that at the crucial point where the Bank needed to be expert at running the money markets to enforce the rates laid down by the Monetary Policy Committee, it was not able to do so. There was a complete collapse of monetary control across the August through to October period as they lurched from boom to bust in their handling of the economy. It was a failure of the Treasury, as well as the Bank of England; it was the tripartite system, led by the Chancellor, that led to the run on the Bank—a disgrace in an advanced economy that makes its living primarily out of financial services through export markets. It was a disgrace that this Government presided over such an embarrassing situation when all previous Governments had been able to keep the banking system just about liquid enough, even in bad times, so that there was never a run on the banks for more than 100 years.

All that happened because of those bodged reforms. The Monetary Policy Committee is alleged to be independent. The Government's best case is that the MPC was made a bit more independent; clearly, the Bank of England was very badly damaged by being made less independent, as it lost big functions. Even the MPC was not really made independent, however. Let us remember the record. Before the 2005 election, the Government clearly wanted lower interest rates, so they fiddled the target. They replaced the retail prices index target—the RPI is used in all the index contracts; the RPI is used for wages and indexed debt—and substituted the consumer prices index. Why did they do that? They did it because they knew it would go up less quickly, which would mean easier money and lower interest rates. I see the Economic Secretary shaking her head, but she is an intelligent woman and she knows that that is why they did it, and the adjustment to the target rate was not sufficient to take into account how big the gap was between the more truthful RPI and the less truthful CPI in respect of the prices that people were having to pay in our economy. We had that damage.

There is also the problem that we were never told why some members of the independent MPC were reappointed and others were not. I tabled questions asking about the criteria for reappointment. I asked whether there was some external test for reappointment, whether the voting record was examined and whether only the doyish ones who would vote for lower rates before elections were reappointed. No answer was forthcoming from the Treasury. This Government, who introduced the Freedom of Information Act 2000, will not even tell a Member of this House of Commons why they reappointed some MPC members but not others. They will not even tell me what the criteria were for trying to create some independence for that committee.

When the crisis struck in August and September, the MPC was as much use as a bunch of people having a tea party but no control over the financial markets. There is no point in setting independent bank rates if we cannot

[Mr. Redwood]

enforce them in the market. The Bank needs to have enough control over the money markets and enough knowledge and skill within those markets that its rate is the crucial rate. It lost control and the damage was there for all to see.

We have a Government who mis-sold the proposition that they created an independent Bank. They have mis-sold the proposition that they created stability as they created instability. They have still not got a grip on this situation. We had the big lurch from too much liquidity and low interest rates between 2003 and 2006 to interest rates being too high and too little liquidity in 2007. We had the run on the Rock. We then had a welcome reduction in that illiquidity. Money was belatedly injected into the markets and interest rates were lowered a bit, because the Government suddenly realised that fighting slowdown or recession was more important than fighting the inflation that they had already created.

More recently, we have had a lurch the other way. The Bank and the Treasury seem to be worried again about the inflation, which they cannot control because it relates to their past mistakes. This lurch is happening at exactly the point where the housing market is in collapse, the property market is in collapse, there is a second phase to the credit crunch and there are problems with mortgage banks and others because of the extreme squeeze that the Government are putting through. The price of that lamentable failure of monetary policy, the botched reform of the Bank of England and the lurch from boom to bust and from boom to bust again in credit and money markets will be severe for people in this country to pay.

My hon. Friend the Member for Runnymede and Weybridge (Mr. Hammond), the shadow Chief Secretary, valiantly tried to get the Chief Secretary to say something true from the Dispatch Box. He said to her that the adjustment to the credit crisis and the inflation crisis triggered by the Government must surely come through lower living standards. That is what the Chancellor's policy is all about when he says that people cannot have RPI-matching pay awards. He has said that public sector pay should go up by considerably less than RPI and is now trying to talk the private sector into exactly the same position. Perhaps he has not realised that a lot of the private sector came to that conclusion a long time ago because it is struggling to remain competitive in an extremely competitive and difficult world.

I hope that the Economic Secretary will remedy the defect created by the Chief Secretary and admit to the House that, yes, it is now Government policy to squeeze individuals and families for at least a year to try to deal with the excesses that the Government have put into our economy. Looking at what the Government have been doing for the last couple of months, it is quite obvious that they have no intention whatever of the public sector making any contribution to reducing the excess spending and credit in our economy, which desperately needs to be sorted out after the boom years — the years of neglect, the years in which the Bank and the Treasury so singularly failed to stay married to prudence and to keep things under control.

I have often pointed it out in the House that I believe that the Government balance sheet — the nation's balance sheet — has under this Administration seen a ballooning of debt, but not of £550 billion or £700 billion. If the unfunded pension liabilities, which would be on any company balance sheet, the private finance initiative, the public-private partnerships, Northern Rock and all the other promissory notes that they have issued, as well as all the debt that they are now adding to the balance sheet were all added in, the true figure would be about £1.5 trillion.

I am beginning to feel that I have underdone it, because on no occasion has a Minister rushed to the Dispatch Box to say, "The right hon. Gentleman is over the top. The actual figure is so and so." The Government have never put out a press release countering my blog's exposition of this. The Economic Secretary looks downwards, so I suspect she is saying, "Gosh, we've got away with it. He thinks it's only £1.5 trillion."

Let us say that the figure is about £1.5 trillion. That is colossal. It means that the IOU cupboard will be full to bursting by the time the new Conservative Government get in and try to sort things out. It means that we have no room for manoeuvre because the Government have been so wanton over the past few years, yet in the past few weeks they have found £2.7 billion of extra borrowing to try to impress the voters of Crewe. Didn't they do well? They have found a lot of extra borrowing for transport systems in Manchester and the north-west, presumably because they are worried about their position in that region. They have found a lot of extra money to win the 42-day vote, and might have to find a lot more to win that vote all over again, assuming that their lordships disagree.

This Government are now on a rake's progress — they have not merely divorced prudence but fallen in love with a much wilder lady who clearly believes that the public sector must have everything, however much has to be borrowed, putting more and more pressure on the individuals and families whom we all represent.

The charge against the Government today is that their reforms of the banks failed; their monetary policy failed desperately badly in '07 and is still wobbly today; they do not have a grip on the money markets and the interest rate structure, let alone the inflationary consequences; they have absolutely no grip on public spending, which is why all the pressure will be on individuals and families; and they do not seem to care about the way in which our constituents are having to suffer.

If the Government want to solve the long-term problems, as they always say in their rhetoric, will they please make some decisions, even at this late stage, to get some transport capacity and energy capacity in, and to move away from such a strong dependence on inefficient carbon-burning machinery in both sectors? That is the way to do something about energy costs. Will they please go to Brussels and get some change to the common agricultural policy, because we need a policy that promotes and generates much more agricultural activity? We need to see the plough moving up the hillsides out of the valley beds. We need much more land brought back into use. The world needs food, and we need to make our contribution; it is no good blaming the Chinese and the Indians.

Several hon. Members *rose*

Mr. Deputy Speaker: Order. If I am to be fair to everyone who wants to speak in the debate, I should now reduce the time limit to 12 minutes. With any luck,

and without too many interventions, we might be able to ensure a complete tally of the hon. Members who wish to contribute.

5.42 pm

Ms Sally Keeble (Northampton, North) (Lab): It was interesting to listen to the speech of the right hon. Member for Wokingham (Mr. Redwood), because his critique included points that I have never heard him raise previously. During all the time that the CAP was being renegotiated to decouple subsidies from food production, I never heard him make the point that we should use the CAP to increase food production. Nor have I heard him argue previously for increased support to ease the pressures on low-income families. More of his critique was based on his profound disagreement with this Government's overall economic policies—that is clear, as he is in a different party and has different priorities.

Today's debate touches on one of the most fundamental issues affecting our constituents: their family finances and budgets. A lot of the debate is fairly self-evident. It is obvious to anyone that the cost of living is going up, and that there are differential increases between the rise in the costs of fresh food and in those of manufactured food and manufactured goods generally. For example, the cost of clothing, which is an important factor for many households, has gone down by 6.7 per cent.

It is also clear to everyone that the cost of fuel has gone up. If we examine the details, we see that we are in the third phase of very large fuel price increases. In the first, in 1973, oil prices quadrupled, producing sharp inflation. In the second, in 1989, oil prices went up two and half times, which was a major factor in a massive recession. Since then, oil prices have gone up from $30 a barrel to about $140, and those costs have substantially been managed and absorbed, albeit that we now see the pressures. It is also clear to everyone that apart from fuel prices, a major factor in the cost increases is the increase in commodity prices. People have seen food riots happening in countries around the world.

Mr. Redwood: The hon. Lady is making some good points about the impact of food prices on her constituents. Can she explain why no other Labour Members want to hear about that? Do they not understand it?

Mr. Graham Stuart: Where are they?

Ms Keeble: They probably decided to leave it to me, in the sure knowledge that I would make a good job of it. This issue of is of concern to me because it is of profound concern to my constituents, and I think it right for questions about it to be dealt with. There is also the impact on family households of the credit crunch, which, although it may not be immediately apparent to some of them, is felt through pressures on house prices and house building.

I have to say that I disagree with the detailed analysis presented by the right hon. Member for Wokingham. Having sat in the Select Committee and listened to explanations from the Governor of the Bank of England and others, I have not heard them blame the restructuring of the Bank in 1997 for the credit crunch, although there have been arguments about the tripartite arrangements. Most of my constituents probably realise that whatever mistakes were made in that regard, much more profound mistakes were made by the board of Northern Rock and much more substantial problems arose in the sub-prime market in the United States, which continue to affect our lives and those of our constituents.

What my constituents probably want to know, much more than they want to hear tit-for-tat arguments between the political parties, is what will happen in the years to come, and which party has the policies to take them through what everyone knows, and what the Governor of the Bank of England has said, will be a difficult time for quite a while. He said it would be difficult until next March or April, and I am sure he is right. This has to do not just with how much the cost of living goes up but with what happens to family incomes, and ours is the party that provided a safety net for family incomes through the minimum wage.

Mr. Stuart: I am sure the hon. Lady knows, through her membership of the Select Committee, that real disposable incomes have not risen for many years, except for those at the very top of the pile. What my constituents want, and what traditional Labour supporters want, is a Labour party that cares about the incomes and costs of living of those who have least in society.

Ms Keeble *rose*

Mr. Stuart: The fact that

Mr. Deputy Speaker: Order. I cannot allow two Members to be on their feet at the same time arguing with each other. The hon. Lady gave way to the hon. Gentleman; now it is her turn again.

Ms Keeble: Thank you, Mr. Deputy Speaker.

What the hon. Gentleman has said about earnings is completely untrue. In fact, there are two issues. During the last big recession, when wages fell, the hourly rate for people doing basic jobs, such as grass-cutting, in London fell to £1.20. There was no minimum wage; it was a case of "How low can you go?" The union members who are now arguing for pay increases were then struggling to get wages raised to £1.20 an hour for key public sector jobs in the capital. People were being bussed into London to do those jobs. Now we have a minimum wage that provides a safeguard for people, and they know that whatever the cost of living, they have that protection—a protection given by this party in government.

Mr. Stuart: According to the Institute for Fiscal Studies,

"Real income growth ... was close to zero"

across most of the income distribution

"between 2005–06 and 2006–07. Only incomes towards the top ... showed ... growth"

much above zero.

Ms Keeble: The hon. Gentleman is talking about only a couple of years, and about different sections of the pay scale. If he were to look at the figures over a period of time, they would be quite different from those he has quoted.

[Ms Keeble]

People facing difficult times want the reassurance that however much prices increase, their incomes will be safeguarded. If they have a family, they will also want to know that the party in government understands that having children costs more, and that those costs need to be covered. That is why this Government were right to increase child benefit and to make changes to the tax credit system to ensure that in difficult times people know that some safeguards are built into the system for their children. That has been a hallmark of this Government, and the Conservatives have consistently opposed it.

I must add that the Liberal Democrats have also consistently opposed that, too. Their attack on the Conservative party during the debate has been disgraceful, because I am sure it is mostly to do with the Henley by-election, after which they will resume normal business and criticise us instead of the Conservatives.

Daniel Kawczynski: A very well made point.

Ms Keeble: I am grateful to the hon. Gentleman for his support on that subject.

Mr. Jeremy Browne: I am extremely flattered that the hon. Lady thinks that anything I say in this Chamber will influence the vote in Henley. The point that I and other Liberal Democrats have consistently been making is that, given that Labour has presided over such a mess in our economy, it is extraordinary that the Conservative party has chosen to adopt Labour party economic policies lock, stock and barrel.

Ms Keeble: If the Liberal Democrats care about what happens to people during these difficult economic times—we must all accept that we are currently going through difficult economic times, and that they will continue for a while—they should be committed to policies that protect those on low pay and families, and give people the chance to rebuild their families' finances, and help to build the UK economy.

This Government's other big commitment is tackling child poverty. I am sure that the hon. Member for Beverley and Holderness (Mr. Stuart) will produce some recent figures showing an increase in the number of children living in poverty. However, if he looks at the Joseph Rowntree report produced last year, he will see that the big increases in child and pensioner poverty both occurred during the '80s. It is widely recognised that the current Government's policies have served in particular to increase the incomes of families with children and those of pensioners, which is why much of the recent debate about the tax credit and the 10p tax rate focused on the single working poor. When my hon. Friend the Minister winds up the debate, I hope she will say what the Government will do to make sure that the incomes of people in that group are protected as well.

I have a few further points to make about those policies of ours that will particularly stand my constituents in good stead. I well remember that during the last recession the nutritional value of the food consumed by some of the children in our capital city deteriorated to an unacceptable extent. The Government have done good work on food for schoolchildren, such as making sure that schools have kitchens and that children have free fruit, and similar support will be important now. That is a crucial element of this Government's commitment to protecting people on low incomes. Another is the winter fuel allowance. That replaced the Conservatives' awful cold weather payments, which in fact left most people cold during the winter.

One of the biggest changes—and one of the major ways in which the Government have equipped people to withstand recession—is the strong commitment to employment and job creation. That, above all, will make it possible for people to manage, although there will be problems with pay and the cost of living. In particular, it will make it possible for them to maintain their mortgage payments and keep their homes, which is extremely important.

When my hon. Friend the Minister responds to the debate, I will be grateful if she deals with the following points in particular. What steps will the Government take to support single working people—particularly young people—who will face difficult times in the coming period? Secondly, might the Government extend some of the fuel poverty provisions? We have been incredibly generous to pensioners with winter fuel payments, but might that be extended to people with disabilities and people with young children, who will also find it difficult to pay their fuel bills if prices increase further and their income does not? Will she also think about driving costs, which particularly affect people such as my constituents who live in an area that does not have very good public transport to take them to work, and many of whom work shifts? In particular, will she consider the Council of Mortgage Lenders proposals for providing some support for families who get into financial difficulties with their mortgages, so that they do not have to wait nine months to get relief? I am sure that that will be an increasing pressure for some families, and I would be grateful if she addressed that point.

Finally, let me repeat that I believe that people will see that it is our party and our Government that have the policies to carry them through the difficult months ahead.

5.57 pm

Mr. Geoffrey Cox (Torridge and West Devon) (Con): A Department for Communities and Local Government report released this April measured according to seven indices of deprivation. One of them was "Barriers to...Services", half of which consisted of geographical barriers. This is the index of deprivation that measures distance from a GP surgery, a general store or supermarket, a primary school and a sub-post office. England was divided into 32,000 areas, and the wards of Bridestowe, Forest and Milton Ford in my constituency are in the top 100 most "geographically deprived" areas in the country, while Walden, Two Rivers and Broadheath are in the top 200, and no fewer than 21 parishes in my constituency are in the top 1,000 of those 32,000 wards.

In a rural area such as my constituency, the key indices of the cost of living include in particular heating oil, which has doubled in price in the last year. On 25 June last year, the price of heating oil across the country averaged 32.5p a litre; today the price is 60p a litre—and some research undertaken by my office proved that in my constituency a bulk order of 500 litres of

heating oil costs on average 62.3p a litre. How is a pensioner household in a small village or hamlet in Torridge and West Devon, or in the rest of rural England, to cope with a doubling in the cost of heating oil, which in rural areas is usually the only choice people that have for heating their home?

The diesel price in the south-west has risen by 27 per cent. since 2005. It cost 97.6p per litre, on average, in June 2007. It is now selling in my constituency at £1.349 per litre, and that was just yesterday. These rises in costs fall oppressively hard on those who live in remote and isolated rural communities. They have no choice but to travel from their village into the nearest market town, and often that is 15 or 20 miles – a 40-mile round trip.

The burden of my short speech today is this. If, as we all acknowledge, the cost of living is rising – and if, as the Government say, many of the causative factors are to be laid at the door of the global situation, rather than being a result of the Government's action – why on earth are the Government about to make the situation worse? Why are they to load more tax on diesel? Why are they to increase the operation of motor cars in rural areas?

Let me give you, Mr. Deputy Speaker, and the House a reason why that burden falls more heavily on the rural dweller than on the city or the town. In my constituency car ownership is very high, but that is not because the residents of Torridge and West Devon – Torridge being the most deprived district in Devonshire and one of the three or four most deprived districts in the south-west – are rich. It is not because they gratuitously indulge themselves, like Toad of Toad Hall, in a casual drive on a Sunday afternoon. It is because they need a motor car to get to the nearest service. It is because they need it to reach a doctor or a pharmacy. It is because they need it to reach an essential service that they require.

Mr. Brian H. Donohoe (Central Ayrshire) (Lab): Will the hon. and learned Gentleman give way?

Mr. Cox: I will not just for the moment; time is short.

A rural dweller in a countryside community of the type that I represent needs a motor car, and often those motor cars will be old. Frankly, they will just about be roadworthy. With a bit of sticking plaster and a bit of tender loving care, they will have passed their MOT, but they will not be Rolls-Royces or limousines such as those in which Ministers sail into this House of an afternoon; they will be older cars. And what have the Government done to those who cannot afford the rich cars – the Jaguars and the BMWs? Why, they have decided to double vehicle excise duty on older cars. So not only do such people experience difficulties buying the diesel and the heating oil that they need to live; on the motor car that, by scrimping and saving weekly, they manage to keep on the road – just about – the Government are about to double vehicle excise duty to hundreds of pounds more. Ministers look upon that with indifference. I see them smiling. The inhabitants of the rural communities whom I represent have no cause to smile. An extra couple of hundred pounds a year will be a serious burden on these people. It is a keenly felt axe upon their quality of life.

What else do the Government do to improve the lot of the communities whom I represent? They close their post offices.

Mr. Donohoe: Will the hon. and learned Gentleman give way?

Mr. Cox: No, I will not give way; time is short.

Twenty post offices in my constituency are to close. In 20 small rural villages, hamlets and communities, 20 post offices are to close, and of that 20, seven are the last shop in the village. Where are the villagers to go for their essential supplies? Why, they have to climb into their old car or their disability buggy and travel all the way to the nearest market town. How is it consistent –

Mr. Jeremy Browne: Will the hon. and learned Gentleman give way?

Mr. Cox: No, I will not give way. Many people want to speak, and I am going to be quite brief.

The position is this. The Government, at a time when the axe of the cost of living is falling keenly on the people whom I represent, are going to increase their costs with taxation and by withdrawing their services from rural communities. It is no laughing matter to the communities whom I represent to close post offices that are the last shop in the village.

Mr. Browne: Will the hon. and learned Gentleman give way?

Mr. Cox: No, I will not give way.

Those people will have to climb into their cars and drive miles, at great expense, given the heightened cost of fuel, to reach the essential source of supply that village shops and post offices represent. But the Government are not going to stop there. They are saying in their White Paper that they are going to close doctors' dispensaries in small villages within a few miles of a market town. So again, the elderly, the infirm – those who otherwise would not have to travel into a town to get their prescriptions and repeat prescriptions – will have to go into a town to visit a pharmacy, rather than having on their doorstep the service that they require.

Mr. Donohoe: Will the hon. and learned Gentleman give way on that point?

Mr. Cox: No, I will not.

The withdrawal of these services will cost extra money, at a time when the cost of travel, heating and fuel is rising exponentially. Water charges in the south-west have risen by 27 per cent. since 2005. We have the most expensive water charges in the country. The nearest average water price is £100 lower, in Wales. The truth is that those charges are falling heavily upon rural dwellers.

I listened with incredulity to the hon. Member for Edinburgh, South (Nigel Griffiths), who gave us the most astonishing apology for the Government's behaviour over the past 10 years. Not for the first time, I felt that I was inhabiting a different world.

Mr. Donohoe: Hear, hear!

Mr. Cox: Well, we will let the people of the country decide who is living in the real world and who is not, but I tell you what, Mr. Deputy Speaker: I represent a shire county, and the people whom I represent know that they are not living in a Labour area. They know that

[Mr. Cox]

they do not have new hospitals and new roads; they know that they do not experience the same investment. They know that there are two Englands—the England represented by the Labour party, and the England represented by Conservatives and even—God help us!—by Liberal Democrats. People there do not get that type of investment. The south-west has suffered again and again from neglect, indifference and failure to represent communities in the areas that I represent.

I do not want to go on for long, Mr. Deputy Speaker, but I do have a constructive suggestion. Why does the Minister not say now to the people and communities whom I represent that the Government will not introduce their proposed 2p a litre fuel price rise at all? That would at least cause a sigh of relief to break out in all the areas of the south-west of which I speak. Why do the Government not abandon the vehicle excise duty proposals, which will fall harshly on those whom I represent? Why do they not stop the post office closure programme, so that people will not have to travel 15, 20 miles and more to the nearest market town?

Mr. Jeremy Browne: Will the hon. and learned Gentleman give way?

Mr. Cox: No.

Why do the Government not speak to the GP surgeries, from whose patients I am receiving hundreds of letters expressing worry about the removal of their dispensary, because that is where they need to go and it saves them money to do so? If the Government were seen to be consistent, rather than contradictory—if they were seen to be uniform in their approach to these problems, thinking them through in a coherent fashion—the people whom I represent might be less disenchanted, less cynical, less sceptical and, frankly, less disbelieving in this Labour Government's credentials to govern. But since the Government seem committed to proceeding upon their current damaging and destructive course—since it seems, as the hon. Member for Edinburgh, South demonstrated with enormous clarity, that they are about as removed from this planet as the current NASA lander on Mars—I suspect that the people will wait, biding their time for another 18 months or so, until they have the chance to eject this Government and bring in something new. Let us hope that that happens as soon as possible.

6.9 pm

Daniel Kawczynski (Shrewsbury and Atcham) (Con): My favourite expression in politics is that business is the workhorse that pulls the social welfare cart, and I feel desperately passionate about that. A lot of my politics is geared toward thinking about how we can create a good environment for business—be it large or small—to thrive in this country, to compete in a global world and to produce the prosperity that we all desire for our country, which can then be shared with the public services and the public sector. The problem we have is that over the past 10 years the Labour Government have not constructed the ideal environment for those companies. Many Shropshire business people say to me, "We are still here only because we think with our hearts, we are proud Salopians and we have a duty to our workers. If we were thinking with our minds, we would have shut up shop and started our business somewhere else in the world where it is more economically viable to allow a business to thrive." Such a situation is very damaging.

It was Ronald Reagan, when he was standing for election against President Carter, who asked the American people:

"Are you better off than you were four years ago?"

They clearly were not better off, which is why Ronald Reagan beat President Carter. The same thing will happen when Britain has a general election in 2009 or 2010, because we will ask the British people whether they think they are in a better position than they were in 2005. It is commonly accepted that things are going in the wrong direction.

Many people have spoken about the cost of fuel increasing, and that is the biggest threat faced by rural communities such as Shropshire. My hon. and learned Friend the Member for Torridge and West Devon (Mr. Cox) has mentioned the problems that rural communities face in respect of petrol price increases. I met a delegation of 50 Shropshire haulage industry operators the other day, and they are appalled about what is happening to their industry. They are on their knees and they do not see how they can see out the year if petrol prices remain at current levels. One thing that would cost very little would be for Ministers to impose a tax on foreign hauliers using our transport system. That would be a relatively cheap measure for them to introduce, but if we are to save Shropshire's and England's haulage industry, it is pivotal that the Government undertake it.

I do not mind saying that, again, the Labour Government are pouring money into certain inner-city areas at the expense of the rural community, and I have every sympathy with the comments made by my hon. and learned Friend the Member for Torridge and West Devon. The Government's grants to Shropshire county council are so minute that volunteers who undertake extremely important work, be it providing meals on wheels or another type of important voluntary activity, come to my surgery to tell me that the mileage allowance that they are paid by the council does not even cover the cost of operating their motor cars to undertake those vital services on which people in remote rural areas and villages depend. That is an absolute disgrace, and I hope to hear from the Minister on that issue.

In last week's European debate, I called on the Prime Minister to go to Saudi Arabia, and as chair of the all-party group on Saudi Arabia, I am glad that he heeded my advice. He tried to say that the ball is in the court of the Saudis and the Organisation of Petroleum Exporting Countries and that they must start increasing production in order to lower the cost of petrol. However, as has been said on many occasions throughout this debate, he is responsible for massively ramping up taxation on petrol in this country. We might want to convince the Saudi Arabians and others to increase production, but friends of mine in Saudi Arabia say, "Your Government have to start by cutting their taxation on petrol before he will convince us to take the issue seriously."

As my hon. and learned Friend the Member for Torridge and West Devon aptly said, the Government are exacerbating the problem. He mentioned the post offices in his constituency that are threatened with closure.

Mr. Jeremy Browne: Will the hon. Gentleman give way?

Daniel Kawczynski: Certainly not to the hon. Gentleman, because he has been a total apologist for the socialists throughout the entire debate, and this is all about scrutinising the Government.

I would like to talk about the post office closures in my constituency. As my hon. and learned Friend mentioned, many rural villages totally depend on post offices.

Mr. Browne *rose—*

Mr. Deputy Speaker (Sir Michael Lord): Order. I think the House gets quite irritated when Members have indicated clearly that they have no intention of giving way, yet Members constantly seek to intervene; there is a point when that is possible, but there is also a point when it is really not a good idea.

Daniel Kawczynski: Thank you, Mr. Deputy Speaker.

The post office closures will just exacerbate the problem that I have been describing. In addition, my county council does not receive enough money for providing bus services. Bus service 557 in my constituency is being discontinued simply because not enough subsidies are being given to my council. Not only are the post offices being closed, but the vital bus routes that take people from rural villages to the county town of Shropshire are being cut.

Mr. Donohoe: If the hon. Gentleman had been present at this afternoon's meeting of the all-party group on light rail, he would have heard Brian Souter, the chief executive of Stagecoach, saying that, after doing a survey across the whole country, he has never known a time when the bus industry has been on such an upward trend as it is today—the same is true of the railways. Indeed, that applies not just in the city centres and town centres, but in the rural areas. Would the hon. Gentleman not accede to the fact that the way forward when petrol prices are high is for people to transfer from their cars to the buses?

Daniel Kawczynski: I must tell the hon. Gentleman that the experience in Devon and Shropshire is very different. I am only sharing with the House what constituents are saying to me. A delegation of pensioners from Pontesbury who came to see me in my surgery were incandescent about the fact that these rural bus services are going to be cut.

My hon. and learned Friend the Member for Torridge and West Devon mentioned the cost of heating oil, which is also an important point in Shropshire. Rural villagers depend on heating oil to heat their homes. I, too, undertook some investigation into this matter. On 18 February 2007, heating oil cost 39.9p a litre, whereas today it costs 58.75p a litre, which is an increase, in Shropshire, of 147 per cent. Everybody will be paying an extra £340 for a tank load of 1,800 litres, and as certain families normally use up to two tanks, we are talking about an additional cost of £680 for heating oil. Those figures were provided by Oakley's Fuel, a company in my constituency. The Minister should, of course, be providing grants for individuals to have microgeneration and heating pumps in their homes, rather than have people being dependent on heating fuel. I saw such things being used in Sweden in early 1980s, so they are relatively old technologies, and we should be using them.

Anne Main (St. Albans) (Con): My hon. Friend is making a very valuable point about fuel poverty, on which the Government have been completely missing their targets. It affects many constituencies, including mine, and the Government have been sorely lacking in terms of giving lots of ways to tackle fuel poverty. I am thinking of not only financial means, but advice and helping people to insulate their homes.

Daniel Kawczynski: Yes, I have many problems with the Warm Front scheme, which is not operating properly in my constituency. The largest organisation in my constituency is the Shrewsbury senior citizens forum, which has more than 5,000 members, many of whom are extremely upset about the lack of help from Government on heating allowances.

The reason why the Government will not be providing individuals with grants for heating pumps and other technologies to heat people's homes is because of the financial mess into which they have got our country. There is no doubt about that. We are now more than £700 billion in debt. That is the figure I always use, although my right hon. Friend the Member for Wokingham (Mr. Redwood) suggested that the real figure could be up to £1.5 trillion. The levels of debt are extraordinary. This year alone, the socialists have borrowed more than £40 billion just to keep the economy afloat.

Mr. Jeremy Browne: You are in favour of the same level of tax.

Daniel Kawczynski: I have said that I will not take interventions. If the hon. Gentleman seeks to intervene, I shall say no, so I do not know why he is making any points.

The problem we face is that there is absolutely nothing in the kitty to kick-start the economy as we are going into leaner times and our constituents are finding it difficult to make ends meet. One can always think what one likes about the American Government, but they have injected massive liquidity into the economy and given huge tax rebates to their constituents. They see the inherent danger of the coming recession and they want to help individuals to start spending again so that the economy picks up. That cannot happen here, because the Labour Government have borrowed and borrowed. They even had to borrow to sort out the 10p fiasco.

I shall give the Minister the example of a lovely couple who came to see me; they are happy for me to share their details. He is 84 and she is 83, and they live in the village of Dorrington, where they have to run a bed and breakfast to make ends meet. They cannot afford to live on their pensions, so they have turned their home into a B and B. That is astounding in what is allegedly the fourth largest economy in the world.

One reason our economy is not growing as quickly as it should is that hardly anyone in the Labour Government has any experience of business. The whole debate has involved criticising what the Conservatives did in the 1980s or 1990s, without even a flicker of thought as to how the Government could improve their management of the economy, or what they could learn for the future. It has been very disheartening, especially the speech by the hon. Member for Edinburgh, South (Nigel Griffiths). I have never heard anything like it. For the people who are watching this debate on their televisions

Mr. Mark Field: Three of them.

Daniel Kawczynski: There are only three of them because they are so disheartened by the appallingly low quality of the debate, especially from the hon. Member for Edinburgh, South, whose speech was very arrogant.

I jumped at the chance to speak in this debate. The cost of living is very important to my constituents, be they young families or senior citizens, as it relates to how much they pay at the pump, or for their food and everything else they need to keep their households going. This debate is far more important than so many other debates that we have, and for the Labour Benches to be so bereft shows how out of touch the socialists have become. They do not see living standards as being of any importance.

6.22 pm

Mr. Mark Field (Cities of London and Westminster) (Con): Having so recently heard the sermon from the heart of Devon, I almost feel a little guilty, as an urban Member, for saying a few words. I appreciate that the Minister's constituency contains both rural and urban areas, and I hope that she has taken on board the strength of feeling about fuel duty and the cost of living for many rural constituents.

The issue of the cost of living has not just come to the fore in the past few months. It has made the front pages of newspapers and been the lead headline in many news bulletins in only the past six to nine months, but the increasing cost of living has been a fact of life in London for some time. It was one of the main reasons why we had the largest swing in the country at the last general election.

I share the alarm of many of my hon. Friends at the complacency of the Government, as shown in the speeches by the Minister and by the hon. Member for Edinburgh, South (Nigel Griffiths). This Government were happy to take undue credit when things were going well for the economy, but over the past 12 months they have argued that the problems are due to global causes. There are some global issues, and it would be wrong to deny that entirely, but the public have been so hostile because the Government sought to claim that the days of boom and bust were gone and to take credit for the economy being in such an apparently strong position.

I confess that I used to sigh with depression whenever the then Chancellor of the Exchequer—now Prime Minister—and other members of the Treasury team would compare our economic performance with that of France, Germany or other G7 countries. The reality of the global world is that the competition we face is from India and China, those two economic superpowers of the 21st century. With 2.5 billion people, they will make far more important competitors than many European countries, and if we do not learn how to adapt our economy—as we evidently have not learned over the past decade—we will all suffer.

One of the biggest issues connected with the cost of living is the high levels of income tax paid by the poorest in our communities. The very fact that people start paying income tax when they earn barely £105 a week is a nightmare. It is an especial problem in London and the south-east, where even people doing the worst-paid, part-time jobs pay income tax. The Government will no doubt point out that tax credits make a difference, but the hon. Member for Northampton, North (Ms Keeble) was very complacent. She gave undue credit to the implementation of the minimum wage. It has made a difference to many of the less well-off in our society, but there is a price to pay for that, and we are beginning to pay for it as the economy slows down.

In London, there is a thriving—indeed, an over-thriving—black economy. We rely on many thousands of immigrants being willing to earn relatively small amounts of money, often paid in cash. One of the biggest indictments of some of the broader aspects of this Government's policy is that London now has the highest level of unemployment—a total inversion of the position in decades gone by. That is in part because too many Londoners lack the aptitude or the skills to hold down even the most basic jobs. They often live in social housing, which is very scarce, and that has the makings of some serious social unrest in the years ahead.

It is very rare in any bar or restaurant in my constituency—or, I suspect, any of the other 73 London constituencies—to be served by a British national. The servers will be Lithuanians or Poles, or from some other far-flung country, doing some of the relatively unskilled but important jobs in the hospitality sector. That has the makings of a disaster in the future, as unemployment rises. It will not be those who come here short term, to earn some money and learn the language, but our indigenous British who end up unemployed without the skills or aptitude to hold down a job.

The motion refers to the Government's "excessively loose" fiscal policy, and some fair points were made by the hon. Member for Twickenham (Dr. Cable) when he said that we would have to ensure that public spending fell or taxes would rise. The state of the public finances is dire, and my right hon. Friend the Member for Wokingham (Mr. Redwood) rightly pointed out, with some trepidation, that he had said that the overall burden was £1.5 trillion, but he had had so little negative comment on that that he suspected that the situation was even worse.

Only last year, the Government made it clear that they reckon that this year we will be in hock to the tune of £43 billion. Add to that the £2.7 billion for the Prime Minister's get-out-of-jail-free card for the 10p tax band, and the other £1 billion or so that will be paid for Manchester's Metrolink, and I suspect that the outturn will be significantly worse, not least because the figure of £43 billion was put forward at a time when the economic clouds had not darkened in the way that they have over the past few months. There are some problematic times ahead.

Above all, I have had the opportunity to speak in this House on many occasions about the long-term problems, as I see them, in relation to private finance initiatives, public-private partnerships and all the off-balance sheet financing. They are a disaster in the making and the complacency of the hon. Member for Edinburgh, South was breathtaking. He can talk about the new hospitals and schools, but where is the money coming from? It has not been paid by this generation. It is effectively jam today to be paid for by generations to come. Our children and our grandchildren will foot the bill.

I would not tend to use the word "socialist", as my hon. Friend the Member for Shrewsbury and Atcham (Daniel Kawczynski) does, but in many ways the genius

of the idea from the Prime Minister's point of view is that the room for manoeuvre will be limited for any future Conservative Government, just as, in many ways, the success of privatisation was irreversible once the Labour Government came in to play. Even railway privatisation, which happened in 1996, was not reversed in 12 months when the Labour Government came in to play. The same will happen, I fear, but in reverse, with the increase in public expenditure that is a requisite part of the PFI burden. That tax will have to be paid during the course of the next two decades and that will make the room for manoeuvre more limited.

I fear, in a way, that we might have an election in the next 18 to 24 months, because we will have to take on an economic inheritance that will lead to an appalling state of affairs.

Nigel Griffiths: Will the hon. Gentleman give way?

Mr. Field: No. The state of affairs will be far worse than it was in 1979—at least at that point we had had two and a half years of monetarism courtesy of the International Monetary Fund, after the Labour Government had to go cap in hand to the IMF. As we have already seen, there is little doubt that the Government seem set on effectively borrowing against the bank and they keep on borrowing and spending. There are only two ways in which they can possibly get out of the political hole in which they find themselves. One is to make borrowing grind to a halt and the other is to keep on spending to ensure that the cost of living problems to which we have referred will seem to be better for the purposes of an electorate who, they hope, will be grateful come election time.

This country has some severe problems ahead, I fear. The cost of living is an issue that the Government, in their arrogance and complacency, might have thought that they had put on the back burner over much of the past decade, but it will be the leading issue in relation to not only off-balance sheet financing but day-to-day costs. The real worry, which I hear when I speak to constituents who are perhaps slightly older than I am—in their late 40s and early 50s—is that they worry that the situation for their children will be a lot worse than it has been for them. They worry that they cannot pass the standard of living that they have come to take for granted for themselves on to a future generation. Outside wartime, I think that that is roughly the first time in history that that has happened. That would be the worst indictment of the Government's complacency. The past decade was the best of times. So much should have been invested rather than frittered away. We will see, I fear, the disasters of those years in the decade or so to come.

I thank you, Mr. Deputy Speaker, for allowing me to make a brief contribution to the debate. It has been an important debate and I am sure that we will return to many of the themes, as we rightly should, in the months and years ahead.

6.34 pm

Mr. Graham Stuart (Beverley and Holderness) (Con): This has been an interesting debate, in so far as we have had sober, thoughtful speeches from MPs on the Conservative Benches, who, like me, spend every weekend on the streets talking to people in their constituencies.

Every Saturday morning, I try to run a street surgery, as I call it, on a street corner in one of the four towns in my constituency, whether on Toll Gavel in Beverley, on Newbegin in Hornsea, in Withernsea or in Hedon. Week after week, people come to speak to me, take me aside and talk about the difficulties that they are having in meeting their basic bills. I have been struck—and pleased, as someone who wants to see a Conservative Government and believes that that would be good for this country—to find that people say, "I've always voted Labour, but now I'm going to vote Conservative." When we look at the context in which people say that and at the weight of their disappointment and despair, and when we consider how much they believe that they were promised and how little they believe has been delivered, we realise how serious the situation is.

Yesterday, a constituent from Withernsea wrote to me to say that their family have a modest family car, but they are selling it because they can no longer afford to run it. Withernsea is a town and has a relatively large number of services, but residents are dependent on other services elsewhere. Other constituents of mine, who do not live in a town but in one of the many villages across the constituency are in a similar position financially but cannot possibly do without a car because of the dearth of public transport and the difficulties that that causes.

When my constituents speak to me at the street surgery, they are pleased to have that opportunity because it at least allows them to feel a connection. Someone from Withernsea, on a very low income, sees certain services withdrawn and needs to feel a connection. They need to feel that there is some way in which they can influence those in power so that they can cause change. When they hear a debate such as this about the cost of living and when, as lifelong Labour supporters, they recall that the Labour party was founded and led by people such as Keir Hardie precisely in order to represent the working poor—the working class, as it traditionally was—they see, instead, a Labour party that has lost its sense of mission. Hundreds of Members—all of us here—are on very high wages compared with my constituents, with high expenses support, too. When those people discover that Labour Members no longer judge participation in such important debates as relevant, their disappointment is compounded further. When they hear speeches such as the one given by the hon. Member for Edinburgh, South (Nigel Griffiths), who we all know is extremely close to the Prime Minister, and hear his master's voice speaking with such a level of complacency while the traditional supporters of the Labour Government are suffering and struggling, not least in rural areas, their sense of disappointment is palpable.

I wish I could feel triumph as I sense the political ground shifting as people come over to support the Conservatives, but Labour Members like to say that that shift is not so much a positive endorsement of the Conservatives, and they have a point. In fact, people are turning to us because they want to believe that there is a positive alternative and my right hon. Friend the Member for Witney (Mr. Cameron) is offering one.

Most of all, it is the failure of the Labour party and its representatives to stay connected with its original core support that is the problem. A former Labour leader and Prime Minister said, I think, that "the party

[Mr. Graham Stuart]

is a mission or it is nothing"—I might be misquoting him, but that was certainly his point. Where is the sense of mission on the Government Benches? Where is the commitment to do something about those with least in our society?

What has happened to the poverty rate over the past three years? It has increased each year for three years. What has happened to child poverty for the past three years? It has increased. What has happened to fuel poverty? It has increased. Where are the Labour voices speaking up on behalf of the people who they were traditionally here to represent? I could not believe that a spokesman for this failing Government could mention Nye Bevan—he would be spinning in his grave to think that a Labour Government could so let down those with least in our society.

I shall not be able to match the eloquence and power of the speech from my hon. and learned Friend the Member for Torridge and West Devon (Mr. Cox). His was one of the best speeches that I have heard in this House for some time. He has some rhetorical gifts—perhaps that is a professional requirement—but his speech's power mostly stems from the fact that, like me, he speaks to people who are living the reality of this Government's policies. He is reflecting their passion when he stands up and demands a response or some sense of feeling from Ministers.

I apologise, Mr. Deputy Speaker, for the word that I am about to use, but the Minister in question used it in his blog. He asked, "Why is everyone so bloody miserable?" That from a Minister who is driven around in a chauffeur-driven Prius—

Mr. Jeremy Browne: It does not get any better than that!

Mr. Graham Stuart: The hon. Gentleman may think that a laughing matter, but my constituents can no longer afford cars. They see their bus fares going up and their services being cut.

6.40 pm

Mr. Mark Hoban (Fareham) (Con): The argument at the centre of the debate is that we are about to face a period of prolonged inflation above the 3 per cent. target, as the Governor of the Bank of England made clear last week. As a consequence, families will find it increasingly difficult to make ends meet.

However, at the very time when families are under such pressure, the Government, because of their mismanagement of public finances, can do little to lift the burden. That is why people are not turning to the Government for a solution to their problems, but are asking how they can get higher pay increases. The pressure for higher pay would be less if the Government were in a position to help.

Before I elaborate on that, I shall comment on some of the speeches in the debate. The Chief Secretary to the Treasury offered a prime example of the Government's approach to the economy. They want to take the credit in the good times and blame someone else in the bad—an approach evident time and again in her speech. She talked about global pressures, but did not mention the deterioration in the exchange rate over the course of the past year, or the impact that that has had on inflation.

In his letter to the Chancellor last week, the Governor of the Bank of England said:

"Price inflation of imported goods rose to its highest since 1995, in part reflecting the substantial depreciation of sterling…A key factor…has been sterling's 12 per cent. depreciation since July 2007."

The markets have spoken on this Government's economic policies and found them wanting.

The hon. Member for Twickenham (Dr. Cable) tried to make a point by misreading our motion. When they came to office in 1997, the Government were prudent in their management of the public finances and followed our spending plans, and we have made it clear that they would be in a much better position to help families in difficult times now if they had continued to do so.

Only two Labour Back Benchers spoke in the debate, and the first, the hon. Member for Edinburgh, South (Nigel Griffiths), made a remarkably arrogant speech. He gave the game away when he responded to an intervention by saying that people will realise how marvellous this Government are when the scales fall from their eyes. There we have it—it is the people's fault that the Government have their lowest poll ratings in 11 years, and their fault that they cannot understand what the Government are doing. But I credit the people with more sense than that: they have seen through the Government, and they have worked out that the Government have failed the people of this country.

My right hon. Friend the Member for Wokingham (Mr. Redwood) identified opportunities that the Government had had to make decisions in the long-term interests of the country. He said that they could have made some significant choices that would have reduced our dependence on oil. When the Economic Secretary responds to the debate, I hope that she will admit that the Government's policy for tackling inflation over the next couple of years is to cause a real decline in people's living standards. The Governor of the Bank of England was brave enough to admit that, although no one on the Treasury Benches, including the Chief Secretary, has been able to accept it. Perhaps the Economic Secretary will be refreshingly candid when she concludes the debate.

The hon. Member for Northampton, North (Ms Keeble) asked the Government to take more action to tackle problems of fuel poverty and the cost of fuel. When she tries to explain the Government's actions to the electorate, her problem will be that the mismanagement of the public finances over the past 11 years has left little money in the coffers that could be used to help her constituents and to lift the burden from them.

My hon. and learned Friend the Member for Torridge and West Devon (Mr. Cox), and my hon. Friends the Members for Shrewsbury and Atcham (Daniel Kawczynski) and for Beverley and Holderness (Mr. Stuart) spoke eloquently about the problems for people in rural communities who face an increased cost of living. My hon. Friend the Member for Cities of London and Westminster (Mr. Field) highlighted the impact that income tax rates will have on people on low pay. The reality is that it was the protest against the scrapping of the 10p rate that led to the Government having to increase personal allowances for one year only. However, even that will not compensate the lowest paid for the losses that they have suffered as a result of the abolition of the 10p rate.

In his Mansion house speech last week, the Governor of the Bank of England was frank in his assessment of the times that we are in when he said:

"This year our real take-home pay will rise at a slower pace than national productivity. Rising fuel, gas, electricity and food prices mean that average real take-home pay will stagnate this year. It will not be an easy time, and I know that some families will find it particularly difficult."

He is right: families will find it particularly difficult. In difficult times, families instinctively turn to the Government for help and support but we know that, because this Government failed to prepare for economic uncertainty, they have little to offer. As the OECD pointed out, the Government's loose fiscal policy during the good times means that they have little room for manoeuvre in the bad times. International league tables show that this country has one of the largest budget deficits among all the industrialised nations. Other Governments' more prudent management of public finances means that they are able to cut taxes on families and businesses, but what have this Government done? They have put up taxes on cars, small businesses and successful entrepreneurs.

It is a sign that the Government have run out of road at home that they are forced to place their trust in global initiatives and summits in the hope that there might be some relief. The Government's amendment reflects that, and shows that they hope that OPEC and the Doha trade round will come to their rescue.

Only in their second terms do Prime Ministers usually find international gatherings more attractive than domestic politics. However, this Prime Minister has not reached even his first anniversary of coming to office before deciding that he will receive a warmer welcome in Brussels and Jeddah than at home.

We believe that the long-term solution to the Government's mismanagement of the public finances is to share the proceeds of growth. In that way, although public spending increases in real terms, its growth will be less than the rate of growth for the economy as a whole. That will create the resources to reduce borrowing and help support families and businesses.

That was the approach that the Prime Minister rejected when he was Chancellor, but he has been forced through necessity to adopt it in the current spending round. His problems with managing the public finances mean that families facing a squeeze on their living standards also know that they cannot expect the Government to help them because the Government failed to prepare for difficult times.

The Government did not fix the roof when the sun was shining, and families are now faced with a challenge. The Government are saying, "We can't help you because we can't afford to help you", so do people sit tight and wait for things to get better or do they push for higher wages?

People are economising and finding it difficult to make ends meet, and we have heard examples of that in the debate. I think that there will be pressure for higher wages, and the risk is always that higher wage rates will entrench inflation in the economy. That would put further pressure on the Bank of England to respond with higher interest rates.

The Government call for wage restraint for the public and private sectors, but their biggest challenge lies with the heavily unionised public sector. The Government are in hock to their paymasters, and how they handle the public sector trade unions will be their big test. Yesterday, local government workers rejected a 2.45 per cent. pay increase. The general secretary of their union, Dave Prentis, said his members were

"fed up and angry that they are expected to accept pay cut after pay cut while bread and butter prices go through the roof...Most of them are low-paid workers, who are hit hardest by food and fuel price hikes".

Over the coming months, the Government will come under increasing pressure from their union paymasters to soften their position on pay—but will they be tough enough to withstand the pressure from the unions, when they know that Labour Party funding depends upon trade union contributions?

There can be no guarantee that this Prime Minister will stand firm. Anatole Kaletsky said recently that the

"biggest worry has been Mr. Brown's surprising combination of weakness and short-termism since he became Prime Minister. If he responds to minor hiccups such as the 10p tax row by giving away £2.7 billion, one wonders how he would react to a genuine challenge to his authority on the scale of the Winter of Discontent?"

Will the Prime Minister find the courage to stand up and face down the trade union bosses, or will he yet again show how weak he is by caving in to their pressure?

The Government have failed to provide for a rainy day, and that is why they now have to increase taxes on families and businesses rather than help them by reducing the burden of taxes. Because of that pressure, families will look for greater pay increases, and that is where the danger lies for the economy. That danger could have been avoided if the Government had prepared the economy and public finances for the challenging times, rather than mismanaged the public finances, putting the future of the economy and of families at risk.

6.50 pm

The Economic Secretary to the Treasury (Kitty Ussher): This debate is about an important subject and I have enjoyed listening to the speeches of the hon. Members who have contributed. As we have heard, people across the country are concerned about the cost of living. They feel the effects of rising food and fuel prices across the world. The doubling of world oil prices has led to rising bills at the petrol pumps as well as to increases in gas and electricity bills. At the same time, the price of basic foods has gone up.

However, as we look at that combination of facts, it is important for us to remember that since 1997 Britain has benefited from relatively low inflation, which has been on average half what it was in the previous 20 years. Even now, inflation is far lower than in the past. It rose above 20 per cent. in the 1980s and above 10 per cent. in the 1990s. Families are rightly—*[Interruption.]*

Mr. Deputy Speaker: Order. The House must allow the Minister to respond to the points that have been made.

Kitty Ussher: They obviously do not want to hear the facts of the matter.

Mr. Philip Hammond: Will the hon. Lady give way?

Kitty Ussher: I shall give way in due course, but in the time available I wish to answer the specific points that have been raised.

[Kitty Ussher]

Families will be concerned by the increases at supermarkets and petrol stations and in their energy bills. To address those concerns, we have to tackle the root causes of the higher prices. Those causes are international. We are not alone in saying that; the Governor of the Bank of England also says it. He said that 1.1 per cent. of the 1.2 per cent. increase in inflation since the end of last year has been due to international circumstances. We have to work with our international partners to find the right response and we must respond to the ongoing impact of the global credit squeeze, which is contributing to the challenging economic times that we face.

As I listened to the opening speech from the hon. Member for Runnymede and Weybridge (Mr. Hammond), I found it interesting that he did not at any point indicate that the problem was international or that the solution lay at an international level. At no point did he urge us to work through OPEC to raise oil production; neither did he urge us to work with our EU partners to liberate the global food market. I can only presume that when his party was in power, it had an empty-seat policy at EU level; its record gives it no credibility on the international stage.

It is important to work with our international partners to address what is an international issue; at the same time, domestically, we must provide families with support when they need it. That is what we are doing, through the increases in personal allowances this year, the additional payments that we are making through the winter fuel allowance and the delay in the fuel duty increase that was due this April.

I turn to some of the specific points raised in the debate. Disparaging remarks have been made about the speech made by my hon. Friend the Member for Edinburgh, South (Nigel Griffiths). I enjoyed his excellent and factual contribution. He pointed out that the roofs of the schools, hospitals and railway stations have been fixed under this Government. The investment in public services—extra police, doctors and nurses—has been widely welcomed. In the past 10 years, real pay has gone up by more than 20 per cent. in each of those sectors, and we are rightly proud of that.

By contrast, the right hon. Member for Wokingham (Mr. Redwood) said that we should have made earlier decisions about nuclear power. What—like his party, which deliberately said that it would defer the decision, despite the long lead time required to invest in this low-carbon technology? He also said that we should try to reform the common agricultural policy, but in many ways we have succeeded in doing that.

Mr. Graham Stuart: What?

Kitty Ussher: We have, with the shift from pillar one to pillar two of the common agricultural policy, and we continue to make our case. The party of the right hon. Member for Wokingham, would not even engage on the European stage; if it were still in power, we would not have achieved that progress.

In an intervention on the right hon. Gentleman, the hon. Member for Taunton (Mr. Browne) pointed out that the Conservative party—far from anticipating what it now says was the need for a different economic policy during what the Governor calls the non-inflationary consistent expansion, or NICE, years—went into the last two elections explaining how it would spend more while cutting taxes. It would, apparently, have surfed the wave of economic prosperity—in a way that would have created even more of a problem, given the black hole in its finances.

That gets to the core of today's debate. On the one hand, the Conservative party says that it will match our spending; at the same time, it tries to imply that it will return money to the British people by sharing the proceeds of growth. I do not know where that extra money would come from. I can only presume that the Conservatives are hoping that the black hole in their finances will suddenly spew out pound coins for them to distribute liberally throughout the economy.

That all relates to what we have seen in this Opposition day debate. The Conservatives are trying to imply, in a salesman-like way, that there is some huge problem with the Government's record on the cost of living. At the same time, their own words in their own research document show that the standard of living has risen under the Government. Since 2001-02, pensioner couples have been £30 a week better off in real terms under Labour, say the Conservatives; single women pensioners have been £21 a week better off under Labour, say the Conservatives; and couples of whom one partner works full time and one works part time are £14 a week better off under Labour, say the Conservatives. The Conservatives say that lone parents are £12 a week better off and that on average everybody is £9 a week better off because of our policies. I will take no lessons from the Conservative party about the cost of living under Labour.

As always, my hon. Friend the Member for Northampton, North (Ms Keeble) made a helpful and well informed speech. In response to an intervention from the hon. Member for Beverley and Holderness (Mr. Stuart), she pointed out that real wages have risen under the Government. Using Institute for Fiscal Studies data, the hon. Gentleman seemed to try to imply that incomes had fallen. I have read that report, which is extremely credible. However, the authors admit that the specific figure that he cited was within the scope of the margin of error, so it was not appropriate for the hon. Gentleman to use.

Perhaps we should look at the report resulting from the survey of households of below-average incomes. It shows that the incomes of the poorest and richest 20 per cent. of households have risen by 2 per cent. a year since 1997 and that real household disposable incomes across the board have risen by 27 per cent. Let us put it all into context: from the 1980s until the mid-1990s, the real incomes of the poorest 20 per cent. of households rose by less than 1 per cent. a year, while those of the richest 20 per cent. rose by about 2.5 per cent. a year. It is absolutely clear that the tax credit, benefit and welfare to work policies of the Government have arrested the relative increase in income disparities that happened under Conservative Governments.

My hon. Friend the Member for Northampton, North urged me to continue to focus on the needs of the working poor in our future policies, and we will of course always do that. On fuel poverty, I should point out that we have got the six major energy suppliers to increase their spending on the most vulnerable by £225 million. The Warm Front programme has been

rolled out under the Government and it has had a huge effect, particularly in constituencies such as mine, which have a high proportion of old terraced housing. Driving costs are 16 per cent. lower under this Government than they were under the Conservative Government. *[Interruption.]* I do not know why hon. Members are muttering among themselves. I can only presume that it is because they do not want to listen to the facts and are attempting, by spin and innuendo, to imply to the country that we have not made the enormous inroads that we have, as everybody knows from looking at their own standards of living compared with 10 years ago.

We continue to work closely with the Council of Mortgage Lenders to find out what more can be done to reduce the burden on people who are having difficulties with their mortgage costs.

We face some genuine issues that need to be addressed internationally as well as through domestic policy, and we are doing that. Today's debate has shown that Conservative Members have absolutely no ideas and no policies.

Question put, That the original words stand part of the Question:—

The House divided: Ayes 189, Noes 297.

Division No. 228] **[7 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Atkinson, Mr. Peter
Baker, Norman
Baldry, Tony
Baron, Mr. John
Barrett, John
Bercow, John
Beresford, Sir Paul
Blunt, Mr. Crispin
Bone, Mr. Peter
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brooke, Annette
Browne, Mr. Jeremy
Bruce, rh Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Butterfill, Sir John
Cable, Dr. Vincent
Cameron, rh Mr. David
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Clarke, rh Mr. Kenneth
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Davies, David T.C. *(Monmouth)*
Davies, Philip
Djanogly, Mr. Jonathan
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duncan Smith, rh Mr. Iain
Ellwood, Mr. Tobias
Evennett, Mr. David
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
Francois, Mr. Mark
Fraser, Christopher
Garnier, Mr. Edward
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Green, Damian
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Herbert, Nick
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Horam, Mr. John
Horwood, Martin
Howarth, David
Hughes, Simon
Huhne, Chris
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jones, Mr. David
Kawczynski, Daniel
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
Main, Anne
Maples, Mr. John
Mates, rh Mr. Michael
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moss, Mr. Malcolm
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Opik, Lembit
Osborne, Mr. George
Paice, Mr. James
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Prisk, Mr. Mark
Pritchard, Mark
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mrs Laurence
Robinson, rh Mr. Peter
Rogerson, Dan
Rosindell, Andrew
Rowen, Paul
Russell, Bob
Sanders, Mr. Adrian
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Mr. Keith
Smith, Sir Robert
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Matthew
Thurso, John
Timpson, Mr. Edward
Turner, Mr. Andrew
Vara, Mr. Shailesh
Viggers, Sir Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Whittingdale, Mr. John
Wiggin, Bill
Willetts, Mr. David
Williams, Hywel
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
James Duddridge and Jeremy Wright

NOES

Abbott, Ms Diane
Ainger, Nick
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta

Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byrne, Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Creagh, Mary
Cryer, Mrs. Ann
Cunningham, Mr. Jim
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gilroy, Linda
Godsiff, Mr. Roger
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Healey, John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoey, Kate
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Mahmood, Mr. Khalid
Mallaber, Judy
Mann, John
Marris, Rob
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McFadden, Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Merron, Gillian
Michael, rh Alun
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, Angus
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Sarwar, Mr. Mohammad
Sharma, Mr. Virendra
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stringer, Graham
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Taylor, Dr. Richard
Thomas, Mr. Gareth
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Ussher, Kitty
Vaz, rh Keith
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Weir, Mr. Mike
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wishart, Pete
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony

Tellers for the Noes:
Alison Seabeck and Tony Cunningham

Question accordingly negatived.

Question, That the proposed words be there added, *put forthwith, pursuant to Standing Order No. 31 (Questions on amendments), and agreed to.*

MR. DEPUTY SPEAKER *forthwith declared the main Question, as amended, to be agreed to.*

Resolved,

That this House notes the significant increases in world prices, with the oil price rising 80 per cent. and food prices up 60 per cent. in the year to May 2008; notes that the Governor of the Bank of England's letter to the Chancellor dated 16th June 2008 said that 1.1 per cent. of the 1.2 per cent. increase in inflation over recent months was due to world food and energy prices, and that the Government was right to tackle the rises with action on an international level, including urgently looking for a successful conclusion to the Doha round of negotiations in the World Trade Organisation and examining the impact of biofuels on food production; supports the Government's global leadership on these issues; recognises the pressure that these increases in world prices put on family budgets; further notes the measures that the Government will continue to take to support families and individuals, including pensioners and businesses, throughout the UK, including through extra tax credits, increased tax allowances, winter fuel payments and increases in child benefit; further notes that the most important support for working families is a strong and stable economy; and supports the Government's actions that have delivered unemployment, inflation and interest rates all at historically low levels, helping millions of families into stable home-ownership and sustainable employment.

Opposition Day

[15TH ALLOTTED DAY]

NHS (60th Anniversary)

Mr. Deputy Speaker (Sir Michael Lord): I must remind the House that Mr. Speaker has selected the amendment standing in the name of the Prime Minister.

7.17 pm

Mr. Andrew Lansley (South Cambridgeshire) (Con): I beg to move,

That this House celebrates 60 years of the NHS; recognises the support from all political parties for the NHS during that time; is grateful to NHS staff, past and present, who are the key to its success; commends their commitment and expertise in delivering patient care in often difficult circumstances; acknowledges the unique contribution of volunteers and charitable organisations; is committed to providing the NHS with the funding it needs to deliver European standards of healthcare to all; and recognises an opportunity in future to make the NHS more patient-centred by focusing on outcomes.

On Saturday week, it will be the 60th anniversary of the national health service, and my right hon. Friends and I felt that the House should have the opportunity, in anticipation of that day, to record our appreciation of all that the NHS has achieved and all that it has meant to the people of this country over the course of those 60 years. We do so this evening entirely in the spirit

Mr. Jim Devine (Livingston) (Lab): Will the hon. Gentleman give way?

Mr. Lansley: When I have made a little progress.

We do so entirely in the spirit in which the national health service was created. I shall let the House have a quotation:

"The discoveries of healing science must be the inheritance of all. That is clear. Disease must be attacked, whether it occurs in the poorest or the richest man or woman simply on the ground that it is the enemy; and it must be attacked just in the same way as the fire brigade will give its full assistance to the humblest cottage as readily as to the most important mansion... Our policy is to create a national health service in order to ensure that everybody in the country, irrespective of means, age, sex, or occupation, shall have equal opportunities to benefit from the best and most up-to-date medical and allied services available."

The Prime Minister of the day, Winston Churchill, said that on 2 March 1944, anticipating the establishment of a national health service.

In a spirit of consensus, I will acknowledge that the NHS was inspired by the work of a Liberal, William Beveridge, designed by a Conservative, Henry Willink, and implemented by a socialist, Aneurin Bevan. [HON. MEMBERS: "Oh!"] I was talking to a nurse; my right hon. Friend the Member for Witney (Mr. Cameron) and I have met a number of—[*Interruption.*] Is the hon. Member for Livingston (Mr. Devine) seeking to intervene?

Mr. Devine: I have the record of Second Reading of the Bill that introduced the national health service, in which the hon. Gentleman's predecessor, the then shadow Health Minister, started by saying:

"The right hon. Gentleman the Minister of Health has received an ovation from the Benches behind him for a speech as eloquent,

[Mr. Devine]

as unconvincing, and as disingenuous as any I have ever heard from him." [*Official Report*, 30 April 1946; Vol. 422, c. 63.]

When did the Conservative party start supporting the NHS?

Mr. Lansley: Considering the occasion, the purpose of the debate, the nature of the motion that we have tabled and the way in which I am introducing it, that was a wholly inappropriate response. As far as I could tell from listening to it, it was probably inaccurate, but it was difficult to say.

In the 60 years since the establishment of the national health service, it has been under the stewardship of Conservative and Labour Governments—Conservative Governments for 35 years and Labour Governments for 25 years. In that time, the NHS, for all its vicissitudes and the ups and downs that it has suffered, has none the less exhibited continuous gain, from the point of view of the people of this country. It has benefited us individually and collectively and remains part of the glue that holds society together. From the point of social solidarity and a sense of security in this country, it is immensely important to people.

Conservative Members know—as do all hon. Members—how much we rely on the NHS. I suspect that many of us, from all parties, have occasion to visit other countries—I am thinking especially of America—where the experience of people visiting their health services is too often of worrying about whether they can pay for their care, what the circumstances will be if they become chronically ill and whether, if they visit an accident and emergency department, they might first be asked for their insurance policy or visa number. We do not have those experiences in this country. We have a sense of equity and an understanding that, as part of our social solidarity, we are collectively committed, through taxation, to providing a comprehensive health care service, free at the point of delivery and based on people's need, not their ability to pay. Those principles are unchanging, even though policies may change or be debated. I do not believe that we disagree about the principles.

Mr. Graham Stuart (Beverley and Holderness) (Con): I congratulate my hon. Friend on the tone with which he has begun the debate, in which hon. Members of all parties will celebrate the foundation of the national health service. There have been huge increases in spending on the NHS, for which the Labour party deserves some credit, but a focus on outcomes rather than false targets will end the distortion of clinical priorities and of the value for money and excellent health care to which the expenditure should lead.

Mr. Lansley: I am grateful for that intervention and it will not surprise my hon. Friend to know that I feel strongly that the NHS needs to become much more focused on outcomes for patients. That policy does not derive from our thinking alone, but is the product of speaking to literally thousands of people in the national health service. They say that they want to care for the patient and determine their actions on the basis of the patient's need in a framework where policy is geared to that. Unfortunately, although the Government have been talking about outcomes since my right hon. Friend the Member for Witney and I started to make it clear that we would move in that direction, they are not designing health outcomes into the policy of the NHS. The policy, as dictated by the Government through national targets, is still geared towards processes and targets rather than health outcomes for patients. A change of direction is vital.

Chris Ruane (Vale of Clwyd) (Lab): The hon. Gentleman started with a brief synopsis of the Conservative party's position in the 1940s. Will he remind the House of how the Conservative party voted in 1948? Did it vote for or against establishing the national health service? It is a simple question.

Mr. Lansley: I have not looked back—[Hon. Members: "Oh!"] However, my recollection is that Conservative Members at the time, in opposition, took a view about the specific proposals that the Labour Government presented and objected to aspects of them. Labour Members appear to believe that the British Medical Association's difficulties at the time were a measure of its opposition to the NHS. It is no more true to say that the Conservative party since 1948 or today opposes the NHS than it is to say that the BMA opposes it. Neither statement is true and it is absurd to claim either.

Mr. Jeremy Browne (Taunton) (LD): I am grateful to the hon. Gentleman for giving way because I want to make a helpful intervention. In these straitened economic times, will he reaffirm his personal commitment to increasing NHS spending by £28 billion a year over and above the current Government figure?

Mr. Lansley: The hon. Gentleman must not believe everything that he reads in the newspapers. I made no such commitment. Our commitments are clear: we are committed to the same increases in NHS spending up to 2010-11 as those in the Government's spending plan. Beyond 2010-11, my colleagues are committed to further real-terms increases in NHS spending.

Mr. Greg Knight (East Yorkshire) (Con): Is my hon. Friend aware that, although most people recognise the anniversary, it is not being celebrated everywhere? For example, in Bridlington in my constituency, there is genuine concern that a relatively new hospital, which a Conservative Government built, maintained and sustained, is under threat from the Labour Government, with services being cut.

Mr. Lansley: Labour Members should listen to my right hon. Friend because attachment to the NHS is often expressed through support for one's local health service. It should be no surprise that, as I know from my visit to my right hon. Friend's constituency, many thousands of local people have signed a petition to maintain services at their local hospital. Instead of carping, Labour Members would be well advised to acknowledge that that is true not only in Bridlington but in many places throughout the country.

People are signing petitions not in contravention of medical evidence, but with clinicians' support and on the basis of evidence for the desirability of maintaining care closer to home. Labour Ministers have adopted that policy, which my former right hon. Friend, Virginia Bottomley, began. She started the process of providing care closer to home, and that care is being lost too often under a Labour Government.

Several hon. Members *rose*

Mr. Lansley: I want to make progress and I do not want to take much time because I want as many Members as possible to have a chance to express their views about the NHS. It is not an occasion for me to make many—or, indeed, any—party political points or to talk about policy in great detail.

However, when one considers the current position in the NHS, we should take account of some things from the past. A couple of years ago, I was at Papworth hospital, which was celebrating the 25th anniversary of the first heart transplant. I was surprised to hear Sir Terence English, who carried out that transplant, say that the 1980s was a golden age in the NHS. That is not a phrase that I normally hear applied to the 1980s, so I asked him what he meant by it. He replied that, in those days, if he could convince the board of governors at Papworth hospital that he should innovate through undertaking something groundbreaking, there was nothing to stop him. We need to consider that carefully. The Conservative party is geared towards health outcomes because the structures of targets and micro-management in the NHS have made many NHS staff believe that they are no longer in a position to innovate or have the freedom to deliver high quality care in the way they should.

Clive Efford (Eltham) (Lab): Will the hon. Gentleman give way?

Mr. Lansley: No, I am making progress and I want other hon. Members to be able to speak.

Hon. Members of all parties should ensure that there are opportunities for innovation.

As we understand from Derek Wanless's reports and his revisions to them, there are substantial risks to the future of the NHS, not least those that arise from demographic change, the impact of new technologies and the costs associated with implementing them, and rising expectations and demand. However, central among those risks are the impacts of public health demands, if we are unable to achieve what he describes as a fully engaged scenario, whereby the public understand the health implications, including obesity and sexually transmitted infections, of behaviour such as alcohol abuse, substance misuse and the like. Unless the public recognise that, it will be very difficult for the NHS to cope with the disease consequences that will arise.

When Ministers publish the review next week, I hope that they will make it clear that it is outrageous that in London, for example, as Lord Darzi set out in "A Framework for Action", there is an inverse relationship between the relative deprivation of primary care trusts and the amount spent on preventive health care. Indeed, we have set out clearly how our public health infrastructure should be geared to that, and how we should have separate public health spending. Right across the country, there is no positive relationship; indeed, the average spend per head in primary care trusts on preventive health care spending is just £20, from an average allocation to PCTs of well over £1,000 per head. That is the second lesson.

The third lesson that we must learn is about giving the NHS organisational stability. My right hon. Friend the Leader of the Opposition happily said that, and the Secretary of State repeated what he said when he took office—that there should be no further major organisational upheavals. I will not dwell on all the things that have happened, but even now the NHS does not know whether it is working to the NHS plan from 2000, to "Keeping the NHS local" from 2004, to "Commissioning a patient-led NHS" from 2005, to "Your health, your care, your say" from 2006 or to whatever is contained in the document to be published next week.

There is no thread of consistency and stability in either the structures or the policy being pursued in the NHS. One of the first things that many people working in the service would say to us, as we collectively discuss the NHS after 60 years, is that they will be able to deliver so much more in the future if they are given the stability of a framework in which to do so and the freedom to respond to the needs of patients.

Mr. Philip Hollobone (Kettering) (Con): Local people in Kettering are rightly proud of their district general hospital, which this year celebrates the 111th year since its foundation. Although they are positive about the NHS in respect of the local hospital, they are negative about it in respect of NHS dentistry. Local people have never had such limited access to an NHS dentist as they do now.

Mr. Lansley: I am grateful to my hon. Friend, who makes an important point. If my memory serves, over the past year we have seen a reduction of about 1 million in the number of people accessing NHS dentistry. We must recognise that the experience of dentistry that many people throughout the country have is genuinely one of a two-tier system. There are people in some areas who can access NHS dentistry or receive it free, because there are still contracts and dentists available, yet in other places it is simply not available or people pay so much that, frankly, they might as well be in the private sector, because of the costs that they have to meet.

My hon. Friend makes an important point, and we need to be realistic. This is a debate not just to say thank you, although that is an important part of it, but to listen to the staff of the NHS. Last week, the Government published the annual survey of NHS staff, "What Matters to Staff in the NHS". There was much in it about NHS staff feeling positive about their hospitals or surgeries, and they were very supportive of what the NHS stands for.

However, staff were asked, by Ipsos MORI on behalf of the Government, whether they would praise the NHS as it currently stands. Unhappily, those figures were not as good. Forty-three per cent. of staff overall said that they would speak critically of the NHS as it now stands and only 27 per cent. said that they would speak highly of the NHS as it now stands. That is very depressing. Any organisation—public, private or whatever—in which more staff would, unprompted, speak critically of that organisation as it stands today than would spontaneously speak highly of it has serious problems with staff morale and motivation, which needs to be changed.

The Secretary of State for Health (Alan Johnson): Staff views are very important. NHS staff were concerned about changes to their normal pension age. I negotiated an agreement whereby all NHS staff in post at the time

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would continue to have a normal pension age of 60. The hon. Member for Tatton (Mr. Osborne), the shadow Chancellor, said that that agreement should be reviewed. Will the hon. Gentleman confirm that NHS staff, about whom he is rightly concerned, can rest assured that the Conservative party will not reopen that deal and that all staff in the NHS will continue to have a normal pension of 60, if those were the terms on which they were recruited?

Mr. Lansley: Yes, I did not have the opportunity, I am afraid, to listen to my hon. Friend on "Newsnight", but I understand that he made it clear subsequently that he had not been correctly quoted. I thought that the Secretary of State was rising to respond—I hoped positively—to the fact that 43 per cent. of NHS staff, including 54 per cent. of medical and dental staff and 49 per cent. of junior managers, said that they would speak critically of the NHS as it is now. That needs to change, and if that is not critically important to the Secretary of State, it ought to be.

People in the NHS listening to our debate this evening would say, "Don't just say thank you to us or express appreciation for what has been achieved. We know that the public support us, but at the same time they know that we are not allowed to achieve what we should achieve, and that although we've seen a doubling of resources in the NHS in the last 10 years, this hasn't reached the front line and it isn't delivering the patient gain that it should. From our point of view, not only do we need organisational stability, empowerment of professionals and freedom to deliver for patients, but we are prepared to be held to account for the outcomes that we achieve and held to account by patients for the services that we provide." Patients should be able to access choice and control over their health care and, to an extent, those with long-term conditions should even, where possible, be able to manage personalised budgets.

Joan Ryan (Enfield, North) (Lab): It is important to talk to staff, and I have talked to the staff at my local hospital. They are users of that service, too, and they have said to me that they are not willing to wait more than four hours in A and E. They do not want to wait more than 18 months for operations and are pleased about everybody getting 18 weeks, end to end. What does the hon. Gentleman think is the difference between the target and the outcome? If the target is that everybody gets their operation and gets better, the outcome is better health for everybody. It is misleading to mix up targets and outcomes.

Mr. Lansley: Let me say two things to the right hon. Lady. First, I do not think that she has talked to many NHS staff, if that is the view that she reaches.

Joan Ryan: On a point of order, Mr. Deputy Speaker. I do not understand the basis on which the hon. Gentleman can contradict me when I say that I have spoken to NHS staff.

Mr. Deputy Speaker: Order. If that had not been in order, I would not have let the hon. Gentleman say it. These are matters for debate, not matters for the Chair.

Mr. Lansley: Let me explain two things to the hon. Lady. First, many clinicians to whom I have spoken over many years, as well as their representative organisations, have made it clear that the impact of a waiting time target is less about delivering reductions in waiting times than it is about distorting clinical practice and the clinical judgments that have to be made. Waiting time targets can thereby have a damaging overall impact on health outcomes.

Clinicians want to focus on outcomes and be held to account for some of the performance measures that go into delivering high-quality care for patients. There is no doubt that clinicians know that their local hospital should be responsible for publishing referral-to-treatment times and that patients and commissioners should hold them to account for that. That is performance management; it is part of the contract and nobody is proposing that we get rid of it. However, the hon. Lady must recognise the truth about imposing a national, one-size-fits-all, 18-week referral-to-treatment target. Almost every clinician to whom I have spoken says, "This is nonsense. There is no clinical evidence for this and it distorts." Indeed, we can see that happening already, with hospitals having to pay well over the tariff to access private sector providers and deliver the target.

Another thing that I would like to say to the hon. Lady is that the staff at her local hospital, Chase Farm, are saying, "Don't take away our maternity services and our A and E services". The people of Enfield care about services at Chase Farm, and I wish that she had got up to tell the House about that, instead of making a party political point.

Clive Efford: Will the hon. Gentleman give way?

Mr. Lansley: No.

Let us be very clear about this. International benchmarking

Barry Gardiner (Brent, North) (Lab): Will the hon. Gentleman give way?

Mr. Lansley: No.

International benchmarking is absolutely critical. Let us look at a simple example. The Government rightly say that, over the past decade, we have seen reductions in premature mortality from cardiovascular disease and stroke. However, they never go on to say that that has been true not for 10 years but for 20 years. They never go on to say that, when we compare our data with those of other countries, we see that we have not narrowed the gap. They do not go on to say that studies suggest that we have the worst outcomes for stroke among the European countries. They do not go on to say that there are routine procedures in other countries for stroke services and heart care services—for people having a heart attack—under which people are treated as an emergency when they have a stroke or when they are taken for primary angioplasty when they have a heart attack. Those services have routinely been offered for years in those other countries but they are not being offered here.

International comparison is essential in this regard. How can we know how well the NHS is performing unless we look at countries with equally developed health economies to see how well they are doing by comparison?

Mr. Stephen Dorrell (Charnwood) (Con): Is not the situation actually worse than my hon. Friend describes? Some years ago, there were two gaps. We spent less per head on health care than our European comparator countries, and we had worse health outcomes. Now, our spending is broadly in line with our European comparator countries, but we have not eliminated the gap on health outcomes. That is the core challenge, and the Government have failed to deliver on it.

Mr. Lansley: I am afraid that it is, and this takes us back to one of the central issues that most depresses people who work in the national health service, and those whom they look after. They want to see those resources, and they want to use them productively. Unfortunately, however, the nature of the system means that when spending was rising fastest, productivity in the NHS was falling by 2.5 per cent. a year, according to the Office for National Statistics. In those circumstances, they cannot deliver the quality of health care that they should.

Last year, the Government were fond of quoting the Commonwealth Fund, but I am afraid that that study presents an unhappy picture of an international comparison that does not even include some of the most positive comparators, such as France. The Commonwealth Fund, from New York, which Ministers like to quote, states that the UK health care system is the worst for waiting times, for mortality rates, for hospital-acquired infections, for preventive care such as breast cancer screening, for caring for those with long-term conditions and for GP access out of hours. So, precisely— [*Interruption.*] Hon. Members laugh, but this is not a matter for amusement. The Commonwealth Fund is quoted by Ministers, and I have just quoted it as well. They should recognise this. We should look at outcomes, at the overall benefit for patients and at international comparisons. The Government—and any future Government—must focus on overall outcomes for patients and not on trying to micro-manage the way in which they are achieved. We should focus on what we are trying to achieve, and we should be rigorous, challenging and ambitious about that, but we should not try to dictate how it is done.

Anne Moffat (East Lothian) (Lab): The hon. Gentleman was talking about what NHS staff actually thought. Does he remember—as I do from when I worked in the NHS—that this Government are not frightened to ask the staff what they think about the health service and about what measures can be taken to improve it? When the Conservative Government were in power, if whistleblowers told the public what was going on in the national health service, they were sacked for telling the truth. Does the hon. Gentleman think that that is a good record?

Mr. Lansley: I am sorry that the hon. Lady thinks that that was true in the past, and that it is not true today. I am afraid that I have met many people who still feel that the culture in the NHS is such that they cannot speak out openly about what is happening. That should not be true, but unfortunately it still is.

Clive Efford: Will the hon. Gentleman give way?

Mr. Lansley: No, I am going to finish my speech in a moment. I want everyone to have a chance to speak.

The national health service is something we can applaud and something to which we attach enormous importance locally. In my own constituency, the Addenbrooke's and Papworth hospitals are excellent examples of innovation and high quality care, and we attach enormous importance to them. But the NHS knows, and we know, that the route for the future is not just about things as they are. It is about achieving a stable organisational framework for the NHS that will allow real dynamism for reform and change. Under the twin levers of patient choice and a competitive environment among health care providers, information based on health outcomes, rather than on micro-management, will deliver the framework within which those levers can work most effectively.

Internationally, we can see that we have a treasure in the NHS. When I go to America or, as I did recently, to the Netherlands, I see that people are seeking to achieve a structure that will provide universal coverage, or a maximum risk pool, as they put it. They want to achieve the combination of equity and efficiency that everyone is looking for in health care. The scale of spending on health care in many of those countries is similar to our own or even higher. In America, for example, the scale of public spending on health care as a proportion of gross domestic product is almost exactly the same as it is in this country, but there is an additional 7 per cent. of gross domestic product on top of that in private contributions. That is not a situation that anyone could contemplate. The inefficiencies involved are not to be contemplated.

In the national health service, which is funded through general taxation, we have a vehicle that is highly efficient at raising resources for health care and highly equitable in regard to the potential distribution of, and access to, that health care. Unfortunately, over recent years in particular, it has become bureaucratic and monolithic. It does not exhibit the characteristics towards which all those other health care systems are moving in regard to exposure to efficiency. That exposure to efficiency, through choice and competition, is essential for the future, and I believe that NHS staff are happy to contemplate that. They are prepared for it, as long as the competition is fair and they are judged on genuine outcomes, and as long as they are given the opportunity to do the best for patients in a framework that continues to be supportive and true to the principles of the national health service.

In supporting the motion this evening in a non-partisan fashion— [*Interruption.*] It is entirely non-partisan. I hope that my colleagues and I will make it clear that its purpose is to give hon. Members on both sides of the House the opportunity to express differing views on the policy direction of the NHS, as well as a clear and unanimous commitment to its principles, its values and its future.

7.47 pm

The Secretary of State for Health (Alan Johnson): I beg to move, To leave out from "all;" to the end of the Question, and to add instead thereof:

"recognises an opportunity to make the NHS more patient-centred by focussing on outcomes; further recognises the defining contribution the NHS has made to the health and wellbeing of the nation since 1948; acknowledges that the principles upon which the NHS was established, funded by general taxation and free at the point of delivery, are immutable; accepts that target reductions in waiting times have significantly improved services to patients; and looks

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forward to the next 60 years of the NHS characterised by world-class quality healthcare as well as greater personalisation, individual choice and easier access to services.".

There is nothing in the Opposition's motion that we find objectionable. There is one minor quibble, which I will come to in a second—and there is a very major quibble sitting next to the hon. Member for South Cambridgeshire (Mr. Lansley); I will deal with the minor quibble later. The claim in the motion that the Conservatives recognise

"the support from all political parties for the NHS"

crept in at the last minute. It was not there yesterday—but I will even let that pass. I might come back to it later.

We are genuinely pleased that the Opposition have dedicated some of their time to discussing the important occasion of the 60th anniversary—the diamond anniversary, indeed—of the national health service. We should not forget the many and varied ways in which it has improved the lives of individuals in this country, and improved the nation as a whole.

I was at an event earlier today with the Prime Minister to celebrate 60 years of NHS research. When the NHS was established, the opportunities for medical advances were greatly expanded because it gave researchers access to vast numbers of patients and staff in a clinical setting for the first time. For example, the discovery in the UK in 1950 by Professors Hill and Doll that there was link between lung cancer and smoking could not have happened without the collaboration between the NHS and the Medical Research Council. That discovery was followed by breakthroughs in hip replacements, in detecting osteoporosis, in bio-engineering, in heart valves and in the word's first test tube baby, along with many other breakthroughs.

The UK is a world leader in health research, responsible for 3 per cent. of the world market in medicine, but funding 11 per cent. of the world's medical research. We will continue to invest in science, innovation and research to ensure that we maintain this country's pre-eminence. Following today's summit, we will forge even closer links between universities and the NHS.

Medical research is just one of the many advantages bequeathed by our predecessors in 1946, when the National Health Service Bill was approved in this House. It can hardly be said that the NHS emerged from deep political consensus and professional support. The historian Kenneth Morgan pointed out that the conflict between the BMA and the Government lasted longer than the second world war—*[Interruption.]* The hon. Member for North Norfolk (Norman Lamb) says that it is still going on, and I shall come back to that in a few moments. My hon. Friend the Member for Livingston (Mr. Devine) cited a reference from a debate in this House 60 years ago. This was April 1948—*[Interruption.]* No, my hon. Friend was not there at the time! The Bill had become an Act, having received Royal Assent, and Bevan and the Government were forced to provide time to debate the NHS because of the huge opposition that had emerged from the BMA and the Conservative party. Let me read one quote from Nye Bevan. There are loads of quotes in these debates, but this one struck me as being perfect for the occasion. Bevan said:

"It can hardly be suggested that conflict between the BMA and the Minister of the day is a consequence of any deficiencies I possess, because we have never been able yet to appoint a Minister of Health with whom the BMA agreed."

No change there. I am sticking to the tradition established by Nye Bevan.

Mr. Fraser Kemp (Houghton and Washington, East) (Lab): A constituent, Mrs. Elizabeth Porter, celebrates her 100th birthday next year. She spoke to me recently about what happened 60 years ago when she travelled on a bus from where she still lives in Shiney Row, Durham to hear Nye Bevan speak about the creation of the health service. She said to me that it was the greatest decision ever taken by any Government in the last century, because it took away the fear that she had in the 1930s of having to make a decision on health on the basis of whether she had £2 to call a doctor, rather than whether she needed help. Does my right hon. Friend agree with Mrs. Porter's analysis?

Alan Johnson: I entirely agree, and I cordially invite my hon. Friend's constituent to come to Westminster Abbey next Wednesday to celebrate the 60th anniversary of the NHS, as there will be many more NHS workers there and people who have benefited from it over the years.

Mr. Charles Walker (Broxbourne) (Con): I am not one for celebrating institutions, but I am one for celebrating the people who work in them, particularly nurses, who make a massive and important contribution to the NHS. My concern is that too many district and community nurses are now subsidising the NHS because their mileage allowance was fixed in 2001 and has not risen since. Will the Secretary of State take a look at that and give the nurses a real present for their 60th anniversary?

Alan Johnson: Of course, I will look at that, but today's occasion should not get bogged down in mileage allowances: let us look at the bigger picture—*[Interruption.]* I know that there are three or four ex-nurses in their places around me now. As I said, I will look at the issue, but let us move on from mileage allowances to the big debate in 1948 about whether we should establish a national health service.

I am unsure how the Liberals voted in 1946—*[Interruption.]* Well, there were only a dozen of them in the House at the time. But I do know how the Conservatives voted, and the hon. Member for South Cambridgeshire (Mr. Lansley) might like to know that the Conservatives voted against the Bill at every stage. There was a three-day Second Reading debate, at the end of which the Conservative Opposition voted against it. There were no rebels going through the Labour Lobbies. For us, it was unanimous. Again on Third Reading, however—

Mr. Simon Burns (West Chelmsford) (Con): Will the Secretary of State give way?

Alan Johnson: Let me finish my point. The Conservatives voted against Third Reading, proving that this was an absolute point of principle for them. As I have already explained, two years later, Bevan had to come to the House with another debate because of the coalition between the BMA and the Conservative party, which was in fierce opposition to the establishment of the national health service.

Mr. Dorrell *rose—*

Alan Johnson: I give way to the former and very distinguished Secretary of State for Health.

Mr. Dorrell: I am grateful to the Secretary of State. One of his achievements in office is that my hon. Friend the Member for South Cambridgeshire (Mr. Lansley), the shadow Tory spokesman, is ahead of him in terms of public trust in handling health policy. That is an important event for the Conservative party, but I wonder whether the Secretary of State thinks he is likely to get himself ahead of my hon. Friend in terms of public ratings by digging up the history of who said what in the House of Commons in 1946?

Alan Johnson: Every poll I read puts us in the lead; I suppose it all depends which ones, but let that pass.

Mr. Devine: Will my right hon. Friend give way?

Alan Johnson: In a few moments.

I think that it would be really strange if, in debating an Opposition motion celebrating 60 years of the NHS, I did not point out the consistent support or otherwise of all political parties for it. I realise Conservative Members do not want to go over the history, but it would be perverse if we did not at least mention some of that history. Indeed, the hon. Member for South Cambridgeshire mentioned it himself.

Mr. Devine: It might be helpful to the debate if Conservative Members in making their contributions or interjections told us whether they are covered by private medical insurance. The difference between Conservative and Labour Members is not only that we created the national health service, but that we actually use it, too.

Mr. Burns *rose—*

Alan Johnson: The hon. Member for West Chelmsford (Mr. Burns) cannot intervene before I have risen to respond to the previous intervention. All we know is that an analysis of the Cabinet of which the right hon. Member for Charnwood (Mr. Dorrell) was a member showed that none of them used either the NHS or, indeed, the state school system—but we will draw a veil over that period of history.

Mr. Burns: Interesting as it is for the right hon. Gentleman to give us a history lesson, does he accept that many Conservative Members, including myself, were not born in 1946 or 1948, and that we have supported the principle and the exclusive use of the health service ever since we were born?

Alan Johnson: I accept that point entirely. However, the hon. Member for South Cambridgeshire began his speech by quoting Winston Churchill in 1944, and went on to talk about Henry Willink, the shadow Health Secretary at the time and Health Secretary during the coalition Government, so perhaps we can be allowed to enter the same debate and talk about the history as well.

Norman Lamb (North Norfolk) (LD): I am still waiting for the right hon. Gentleman to mention who laid the foundation stones of the NHS—the great Liberal, Beveridge. Will he please get on with that?

Alan Johnson: I will. Beveridge's contribution should be recognised, as indeed should that of Lloyd George, who introduced the insurance-based system that the BMA vehemently opposed in 1911 and then sought to protect in 1946—so what goes around, comes around.

Joan Ryan: May I suggest that my right hon. Friend might get quite a long way ahead in the ratings if he told the House about the difference targets have made to cardiac mortality and death rates from cancer? Those issues are important to this evening's debate. May I also say to my right hon. Friend that despite the many discussions I have had with him and other Ministers about Chase Farm hospital, one thing I am absolutely certain of is that that hospital, as a result of all the efforts made locally and here, has a very bright future ahead?

Alan Johnson: I agree with my right hon. Friend, and I will come on to targets and outcomes a little later.

The Conservative party voted against the National Health Service Bill at every stage, so has the NHS really had

"support from all political parties"?

Has this great achievement of a Labour Government been equally cherished by the Conservative party? I think the hon. Member for South Cambridgeshire may blush a little at that suggestion. The NHS was certainly not supported at birth—in its infant and teenage years, perhaps.

Moving on to the '80s, Baroness Thatcher, who famously went to a private hospital in Windsor rather than use the NHS, said as Prime Minister that the NHS was "safe in her hands", rather as the Leader of the Opposition was saying earlier today. However, as Rudolf Klein, historian of the NHS, points out, in 1982 the Government's think-tank, the central policy review staff, produced a paper proposing the replacement of a tax-financed NHS by a system of private insurance. That was presented to Ministers by the Chancellor and promptly leaked to *The Economist*, so it became a big scandal. History records that we can thank Lord Fowler, who was Secretary of State for Social Services, for killing off that proposal.

We should also remember that every single— *[Interruption.]* Just one second. We are coming up to recent history, which will be much more interesting to the hon. Member for Hemel Hempstead (Mike Penning). Coming up to recent history, we should remember that every—

Mr. Lansley: Will the Secretary of State give way?

Alan Johnson: In a second. Every single Conservative Member won their seat on a manifesto that supported the NHS to such an extent that they would have paid people to leave it.

Mr. Lansley: Is the Secretary of State interested in history, as he seems to have glossed over the fact that since the 1950s, the year in which the largest reduction in NHS spending took place—a reduction of 2.9 per

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cent. in real terms—was 1977-78, under a Labour Government? Perhaps he will confirm that that is correct. Will he acknowledge that Governments both Labour and Conservative have sought to support the NHS, but that the year in which there was the least financial support for the NHS occurred under a Labour Government?

Alan Johnson: The Conservative party has tabled a motion saying that "all political parties" have supported the NHS. I am not dealing with the vagaries of finance; I am saying that the Conservatives opposed the NHS when it was founded, and came up with a plan to move to a national insurance system, which thankfully was scuppered, and that as recently as the last general election, every single Conservative Member stood on a manifesto that said that people could take money out of the NHS to go private. I point that out merely because of the terms of the motion.

The hon. Member for South Cambridgeshire has tried to put all that in the past, primarily to try to encourage the public to forget what the Tories did to the NHS when they were last in government. That was an era of 18-month and sometimes two-year waits for life-saving operations. It could take weeks to get a GP appointment. As the chief medical officer tells us, when he was working in the north-east an 81-year-old man wrote to him to ask whether he could bequeath his place on the waiting list for a cataract operation to his nephew, who was 60 and developing eye problems. That man had been on that waiting list for 11 years. Waits in accident and emergency were sometimes 24 hours, and infection rates in hospitals soared.

Such was the public anger that the debate was not always about how we could save the NHS, but about whether we should abandon it altogether. Now, thankfully, the debate is about how we take the NHS from good to great, and from world class in some aspects to world class in all. Here I come to my quibble with the Conservative motion. While it rightly mentions the need to focus on outcomes, as we are doing, it implies—this point was referred to by my right hon. Friend the Member for Enfield, North (Joan Ryan)—that targets have had no role to play in rescuing the NHS from years of neglect and underfunding.

Clive Efford: This is an area where the Tories have created more than a bit of confusion for me. Heaven forbid that we should ever have a Conservative in charge of the NHS again, but exactly what would a future Conservative Government be responsible for? Three issues have been raised—Chase Farm hospital, which was mentioned by my right hon. Friend the Member for Enfield, North (Joan Ryan), and two others, which were raised by Labour Back Benchers—on which local decisions were made to change the NHS to try to improve it and make it ready for the 21st century, but the hon. Member for South Cambridgeshire has prayed them in aid to attack the Government. There is localism and decisions are being made, but the hon. Gentleman brings them here to attack the Government. Exactly what would a Conservative Government do for the NHS, and who would be responsible for what?

Alan Johnson: That is a very good question. *[Interruption.]* It is a very good question. Last week we had a debate on polyclinics. The argument about GP-led health centres—*[Interruption.]* I will say it in words of one syllable: we had a debate last week about health centres. We heard that the argument against putting GP-led health centres in every part of the country—open from 8 am to 8 pm, 365 days a year, with access for people whether they are registered or not; they can walk in—was that we were determining things from the centre.

When it was pointed out that in London the proposals for polyclinics had come from a consultation involving clinicians and the population, that was opposed. When it was pointed out that there were proposals for a further three centres in Hull, in my own constituency, that was opposed. My hon. Friend the Member for Eltham (Clive Efford) is right to be confused: the Conservatives oppose what is driven from the centre, and oppose what comes from the local level as well.

Mary Creagh (Wakefield) (Lab): Does my right hon. Friend agree that quality and dignity go hand in hand in the NHS, and that our target to ensure that all A and E patients are seen within four hours of entry to hospital is a massive improvement on patients spending the night on trolleys, as they used to in my local hospital, Pinderfields, 10 years ago? Does he also agree that the debate about targets and outcomes represents a semantic difference, and that we should all be working together to improve health care?

Alan Johnson: The public will be bemused by all this discussion about outcomes. They want to get through A and E in a reasonable time. They want not to wait years for an operation. Samia al Qadhi, chief executive of Breast Cancer Care, said this morning that targets had their uses. She certainly thinks that it is important that there are targets for the timing of cancer care in particular, not only because of the emotional distress of waiting for a diagnosis or for information, which should certainly not be underestimated as it is considerable, but because there is p'enty of evidence that early diagnosis saves lives with breast cancer and other cancers. So there was no support there for this weird argument that we concentrate just on outcomes and there is no place for targets at all.

Barbara Keeley (Worsley) (Lab): I have referred to this before, but it is a key point about cervical cancer screening. We know we have a problem, which has developed more recently, with young women in their 20s and 30s falling away and not attending screening. There have been some wonderful initiatives, including one at Salford PCT, which has studied the process, worked with GPs and improved our uptake of screening in Salford by 7 per cent. It is true that we have to focus on process and on targets to achieve those different outcomes.

Alan Johnson: I saw what is happening in Salford when I was there a couple of weeks ago. When I went to King's, I also saw how the areas of south-east London where the most deprived communities live are being targeted to ensure that they get the breast cancer screening programme to reach the parts of the community that are most difficult to reach. Those are very important local initiatives. We reject totally the Opposition proposal that we should abandon targets. In achieving reduced waiting times and in tackling health care acquired infections, they remain important.

The transformation of the NHS is due to the hard work and dedication of its staff, but national targets, together with sustained growth in resources, delivered significant progress: better access, improved treatment in A and E, better treatment for cancer patients and significant reductions in mortality rates from the major killer diseases. From December, no patient will be waiting more than 18 weeks for an operation following referral to treatment.

I shall quote Professor John Appleby, chief economist—*[Interruption.]* I mean that no patient would wait that long apart from those who book an appointment but decide that they do not want to have their operation yet, and those who decide that they are going on holiday.

Mr. Lansley: It is quite important that we are clear about that. For example, the Government will say that nobody waits beyond four hours in A and E, but last year 129,000 people waited more than four hours. There is a tolerance. I understood that Ministers were proposing an 85 per cent. target for the 18-week referral to treatment, so hundreds of thousands of people will wait beyond 18 weeks.

Alan Johnson: Why did the hon. Gentleman have to intervene? I was just mentioning the tolerance: the figure is 10 per cent., so there is a 90 per cent. target because of the fact that there is a tolerance and—*[Interruption.]* The hon. Member for Guildford (Anne Milton) says from a sedentary position that I said "nobody". Before the hon. Member for South Cambridgeshire intervened, I made it clear that there is a tolerance level, as there is for all targets.

Let me quote Professor John Appleby, chief economist at the King's Fund:

"Every opinion poll and headline ten years ago said that if there was one thing the public wanted fixed in the NHS it was waiting times, and they've done it."

His words:

"It is quite staggering."

That is from the independent King's Fund. He continues by saying that

"the whole point of the targets was to change clinical priorities, because doctors seemed content to put up with long waits for their patients—while patients were not content...There is no evidence that vital priorities such as urgent cases have been delayed."

Patients do not want to see a return to perilous waiting times, and we will continue to be their advocates.

We are now coming through the necessary era of top-down targets, and are refining and improving how we measure performance. As my noble Friend Lord Darzi of Denham has made clear, quality must be the organising principle of the service. We have already proved by our actions our commitment to letting go from the centre. In 1999 we relinquished power to determine which new drugs and technologies the NHS should adopt, and put it in the hands of a new independent body, the National Institute for Health and Clinical Excellence. In the same year, we established the Healthcare Commission and the other commissions, making them responsible for setting standards, and inspecting and reporting on every hospital, mental health and social care provider in England—completely beyond the influence of politicians. Four years ago, we established NHS foundation trusts—independent of Whitehall, accountable to their members and making their own decisions on how best to serve their patients.

The NHS is in rude health: we no longer debate its survival, but its continuing success. On Monday, we will publish our next stage review. From the NHS plan in 2000 right up to now, there has been consistency: first the resources; then the mechanisms for reform; and now a fundamental concentration on improving quality. A national, enabling framework will be driven by the local priorities set out by thousands of clinicians, patients and members of the public; they drove the process that set the direction of the health service in every region of the country. It was developed locally because local clinicians, patients and managers are best acquainted with the specifics of improving patient care, and are best equipped with the knowledge and ideas necessary to shape the future of the service.

Unlike the situation in 1948, we are no longer in the age of infectious and acute disease, but in the age of chronic and lifestyle disease. The burden of modern and future health care systems will be to support an ageing population, to help those with long-term conditions to manage their care better, to promote health and well-being so that we can ward off disease, and to keep up with the astonishing advances in medicine and technology. Only through universal health care, free at the point of need, can we make sure that all citizens benefit from those advances. Whereas our national health service makes screening and vaccination programmes available to all, an insurance-based system could use what we discover about disease to increase premiums. Under such a system, the scientific knowledge that could liberate a patient from the threat of disease and early death would instead remove their right to treatment.

At the beginning of the 21st century, therefore, the value of the NHS is even more important than at any time in the past 60 years. Only because of the attention and care that the Labour party has shown the NHS—running beyond a mere expression of support, welcome though that is—can we address the challenge of today's health requirements. Massive increases in investment put us in touching distance of European spending levels. There have been huge gains in staff numbers—80,000 more nurses and 38,000 more doctors. Every week another new building to host primary and social care services opens, and 125 new hospitals will be open by 2010.

For today's NHS, the way ahead is through a greater emphasis on prevention, personalisation, individual choice and easier access to even safer services. It is right that we pay tribute to the NHS as we approach its 60th anniversary. Nobody would claim that it is perfect, but it is deeply cherished by the British public because of its enduring values, and because it epitomises the social solidarity that is as important today as it was 60 years ago. I commend the amendment to the House.

8.13 pm

Norman Lamb (North Norfolk) (LD): I am pleased to join in celebrating the 60th anniversary of the NHS. It is right to acknowledge and express appreciation for the massive contribution of the staff in the NHS, from those at the bottom of the organisation to the most specialist clinicians. The motion also rightly identifies the role of volunteers and charitable organisations, which often work in partnership with the NHS. They play a vital role, and are often staffed by people who

[Norman Lamb]

have had a particular experience, or whose loved ones have, and who demonstrate a real commitment to the care provided.

It is also right to acknowledge and celebrate the extraordinary founding principle of the NHS—that everyone, irrespective of income, should have the same access to care, based on need, not on ability to pay. As the other two Members who have spoken have acknowledged, it was a Liberal, William Beveridge, who laid the foundation stones of the NHS. It is a pity that the Liberal Democrats have not yet had the opportunity to administer the national health service, but one day our turn will come.

We should never be complacent about the future of the NHS, its safety and security. It could be undermined by two factors: first, funding levels; and secondly, the way in which the money is spent.

Back in 1997, at the end of the Conservative Government, this country was spending a third less than the average European spend on health. The consequences were there for all to see. Hospitals were decaying, and not enough doctors, nurses or other health professionals were being trained or recruited. There were real weaknesses. At the end of the Conservative years in government, whether we look at cancer, heart disease or stroke care, the outcomes—the issue on which the Conservative spokesman focused—for people in this country were poor compared with those in other European Union countries.

Today, a difference has been made to funding. This country now spends about £100 billion a year, which is a dramatic increase in investment in the health service. We supported that all the way through. We called for it in 1997, and when it came we supported it in votes in this Parliament. Given that funding has increased, however, we must ask, first, whether we are getting enough out of the investment, and secondly, how the NHS will cope with the challenges of the future.

As has been said, the current spend is at about the European average. Yet, as the Conservative spokesman has said, our outcomes still lag behind Europe's on heart disease, cancer, stroke care—

Mr. Lansley: And lung disease.

Norman Lamb: Indeed.

This country has gross inequalities in health outcomes. That issue has not been focused on particularly in this debate, but we ought to focus on it. Health inequalities in this country continue to be completely unacceptable, and indicators suggest that they are getting worse, not better. I fully recognise that the causes of those inequalities are often well beyond the remit of the national health service, but the NHS has a role to play. Part of that role is to ensure equal access to health care, which we simply do not have at the moment, and that should be addressed. In some areas of health care, particularly those which are not subject to targets, access is still poor. I want to focus on mental health.

Under the Freedom of Information Act, we did a survey asking mental health trusts across the country how long people have to wait for access to cognitive behavioural therapy. In some parts of the country, people have to wait more than two years; in many areas, the wait is more than one year. Given the view of clinicians that outcomes improve significantly as a result of early access to such treatment, it remains a scandal that people are having to wait so long for something that could make a real difference to them. One of the themes on which I want my party to continue to focus is the inequality between the treatment of patients suffering from mental health problems and the treatment of those suffering from physical health problems. That disparity cannot be justified, and must be remedied.

In recent years, when trusts throughout the country got into financial difficulties and trusts were forced to deal with their balances, it was public health budgets that suffered, although they can do so much to prevent health problems from developing in the first place. The experiment that has taken place over the past decade, involving top-down command and control and big government, has clearly been found wanting. It has failed in so many respects.

We see gross waste and inefficiency, and a dependency culture in which no innovation takes place at local level because the Government dictate everything to primary care trusts and hospitals. We see funding that always has strings attached, because the Government know best how the money should be spent. We see micro-management from Whitehall: the Government tell every hospital in the country to undertake a deep clean, at vast expense. The clinicians tell us that that is not the best way to tackle hospital-acquired infections; but the Government know best. Then there is the debacle of the Medical Training Application Service—*[Interruption.]* Does the hon. Member for Cleethorpes (Shona McIsaac) wish to intervene? It appears that she does not.

I was talking about the MTAS debacle. The Government sought to impose an entirely new system for the recruitment and selection of junior doctors throughout the country without piloting it first to establish whether it would work, leaving chaos in its wake. Similarly, we have an IT system that has been imposed from the centre.

Sandra Gidley (Romsey) (LD): We do not have an IT system!

Norman Lamb: The crux of the problem is that, as my hon. Friend says, we do not have an IT system. It was a system designed in Whitehall, a political imperative. No cost-benefit analysis was undertaken. There was no proper review to ensure that people who were building the system, the people who were paying for it and the people who were using it understood the same thing. Nothing like that happened; all that was undertaken was a massive commitment to spend over very many years. What do we see now? We see the whole scheme running years behind schedule, according to the National Audit Office, and we see the total cost massively above budget.

We see polyclinics—sorry, GP-led health centres—being imposed on every primary care trust in the country. The Secretary of State sought to defend that, but it is indefensible. It is not sensible to tell every primary care trust that it must have a GP-led health centre and that contracts must be concluded before the end of this year. Again, that is dictating to the health service because of political priorities and political imperatives rather than sound clinical judgment.

Stephen Hesford (Wirral, West) (Lab): Does the hon. Gentleman not understand that without some form of direction from the centre, without someone trying to organise what should happen around the country for equity's sake, the postcode lottery would come into the picture?

Norman Lamb: The remarkable answer to that is that we have a postcode lottery now. It is alive and kicking, and we have no accountability for it. Around the country, bureaucrats and people appointed centrally are making the decisions about access to health care. They are not accountable to the communities that they serve. We have the very problem to which the hon. Gentleman refers under our existing highly centralised system. The hon. Gentleman shakes his head, but we have it: it is there for everyone to see.

We have myriad bureaucratic targets, which are often contradictory and have unintended consequences. Unlike the Conservatives, I see a role for targets. Every well-run organisation has targets to improve its performance. In the private sector every good organisation has targets, and for the Conservatives to speak of getting rid of all targets seems utterly bizarre to me.

Mr. Stephen O'Brien (Eddisbury) (Con): National targets.

Norman Lamb: That is helpful, but I shall return to the subject.

Mr. O'Brien: Leave that bit out.

Norman Lamb: Despite that suggestion, I will not leave it out, because it is a central issue that needs to be addressed.

We see endless botched reorganisations, and with every reorganisation come more payoffs to senior executives. They drive clinicians crazy, and they certainly drive the public crazy. A recent example is the enormous payoff—£700,000—to a chief executive of a hospital trust in Leicester, aged 52, who now receives a pension of some £60,000 a year while also working as a consultant for the Healthcare Commission. That sort of waste of money drives people mad.

We are not the only people who say that the health service is ludicrously over-centralised. As she reached the end of her troubled tenure last year, the former Secretary of State, the right hon. Member for Leicester, West (Ms Hewitt), made a speech to the London School of Economics in which she described the NHS as

"four times the size of the Cuban economy and more centralised."

That seems to me to describe it rather well, and I suspect that the right hon. Lady was in the best position to make the judgment, having tried to control the beast for so long.

This, then, is Labour's NHS: loads of cash, the right instincts certainly, but dreadful waste and inefficiency and an absolute failure to let go. Interestingly, the Labour manifesto at the last general election made a bold claim—promise, indeed—to cut the number of staff in the Department of Health by a third, and to halve the number of quangos. Neither, of course, has happened. When we asked a question about the number of people working in the Department, the answer suggested that it was pretty much the same as the number three years ago.

How can we meet the challenges of the future better than the top-down, command-and-control approach that has proved so wasteful over the past 10 years? We face enormous cost pressures in a modern health service. New technologies are emerging, and new drugs are constantly being developed. There is a continuing debate about top-ups and about how on earth we are to fund new drugs which, in many cases, can provide good clinical benefits but may not meet the NICE criteria for public funding. We face all the challenges posed by lifestyle conditions such as obesity, alcohol consumption and smoking; and, critically, we have a massively ageing population.

I recently met a specialist in mental illness among the elderly in Liverpool. He showed me a graph showing the number of centenarians in our society over the next 50 years. It was frightening to observe the growth in the number of people who will reach the age of 100. At the same time, the ratio of people of working age to older people will change dramatically, so we are losing the work force that will provide the care for older people. Therefore, we face massive challenges. As well as all the extra cost pressures, we have to recognise that patients now expect something different. Nowadays, in all aspects of life, people behave as consumers—they want to make their own decisions and to have control over their lives. That is the case in health care as well, and the NHS must adapt to that. On top of all these matters, tackling the gross health inequalities that continue to afflict our country must be a priority in the years ahead.

What is the Conservatives' solution? First, let me say that they are right to focus on outcomes. There can only be any point in all of this vast amount of public spending if we manage to make people stay healthier and live healthy, longer lives: that is the aim. However, that focus is only a partial solution, as willing the end does not always achieve delivery. We must always ask how we are going to achieve the improved outcomes that today's Conservative paper rightly points to the value of trying to achieve. Its approach is to scrap all national targets—to have no access incentives at all, as far as I can see. Under its plans, there will be no entitlements for individual patients across the country, wherever they live, to ensure that they get access to the health care they need.

It is worth remembering the origins of targets. They emerged when the new Government came to power in 1997 because of the dreadful and unacceptable waste under the previous Conservative Government. The political debate in 1997 focused particularly on the fact that people were waiting so long for treatment. I remember when I was first elected to Parliament in 2001 taking up cases on behalf of constituents who were waiting three or four years for orthopaedic operations—for hip and knee-joint operations. It is worth remembering what it was like; it was dreadful.

Therefore, I believe that access is an important issue in its own right. While waiting for treatment, people often suffer from anxiety and trauma. If they are waiting for a hip or knee-joint operation, when it finally takes place the outcome might demonstrate that the operation has been performed well, but if they have waited two years to have the operation, they will probably have waited in severe pain and will also probably have had a carer who had to cope with them in that condition during that period.

Mr. Lansley: The document we published today is expressly a follow-up to the autonomy and accountability paper that we published last year. It sets out to define the basis on which the Government agree with the NHS board—a more autonomous board—the structure of national objectives. That is not to say that the NHS board will not be responsible for issuing commissioning guidelines. It will be responsible for the contracting process between commissioners and providers. For services such as accident and emergency, there will be contractual conditions for the necessary quality. Patients' referral to treatment times will still be measured, and patients will still be able to exercise choice, and that choice will drive continuous improvement. It is important to be aware that what we are talking about is the national relationship between Governments and the NHS.

Norman Lamb: That suggests to me that waiting time targets might re-emerge, either locally or through the independent board. *[Interruption.]* Well, if the Conservatives' conclusion is that they will not have either national or local targets or entitlements, I think there is a severe flaw in their overall package.

We must never take access for granted. To focus on outcomes almost assumes that access is a given, but we can never assume that that is the case. Just as we have managed to improve waiting times, they can easily slip—and we must remember those areas such as mental health where waiting times are horrendous. To abandon targets, and to have no access incentives and no entitlements for patients, will have potentially disastrous consequences. I also think it will run the real risk of worsening health inequalities. Our approach focuses on entitlements for patients and recognises entitlements to access treatment. It recognises that many people, who might not be articulate and understand how to play the system, will need help in exercising their choice and in making the right informed judgment. That is why we think that a network of patient advocates can help people in making the right decisions about their own health care.

Let me now turn to what I think the priorities should be for the future of the health service, and to what the Liberal Democrats' approach would be. Let me deal with the question of pruning back the role of the central state. I have made the case against the Government's approach, which stands alone, if one makes international comparisons, in the extent to which it seeks to control the delivery of health care from Government offices in the centre. It seems to me that the Government should focus on key functions such as, first, the fair distribution of resources around the country, so as to ensure—without political interference, incidentally—that the resources get to where the need is greatest. Secondly, it is right nationally to focus on high professional standards within the NHS. Yes, the Conservatives are right to focus on setting a framework for the delivery of improved outcomes, but it is also right to focus on the right to access to health care wherever people live in the country, and irrespective of their means.

So yes, our approach is to recognise that access is important and to introduce the idea of an entitlement to access treatment within a defined period. The system in Denmark works well there. The idea is that people get access to condition-specific treatment within a defined period, and if they do not receive the treatment, it is paid for by the locally elected health board, if necessary in the private sector. Interestingly, it has not led in Denmark to a haemorrhaging of patients to the private sector; rather, it has been the biggest single driver of improved efficiencies within the state hospital system. *[Interruption.]* It is absolutely not the patient passport, and the hon. Member is either being disingenuous or not understanding. The patient passport was a subsidy for people who could afford to top up the rest of their care for private treatment in the private sector. This system pays for a person's operation in its entirety. Crucially, in mental health, the person who has no resources to go to the private sector to circumvent the one-year wait for cognitive behavioural therapy would also be entitled to their treatment within that defined period, and if they did not get it, it would be paid for privately. That is giving real power to individuals, irrespective of their needs.

We also believe that we should be empowering local communities, democratising primary care trusts and imposing on all PCTs—locally elected health boards, as we would call them—a duty to ensure the efficient use of resources. The health think-tank Reform has talked about an economic constitution for the NHS. That is the right approach, ensuring that money is used most effectively. Compare that approach—empowering communities—with that of the Conservatives. At the moment, one person is democratically elected within the health service: the Secretary of State. The Conservatives would lose that one person and have an independent board that was not democratically accountable in any shape or form. Just imagine: when a local community faced the loss of their hospital, they would have no right to decide locally whether that hospital would close. Decisions would be made by unaccountable, unelected bodies nationally. At that stage, in my view, the wheels would come off.

The Secretary of State recognises that there is a democratic deficit within the health service but he appears unwilling to do anything about it. The Minister may well want to address that issue when he winds up the debate. We recognise that there must be democratic accountability within the health service. The Government recognise that there is a problem; what are they prepared to do about it?

Thirdly, we want to empower patients far more than they are at the moment. No longer can we accept the idea of care delivered from on high to grateful, passive recipients. People want to take charge of their care and they need, as the Conservative spokesman said, access to information so that they can make the right choices; but as I have said, they also need access to support in guiding them in making the right decision. We also support the idea of individual budgets being piloted in the NHS and of seeking to give people more control in coping with long-term chronic conditions and so on.

Our fourth principle is fairness, equity and addressing those health inequalities that scar our society. One of the issues that must be addressed is the fact that there is less access to primary care in poorer areas than in wealthier suburbs. The mechanism that the Government use is the central imposition of GP-led health centres, and they are also promising to bring more GP practices to impoverished areas, but surely the financial incentives to undertake primary care must also be addressed. At the moment, a GP receives more money if they practise in a wealthier area than they do if they practise in a

poorer area. There should be financial incentives to encourage GPs to practise in those more challenging areas. We are developing the idea of a patient premium, whereby extra funding is attached to patients from deprived backgrounds to encourage GPs to provide support for those communities.

As the NHS reaches its 60th birthday, it is time for an injection of Liberal thinking, as there was at its very beginning. The NHS can adapt, evolve and prosper. I am passionate about giving power to those people who have no power in our system. That is as important a principle in health care as it is in any other walk of life. Communities, not Government, should be in the driving seat in shaping the delivery of local health services; patients should take control. Fast, efficient, high quality care should be guaranteed to patients, putting individuals before institutions. That is how we should build on the past successes of the NHS as we look ahead to the next 60 years.

8.42 pm

Stephen Hesford (Wirral, West) (Lab): I congratulate my right hon. Friend the Secretary of State for Health on setting out his case. I recognised more of a celebration of the national health service, which is supposed to be the theme of this debate, from the tone of his remarks than from those of the hon. Member for South Cambridgeshire (Mr. Lansley), who set out the case for the Conservatives—I heard more carping than celebration from him.

May I add to what my right hon. Friend said on the short history of the origins of the NHS? In the 1940s, not only did the Opposition vote against the principle of the national health service, but the Conservative Government, led by Winston Churchill, who took over from the splendid Attlee Government of the 1940s and 1950, were still so dischuffed with the NHS that they set up the Guillebaud committee in the early 1950s. The specific remit of that committee was to review NHS spending and the then Conservative Government hoped it would say that the NHS, as a publicly funded institution free at the point of use, was too expensive. In fact, the Tory Guillebaud committee said that the NHS was very good value for money, and so the Tories, at that stage, were stuck with the NHS. I submit that they have never properly digested that lesson.

Mr. Burns: Will the hon. Gentleman give way?

Stephen Hesford: Let me make one further point, although I always enjoy the hon. Gentleman's interventions and I am looking forward to this one.

As I was saying, that is why, at the last election, the Tories were still toying with the idea of the patient passport, which would undermine the principle of NHS financing—that it is free at the point of use.

Mr. Burns: As the hon. Gentleman rambles down the roads of history and recalls a committee that recommended that the then Conservative Government continued to increase spending on the health service each year, to which they adhered, he has conveniently forgotten that three years earlier it was Hugh Gaitskell as Chancellor who introduced the charges for prescriptions and dental and eye care, which led to Wilson, Freeman and Bevan resigning from the then Labour Government.

Stephen Hesford: I am not sure what that has to do with the point that I was making—

Mr. Burns: My point was that the Conservatives may have set up a committee to get outsiders' views on the way forward, but they then continued to increase the funding for the health service each year. The previous Labour Government may have set up the health service, but they brought in financial cuts that led to three Cabinet Ministers resigning.

Stephen Hesford: The hon. Gentleman makes his point.

I now want to come up to date. I have some sympathy with the hon. Member for South Cambridgeshire—[*Interruption.*] Yes, I do. We both entered Parliament in 1997 and I have watched his career with interest. I hope that that is not too much of a bar to his future progress, if any. I have always thought that his personal position is sympathetic towards the NHS. His problem—and his party must address it—is that the instincts of his party and his leader do not align with his. The hon. Gentleman is forced to be a cheap and shallow salesman for the NHS. On closer examination, Conservative policy is smoke and mirrors. As we get closer to the election, in 18 or 24 months, we will want to return to that argument.

The hon. Gentleman is also a roadblock to reform. He and his party will not support the necessary reforms to take the NHS into the 21st century, and I shall give a couple of examples of that. The Conservative leader has promised to scrap extended hours for GP surgeries. That is not taking GP practices into the 21st century: it is going backwards. The hon. Gentleman well knows that most people's experience of the NHS is through general practice and primary care. If his party scraps extended hours as it has promised to do, it will reduce people's access to primary care. That is the charge that he must answer, and on which the House must decide today by voting for either the motion or the amendment.

A further roadblock to reform is that the Conservatives would scrap the guaranteed two-week treatment wait for those with suspected cancer. They would scrap the guarantee that all patients should be seen within 18 weeks, from their first visit to the GP to their operation. The Conservatives do not seem to like that target or that guarantee. Why not? When they come to power, if they ever do, they do not want to be put on the spot and to be expected to deliver an NHS run on such guidelines.

Mr. Lansley: I hesitate to interrupt the hon. Gentleman, because he is making such a helpful speech from our point of view, but I must tell him that the 18-week target does not apply to cancer. Different targets apply specifically to waiting times for cancer. Perhaps the hon. Gentleman would care to visit Clatterbridge and discuss the matter with patients there? They will tell him that a target geared towards the time to first treatment that fails to take account of the time lapse before subsequent treatment or to consider the holistic outcomes is not a target that works in the best interests of patients.

Stephen Hesford: The hon. Gentleman mentions Clatterbridge, which is one of my local hospitals. I shall come back to it because I want to talk in detail about some of the work it does, so I am grateful that he mentioned it.

[Stephen Hesford]

I have mentioned salesmanship and smoke and mirrors, as well as the roadblock to reform. The right hon. Member for Witney (Mr. Cameron) has made empty promises on hospital closures, but the Liberal Democrat spokesperson, the hon. Member for North Norfolk (Norman Lamb), has already identified the problem: closures will be made without any political accountability, unlike at the moment. The Conservatives say that in effect there will be no local closures, but how on earth will the system be regulated when the service must modernise and new facilities, operation procedures and the like must be implemented—*[Interruption.]* The hon. Member for South Cambridgeshire is chuntering from a sedentary position, but he does not want to intervene.

The Conservatives would also put NHS finances at risk and, as I have said, finance has been a contention between the parties down the years. The right hon. Member for Witney is on record as saying that his party would allow hospitals to borrow against building and equipment, but that would put the financial stability of local hospitals at risk. Who would bail them out if they went wrong? Would they be allowed to close under the independent board? The Conservative party must explain to my constituents why such financial instability would exist.

I suspect that the reason why the Leader of the Opposition is considering the idea of local hospitals' borrowing against their capital is that an element of central funding would be cut, so local hospitals would be required to consider raising their budgets. That policy would reduce central responsibility and create local responsibility, but run the risk of creating a postcode lottery and financial insecurity for local hospitals.

The final element of the roadblock to reform is that the Conservatives are against GP-led health centres. Again, if there was a 21st century, forward-looking Conservative programme, I cannot see why they would be against them. In my constituency, for example, there will be a GP-led health centre. It will not destabilise local GPs. That entirely new facility will be open from 8 am to 8 pm and will bring new doctors into the Wirral. My working constituents' busy lives will be enhanced, as they will be able to choose between dropping in at the new centre when that is appropriate or convenient or going to see their own GP. That is a significant reform and improvement of the service in my constituency.

At the request of my colleague MPs on the Wirral, since 1997 I have had the lead responsibility for dealing with local NHS matters. For the past 11 years, I have been in constant touch with the PCT and all other health local providers in the area, and I should like to take this opportunity to review the improvements that have taken place.

The hon. Member for South Cambridgeshire said that the target-driven system left no room for innovation at a local level. That is utterly wrong, and completely outside my experience over the past 11 years. A few months ago, I visited the Wirral University Teaching Hospital NHS Foundation Trust. That is my local hospital, and I was shown an example of innovation—a new machine in the urology department that enables the consultant to look at prostate trouble using a laser, thus eradicating the need for invasive surgery or investigation. The procedure takes only about two hours, as opposed to the overnight stay that used to be required.

The machine is one of only two in the area, and I am pleased that my constituents have access to such an innovation. The urology consultant had read about it on the internet and then had a word with the hospital's chief executive and board of governors, who decided to buy it. That is a perfect example of how local innovation can make a new service available, and I simply do not understand how a system of targets designed to raise national standards and provide equity across the country can be said to be inimical to local innovation. Targets and local innovation can—and do—work side by side across the country.

I am delighted that the hon. Member for South Cambridgeshire mentioned Clatterbridge, a specialist cancer trust and a world-class oncology centre that provides excellent and timely treatment for people in the north-west and the Isle of Man. A recent Healthcare Commission described it as "excellent", and Clatterbridge is a trust going forward into the 21st century.

Again, the hon. Gentleman says, almost as a scaremongering tactic, that somehow the NHS is sclerotic in terms of its innovation. That trust has taken the courageous decision to spend £15 million to £30 million over the next five years on a linear accelerator across the water in Liverpool; that is a huge investment for a relatively small trust. It is doing that to save patients the trouble of having to come across the Mersey for treatment. That decision was taken at a local level—not through some strategic health authority or diktat from Whitehall. It will immeasurably improve patients' experiences. The families who come from Liverpool and points north of it will not have to travel so far.

Mr. Stephen O'Brien: I was interested to note that the hon. Gentleman holds an important leadership position across the Wirral in respect of all the hospitals. No doubt he has had the same conversations as I have had with the people at Clatterbridge, who also serve my constituents. One of their biggest problems relates to tertiary referral. Owing to the Government's target regime, oncology centres are penalised because so many of the targets for which they are forced to try to qualify are so far outside their control, at the tertiary end of the process, that they find themselves struggling with financial penalties that they could do without.

Stephen Hesford: The hon. Gentleman has a point in that that was a problem historically. It is a perfectly serious point. When some of the targets were first introduced, they were clearly not designed for oncology trusts of that kind. They were designed more to relate to a district general hospital. There was some tension around that. I have investigated the matter on the centres' behalf to some extent, and my understanding is that that tension is now more historic and that accommodation has been made for such trusts in respect of those targets.

The Minister of State, Department of Health (Mr. Ben Bradshaw) *indicated assent.*

Stephen Hesford: I see that the Minister is nodding; I think that I have described the up-to-date position. However, I acknowledge that there was a serious point to be made a few years ago.

In a recent Healthcare Commission report, Cheshire and Wirral Partnership NHS Trust, the local mental health trust, was described as "excellent"; that trust is also innovating hugely in its outreach provision. Certainly the number of consultant psychiatrists that it has brought on board in the past five or six years has transformed its provision to my constituents and others in Cheshire and Merseyside.

The hon. Member for North Norfolk rightly pointed out that the NHS has not always got mental health services right. However, I can honestly say that Cheshire and Wirral Partnership is innovating and making good progress—

Mr. Lansley *indicated dissent.*

Stephen Hesford: The hon. Gentleman is shaking his head; perhaps he wants to intervene.

Mr. Lansley *indicated dissent.*

Stephen Hesford: He does not.

I have mentioned my local district general hospital in passing. Two things happened to it. Under the old system, it was a three-star hospital. It became a foundation hospital and is going from strength to strength, I am delighted to say. I do not recognise the stifling of innovation at a local level that has been mentioned. The institution that I have mentioned used to be the second largest non-teaching hospital in the country. It is now a teaching hospital because it was able to innovate with local universities to provide a £7 million education centre on the hospital campus. That decision was made locally by the hospital with the aim of upskilling its staff, and I welcome that.

The final local organisation that I want to mention is the Wirral primary care trust. I am proud to be able to say, as I have said in the House on a previous occasion, that my local PCT has been recognised for its innovations in the Wirral, not least on public health. Towards the end of last year, it was voted the best primary care organisation in the country for 2007-08.

It may be that those excellent, innovative organisations on the Wirral peninsula are unique. Of course I am proud of my constituency and proud of the Wirral, but I do not believe that that is the case—they are exemplars of what is going on around the country. It would be a huge coincidence if I just happened to be the lead MP for health in the Wirral and we had uniquely good health services. I would like to think that, but it is not so.

I pay tribute to the staff in my local health service, which is the second largest employer in the Wirral. Some of the local practices have been innovative in working with part-time workers, ensuring that public transport is available, and advancing green issues by making imaginative use of the local Sainsbury's car park. Such arrangements have enabled staff and patients to use the hospital in different, innovative ways.

I am proud that the local NHS in my constituency is in such good shape for the future. I commend the work of this Government and look forward to working with my hon. Friends as we take matters forward for another 60 years.

9.8 pm

Mr. Stephen Dorrell (Charnwood) (Con): I begin by congratulating my hon. Friend the Member for South Cambridgeshire (Mr. Lansley) on tabling the motion and on the tone in which he introduced it. The key point that he wanted to draw out—I wholeheartedly agree with him—is that the political fact in 2008, as opposed to 1946, is that the national health service is built on a political consensus that includes every single Member of this House from every party.

A key element of the background to my hon. Friend's initiative in introducing the debate is that it is a relatively unusual experience over the 60 years of the NHS for a Conservative spokesman to be able to point to opinion polls saying that the Conservative party is the most trusted party on health policy issues. I congratulate him on achieving that as our health spokesman; I certainly never achieved it when I held that post some years ago. The important point is not to luxuriate in the fact that we are more trusted than the Government on health care, but to draw a political conclusion about the fact that Labour spokesmen go round the country saying that because the Conservative party voted against the national health service in 1946, it is somehow not committed to the principles of the health service—despite the fact that we have been responsible for it over 35 of its 60 years of history and have never taken action that undermined the principles of the health service.

I say to my hon. Friend the Member for South Cambridgeshire that the more often he can create opportunities for that argument to be developed, the more it suits our purpose, because it demonstrates that the arguments used by our political opponents cut no ice with the voters. The voters regard us as the more trusted party because they accept that there is no point of difference on the matter in the House of Commons. There is an all-party consensus on the principles of the national health service, and the true debate in politics is not who is committed to it and who is not, but who can deliver. On the 60th anniversary of the NHS, we should focus on that argument.

The charge against the Government is the one I mentioned during a brief intervention on my hon. Friend. The Government have hugely increased the budget of the national health service over the past 11 years. I applaud them for that—it is the right thing to have done—but they have not brought about the improvements in the delivery of health outcomes and health care that we should have expected for that scale of resource increase. One or two of our more partisan supporters say that all that money has been spent, but that there has been no improvement. That is not true. Of course there has been an improvement in the delivery of health care in Britain over the past 11 years, just as there was during the previous 49 years. A year-by-year improvement in the delivery of health care is the consistent story of the NHS since 1948.

If we are to be reflective on the 60th anniversary of the health service, what should disappoint us is that over the past 11 years there has been a huge increase in resources, but no improvement of performance commensurate with that increase. The question is, why is that true? Ironically, some analysis of the reasons for that failure is implicitly shared by those on the Opposition Front Bench and those on the Government Front Bench. If we look at what happened to health policy during the

[Mr. Stephen Dorrell]

past 11 years, we see that the truth is that, in some important respects, it has gone round in a huge circle.

The neatest way of encapsulating that is to refer to a speech I heard made in the summer of 2006 by Paul Corrigan, the health adviser to the former Prime Minister, Tony Blair. He explained that as a result of the insights of Mr. Blair, a new idea had been introduced into the health service—commissioning. By empowering commissioners, we would introduce conditionality about the use of resources, and we would ensure better value in terms of efficiencies and health outcomes for the money provided by the taxpayer. I am afraid that when I heard that speech, I could not resist observing that its sentiments were precisely the same as those in the comments made by Professor Sir Donald Acheson, who was the chief medical officer when I first became a Health Minister in 1990 and my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke) was Secretary of State for Health.

The truth is that we introduced what we called purchasing and it has now been relabelled commissioning. We introduced trusts; the hon. Member for Wirral, West (Stephen Hesford) referred to the importance of local decision making and trusts and I entirely agree. We introduced what we called GP fundholding, and the Government introduced practice-based commissioning. A gigantic circle has been drawn and the health service's institutional framework today bears a sharp resemblance to the one that we left in 1997. The regret is that it has taken so much money and such a long time—wasted time and money—to get back to the point that we had reached in 1997, not in resources, for which I give the Government credit, but in their use and the management of health service institutions.

Several hon. Members *rose*

Mr. Dorrell: I am spoilt for choice, but I shall give way first to the Under-Secretary.

The Parliamentary Under-Secretary of State for Health (Ann Keen): Will the right hon. Gentleman comment on waiting lists? What was happening to waiting lists—for cancer, hip and heart operations—in 1997? People died on those waiting lists, as he knows.

Mr. Dorrell: I shall now inveigh against a slight conspiracy between Conservative and Labour Front Benchers. It suits both sides to say that the Government invented national targets for waiting times in 1997. That is untrue—they were invented by Virginia Bottomley before I became Secretary of State. Waiting times were reducing well before I became Secretary of State. They continued to decrease during my time in post and reduced further after 1997 as a result of national waiting time targets.

The point that my hon. Friend the Member for South Cambridgeshire makes about national targets, with which I wholeheartedly agree, is that they were introduced in the early 1990s to tackle precisely the problem to which the Under-Secretary referred. They were effective before 1997 and became more effective afterwards, but the commitment to national targets has now become obsessive, distorting the use of resources.

Clive Efford: I accept that there is some cross-fertilisation of ideas about the future of the NHS. However, on commissioning, the right hon. Gentleman needs to explain how the choice in the manifesto on which he stood to allow patients to opt out of the NHS fits into the framework that he describes.

Mr. Dorrell: May we debate election manifestos for previous elections on another day?

I believe that targets are symptomatic of a deeper malaise, which has been the focus of some work that the Local Government Association initiated on a commission on which the hon. Member for Wyre Forest (Dr. Taylor) and I had the honour of serving. It examined the national-local balance in the NHS. I believe that the Government have got that wrong, and it is vital to tackle that as we look forward, beyond the 60th anniversary of the NHS.

The former Health Secretary described our current health system as being more centralised than Cuba. I used to say laughingly to my colleagues in the Division Lobby that I was the last manifestation on earth of Marxist-Leninist ideas. We were both saying the same thing in different ways: the culture of the NHS attributes too much authority and power to the centre and inadequate authority and influence to the local view. The result of that is the current debate on polyclinics. In some circumstances, they are a good idea. What is wrong is that Department insists that, because it is a good idea, everybody do it.

Ann Keen *indicated dissent.*

Mr. Dorrell: The Under-Secretary shakes her head but it is deeply imbued in the culture that, when a good idea is proposed, the immediate question follows, "Why can't everybody have one?"

We need a stronger local influence in shaping the NHS around targets and polyclinics and dealing with one of the consequences of over-centralised health care provision: too much concentration on the issues that grab the headlines, acute medicine, and too little on community medicine, mental health—all the Cinderella services that always lose out when a high profile debate goes on in the national newspapers.

Of course there needs to be a national view in the national health service. When people observe differences in different parts of the country, they will ask why they exist and whether they should exist. However, I invite the House to recognise that one perverse consequence of an over-centralised culture is precisely those health inequalities in different parts of the country that the hon. Member for North Norfolk (Norman Lamb), the Liberal Democrats' spokesman, referred to earlier.

We have an over-centralised culture that delivers, at the local level, an unacceptably wide variety of health outcomes. What my hon. Friend the Member for South Cambridgeshire is rightly seeking, and what we were arguing for through the Local Government Association commission, is to empower local people. If we do that, we will find, ironically, a greater similarity of outcomes, because by decentralising management we empower people to address the inadequacies of the health care delivery that they experience locally.

As we look forward to the next 60 years of the health service, I hope that we can move on from silly arguments about who is committed to it. Over 60 years, we have all been committed to it, and we all remain committed to it. However, if we are going to deliver the objectives that our constituents have for it, we have to move away from a model of over-centralised management that has failed in all its other manifestations on earth, empower local people, local management and professionals, and learn to let go. By letting go of over-centralised controls, we will deliver better health outcomes and, ironically, a more common experience of health outcomes in different parts of the country.

9.22 pm

Mr. Simon Burns (West Chelmsford) (Con): I join the Secretary of State in congratulating my hon. Friend the Member for South Cambridgeshire (Mr. Lansley) on calling this debate. I am delighted and privileged to be taking part in a debate celebrating 60 years of the national health service.

I have heard many history lessons this evening. I was not even born in 1946, when the legislation went through the House, or in 1948, when the health service was established. However, I know from experience, throughout my life as a user of the health service, that in principle it is second to none. The national health service is what this country wants, and it is what I passionately believe in. It is ludicrous—indeed, I find it quite baffling—to try to make complaints about an era in which we were not alive. If one worked on that argument, one could say that the Labour party still wanted to take us out of Europe, that it supported CND or that it did not believe in war, as George Lansbury, its pacifist leader in the 1930s, proclaimed. However, that is nonsense, because life has moved on, and so have circumstances.

As my right hon. Friend the Member for Charnwood (Mr. Dorrell) and other hon. Members said, it is right that we should all be united on the basic premises and principles of the national health service, even though we may argue and have differences of opinion about how it should be organised and how it should evolve to continue providing a first-class health service for the people of this country.

Why is the NHS so important? Why is this national institution so popular with the vast majority of people in this country, who are more than happy, as I am, to pay their tax pounds to have free health care at the point of use for all who are entitled to use it? One of the reasons is this. In the 1930s, Franklin Roosevelt talked of the four freedoms: freedom from fear, freedom from want, freedom of speech and freedom of worship. I believe that there is a fifth freedom. Some hon. Members have talked about the American experience. If we exclude those people who qualify for Medicaid and Medicare, because of their financial poverty or their age, there are more than 40 million people in the United States—working families—who cannot afford health insurance. They do not have the freedom from fear of the next health bill landing on the mat, which might financially destroy their family. They do not have the freedom from fear that illness might come into the family, either to a child or to a parent, which might financially cripple them. Since 1948, because of our national health service, everyone in this country has had the freedom from those fears.

I passionately believe in and support the national health service, whether it is under a Labour Government or a Conservative Government. Let those people who say that Conservatives are not committed to the health service look back over the past 60 years. They will see that Conservative Governments were in office for 35 of those 60 years, and nothing was done under those Governments to undermine the principles of the national health service or to seek to destroy it—[*Interruption.*] I resent people taking cheap opportunities to try to score party political points when there is no basis in fact for that argument.

Mr. David Anderson (Blaydon) (Lab): Will the hon. Gentleman give way?

Mr. Burns: I will not give way, because there is not much time.

We have differed in our approaches over the way in which we believe the health service should operate. There has been too much of a propensity—certainly under this Government, but also under Conservative Governments in the past—for politicians to interfere when they come into office, and to feel that they have to prove their stamina and machismo by making changes, sometimes, it seems, just for the sake of it. The national health service has had too many changes and reorganisations under successive Governments. It is suffering from a surfeit of change and from fatigue. It needs to be able to settle in with what it has, and to get on with the job that it is meant to be doing—providing first class health care for all.

That is the challenge to politicians of all political parties. The reorganisations and changes have inevitably led to money being wasted and, certainly over the past 11 years, in certain areas, to almost going full circle and coming back to square one, with upheaval and waste of resources in between. That, too, has to stop. We need a health system in which the medical practitioners, who are the best qualified to make the judgments, make those judgments for the furtherance of patient care, rather than one in which politicians dictate from Whitehall what they believe should be happening. To give the health service that freedom, within its existing principles, would be a tremendous step forward that would benefit patient care and the working of the health service, as well as saving money from waste that could then be reinvested in patient care, which is the most important thing.

We can all find problems in the health service in our constituencies, but this debate is not an appropriate time to express those criticisms. There are other opportunities to make those speeches in the House. Today, we are celebrating the health service. We must celebrate the tremendous people who work day and night to look after patients and to provide patient care: the nurses, the doctors, the consultants and the often-forgotten ancillary workers who are so crucial to the delivery of health care and the working of our hospitals. They are the unsung heroes of the national health service; they are the people at the front line of patient care and health care, who do so much that is too often unrecognised—not through ingratitude, but because they do their job so well that they become seamless in the whole provision of health care. To them, we owe our thanks and a debt of gratitude for all they do; we should not forget that.

[Mr. Burns]

We must also ensure that our local communities have the best facilities and the finest equipment that money can buy to provide health care within the budgets that Governments provide. As my right hon. Friend the Member for Charnwood said, it is no secret that this Government have substantially and significantly increased health spending over the last eight years. I, of course, welcome that. I have to say, however, that they have been in an extremely fortunate position because the strength of the economy over the last 15 years has enabled them to generate the revenue to invest in health care. That is a benefit for all of us. The sadness has been that not enough of it has gone to front-line services. That is why it is crucial that we have mechanisms in an ever-evolving health care system to ensure that we get the maximum amount of money that the state makes available to the health service to front-line services in order to continue to improve and advance the treatment of our patients.

I conclude—I know that others want to participate in the debate—by saying that we should stop the nonsense of Labour Members trying to accuse Conservative Members of not believing in the health service. Government Members may not like it, but we do believe in it. There is no monopoly of caring and belief in the health service on the Government side: we all share an affection, a loyalty and a devotion to the health service. What we all want to do is ensure that it works at its finest, providing the greatest health care. We may have differences, which we can argue about until the cows come home, but no one should question the motives or the honourable intentions of Conservative Members just because it suits the political agenda of Government Members at election time.

9.32 pm

Dr. Richard Taylor (Wyre Forest) (Ind): With some exceptions, I have been desperately disappointed with this debate, which instead of being a celebration of 60 years of the health service, has descended into party political bickering. I was hoping, as there was no time limit, to devote a little time to reminiscing. I have been in the health service more than 50 years—much longer than most other people here—so I can remember the days when we had precisely three antibiotics: streptomycin, penicillin and tetracycline. We did not have MRSA because there were so few antibiotics that the bugs could not get used to them. We had aspirin, morphine and digoxin. We had largactil and the barbiturates, but no antidepressants, no tranquillisers, no beta blockers, no ulcer healing drugs, no ACE inhibitors, no statins—and I could go on for a long time. The "British National Formulary" in those days was absolutely useless, because there were no drugs to put in it.

We did not know how to do endoscopy, ultrasound had not come in, computerised tomography scans had not been introduced, and magnetic resonance imaging was a long way off. Diagnoses were still made the proper way by taking a careful history, making a careful examination and carrying out a few investigations to prove what a doctor was already pretty sure of. We were still in the days of William Osler, who wrote:

"One finger in the throat and one in the rectum makes a good diagnostician".

I do not think that he expected both fingers to be in those places at the same time, because one would have had to be something of a contortionist, but that phrase makes the point that clinical skills were necessary.

There is not much time to reminisce, but let us remember what used to happen with heart attacks. All we did when I qualified was to put the patient to bed and hope. Patients were kept in bed for four to six weeks, and if they did not get a pulmonary embolism, the doctor was really lucky.

I was working at the London chest hospital when external cardiac massage was discovered. We were staggered by its effectiveness; people were awake when we did it. I was involved with the very first pacemakers used. Since then, the first major cardiac care breakthrough came in the 1980s with the invention of the clot-busting drugs and the ACE—angiotensin converting enzyme—inhibitors, which transformed the treatment.

We have come a vast distance with the treatment of heart attacks, with the immediate reboring of the arteries when necessary. We know how to prevent heart attacks, at least by attacking smoking, diet and high blood pressure and by using the statins. Now, the "British National Formulary" is the most prized document that any doctor carries with him, because if doctors use it well they cannot really make any mistakes with prescribing.

Any celebration has to give credit to the staff, the doctors, the nurses, the secretaries and the volunteers in the charities. Above all, credit must go to the patients, who are so tough, stoical and co-operative with the staff. I worked with patients with rheumatoid arthritis for a long time; it is a most painful, disabling disease. Until very recently it was uncontrollable, yet those patients remained cheerful.

Looking briefly to the future, what are the challenges? They have been mentioned—vastly increasing longevity, the incidence of dementia, and vastly increasing costs—and resources are crucial. We must optimise the use of resources. Economies must be made. The Government are to be congratulated on the better care, better value indicators, which at least make a start on making appropriate use of so many resources.

We must eliminate the medical errors, along with the immense costs associated with them, and we must get prioritisation correct. I was not allowed to use the word "rationing" in a debate not long ago, but health care rationing is crucial, and it demands an open, honest and widespread debate. If there was more money available—not by getting more, but by making better use of what we have—perhaps the National Institute for Health and Clinical Excellence would allow us to afford more drugs. If NICE were able to assess new drugs much more quickly, we might not have the huge problems of co-payments, which have been raised so frequently recently.

Reorganisations have been mentioned many times. When the Health Committee undertook an inquiry on foundation trusts, we listed the reorganisations between 1982 and 2003. There were 18 in those 20 years, and the pace of reorganisation has continued. We face perhaps the biggest change and reorganisation of all with Lord Darzi's review. The one comfort is that he has said clearly that no changes are to be made until the replacement service is up and running. I hope that that happens.

I am grateful that the Government have reaffirmed the principles of the NHS—that it is funded by general taxation and free at the point of delivery—and that those are immutable, but there is one vital bit of Bevan's work that is missing. Bevan realised that we had to pay doctors and nurses the same across the country to get universality of providers and a real national health service. So a consultant working in London was paid the same as a consultant working out in the country. That achieved a real NHS. My sadness is that with the internal market and the purchaser-provider split, as well as the interests of shareholders in the large commercial organisations tendering for parts of the core NHS, there is a risk of seeing the NHS as we know it disappear.

I shall finish by talking about quality of care. I am delighted that the Secretary of State must have read the old proverb,

"A merry heart doeth good like a medicine",

because he is persuading the nurses to smile. There is no doubt that cheerful, kind and sympathetic caring by doctors and others, and doctors and nurses who communicate with each other and with patients, will do away with most of the complaints that I receive. My problem is to know which to vote for: the motion or the amendment. Both have good points. If we have votes on both, I will have the greatest pleasure in voting for both.

9.40 pm

Mr. Stephen O'Brien (Eddisbury) (Con): It is a genuine pleasure to wind up this debate to mark the 60th anniversary of our national health service. The debate has allowed contributions from all parts of the House expressing both personal and national gratitude for the unparalleled institution that we call our national health service, and above all for its staff.

The NHS is the Conservative party's No. 1 priority. We are not unique in that—it is the No. 1 priority of the people of this country. We have committed ourselves to it financially, and have laid out foundational policy to preserve and enhance its strength. We have the determination to trust front-line staff with decisions, and to set our NHS free from politically inspired micro-management. We have brought forward this motion to celebrate our NHS, and we are glad to use our Opposition time in that way.

As is the case with Members on both sides of the House, Conservative Members are unequivocal advocates for and supporters of the NHS. I am proud that my mother was an NHS nurse who started her training in the late 1940s, shortly after the founding of the NHS, and retired in the late 1980s. I am also married to a nurse; by that stage, the qualification was no longer as a state enrolled nurse, but as a registered general nurse. My family also uses the NHS, and I am glad that we have had excellent treatment and outcomes.

In this 60th anniversary year, I pay tribute to the hard-working front-line staff in the NHS, and the volunteers who, together with the many charitable organisations, support and care for patients, day in and day out. As my hon. Friend the Member for West Chelmsford (Mr. Burns) said in a powerful and impassioned speech—I am sure that the House will turn to it, and that his constituents will be proud—the Conservative party, among many others, has supported the principles of the NHS from its outset. There is a strong national consensus on the values of the NHS. The British people are rightly proud of it as an institution of whose values we can be proud internationally. We are rightly proud that everyone has access to high-quality care on the basis of need, regardless of their ability to pay.

We all have stories of the hard work of front-line professionals when both we and our families have been under the care of the NHS, and will have heard similar stories from our constituents. We also take up those times when the NHS, for all its great benefits and values that we are keen to celebrate, occasionally fails to meet its own standards.

The debate has been interesting and wide-ranging. My hon. Friend the Member for South Cambridgeshire (Mr. Lansley) set the tone in a way that accorded with how the House sees the NHS. He sought to ensure that we celebrated an NHS that is and should be, in many respects, above party politics. In a relatively short debate, he did not necessarily delve down into the policy and detail, but painted a clear, optimistic, enthusiastic vision for the future. It was heartening to note that the hon. Member for North Norfolk (Norman Lamb), whose opening remarks also celebrated the staff of the NHS, largely supported my hon. Friend. *[Interruption.]* Indeed he did. I am glad that we had the chance to put him right on the question of national targets, and that he can now enter that debate in the right spirit.

The Secretary of State, who has not been able to return to the Chamber, observed that he agreed with every single word of the Opposition motion. Indeed, all that the Government chose to do in their amendment was add to the motion. That set a tone that I think we all hoped could be sustained, but to everyone's surprise it took the Secretary of State a further 15 minutes to deal with an historical obsession with 1948, and perhaps with 1946 as well.

If we are honest, all of us—Members throughout the House—will admit that when we talk to our constituents, it is clear that one thing that does not concern them is what took place in this Chamber in 1948. What does concern them is what will happen to their health service in years to come. That is why it is so important for us to demonstrate our ability to criticise what is happening, and to ensure that we are committed to the future.

Despite what struck me as unnecessary, somewhat inappropriate and disappointing partisanship on that score, one certainty emerged from all the speeches. It was articulated by the Secretary of State, and again by Conservative Members. What is clear is that there is no dispute but a total, not even qualified, consensus among Members throughout the House, on behalf of all the people of this nation, that we are committed to the operation and values of the NHS.

I was delighted that a former Secretary of State—my right hon. Friend the Member for Charnwood (Mr. Dorrell), who spoke with great authority and knowledge—was able to confirm the existence of that total consensus, and the adherence to those principles by all who represent the people of this country in the House. He rightly urged us to move on from what has, at times, been a sterile debate that has not resonated with what people think about the real issues, and to deal with the true debate on who is best placed to deliver what everyone wants to achieve: improving health outcomes

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in a way commensurate with the huge resources that the country is willing to commit to the NHS in which we all believe.

My right hon. Friend was also able to demonstrate that we have come full circle. He gave the example of the introduction by the current Government of commissioning, which had remarkable resonances with procedures and challenges that he and his immediate predecessor had experienced. There have been some wasted years, but we can move on. What my right hon. Friend urged the House to do, above all, was ensure that we retain our confidence in the NHS and learn to let go so that we—the politicians who are accountable in the House for the resources that are committed—can feel confident that the NHS, clinical and non-clinical, can deliver the outcomes that we want.

Mr. Peter Bone (Wellingborough) (Con): Is not the Government's history one of missed opportunity? While doubling the amount of money spent on the NHS, they have increased output by only 29 per cent.

Mr. O'Brien: My hon. Friend has made an important point. This is not a question of party political partisanship; it is a question of the accountability involved in trying to make the resources committed commensurate with the results that we are all trying to achieve. That is to do with the operation of the NHS, and that is why—as my right hon. Friend the Member for Charnwood pointed out—it is right for us to have debates such as this in order to decide how best we can deliver the results that we all want.

The hon. Member for Wirral, West (Stephen Hesford) made a long speech that went round the houses and a number of parts of the Wirral. It left us wondering what debate he was contributing to, because it did not seem to relate to anything else that was going on. As for the all too short contribution by the hon. Member for Wyre Forest (Dr. Taylor), I think that while many us shared his disappointment that the debate had been diverted by some chippy approaches and contributions, we were grateful for the opportunity to hear his reminiscences, not least because he is probably the Member with the most experience of the NHS over a long period. He has committed himself to the health service throughout his life, and we salute him for that.

Staff, volunteers and charities support the increasing improvements in health outcomes that we all want to see in the NHS, and we should not lose sight of the importance of research and development, either. I pay tribute to the Secretary of State for emphasising that in his speech, as it is vital.

In today's debate, not only has the need to move from a target-driven NHS to a health outcomes-driven NHS been spelt out, but so, too, has the means by which we can achieve that, which is what people want. I hope that the Government, who no doubt had their eyes and ears officially at the launch of our document today, are listening carefully, because our proposals—and this document—are there for them to pick up. We do not just have pride of authorship in the document; we hope that they will pick up on it, as it will lead to better health outcomes for our constituents and give a proper chance for the NHS to develop over the next 60 years in the way that we all wish, particularly as we celebrate its first 60 years.

In congratulating the NHS on its 60th anniversary, we thank, celebrate and encourage all the staff, past and present and clinical and non-clinical alike. They can be assured of our support on behalf of our constituents, and know that all of us draw inspiration from the very idea of the NHS. All we want is for it to reach the levels of improvement that we know it can achieve when the people in it are trusted to deliver the improved health outcomes we all want. I commend the motion to the House.

9.51 pm

The Parliamentary Under-Secretary of State for Health (Ann Keen): I, too, am exceptionally proud and very pleased to wind up in this debate on 60 years of the health service. First, let me say to the hon. Member for Eddisbury (Mr. O'Brien) on his history of family nursing, I think it is time I met Mrs. O'Brien.

This July, we celebrate the 60th anniversary of the NHS, which is not only a great institution but a great, unique and very British expression of the ideal that health care is not a privilege to be purchased, but a moral right secured for all. Opposition Members have made much about references to history. They might have a point if they were talking about 1946 and 1948, but I cannot see how history can start as recently as 2005—that is not long ago—when the Conservative election manifesto proposed patient passports, and not all Conservative Members agreed with the funding of the NHS in that way. Surely, 2005 cannot be described as history?

Much has been said in particular about the NHS founder, Aneurin Bevan, but also about Sir William Beveridge, who looked at the five giants. However, since I was first elected as a Member of this House in 1997 the main Opposition parties have voted against anything that would actually bring about the defeat of the five giants of want, disease, squalor, ignorance and idleness. That is not history; that is 1997, when the greatest inequality addressed in the House was to do with the minimum wage, and the Opposition parties voted against that.

I therefore feel that history is not, perhaps, what we should be discussing, but I can certainly give a lesson in "herstory", because "herstory" worked in the NHS throughout most of the time that the Conservatives were in government. I visited the north-east today, and met staff who were born in 1948 and who are working in the NHS today. I particularly want to mention Irene Lerche, who is an appointment and records officer, and Agnes Donoghey, who works for domestic services. I also met up with an old friend: an ambulance driver who was in Chester.

Ten years ago, people questioned whether the British NHS could survive. It is a testimony to the extraordinary work done by nurses, doctors and all NHS staff—*[Interruption.]* I ask Opposition Members just to take a lesson from "herstory"; she only has a few minutes. In the 10 years since I have been in this House, the NHS is more firmly than ever part of the fabric of British national life.

Deaths from cancer and heart disease have fallen dramatically and Britain is one of the safest places in the world to give birth. The NHS is the largest employer in Europe. Its staff both past and present have helped to care for tens of millions of people and saved many hundreds of thousands of lives. We acknowledge that the NHS has come through difficult times, and it is a testimony to the hard work and dedication of its staff that it has turned a £547 million deficit in 2005-06 into a £515 million net surplus at 2006-07. All are to be congratulated.

Tonight, we also need to recognise the volunteers and charitable organisations that have made a huge contribution to the success of the NHS and to the health and well-being of patients. We would particularly like to thank charities not only for their contribution to patients' and their families' lives, but also for their support and ongoing partnership with the Government, which is so valuable in determining the best outcomes for patients. Be it our cancer strategy or our stroke strategy, all have contributed; everybody feels part of this NHS. Stakeholders are constantly consulted and their documents shared, and they are proud of the documents that they have produced. Not acknowledging the organisations that praise the national stroke strategy in particular does nothing for the Conservative party. The chief executive of the Stroke Association has highlighted that strategy, which I believe it is celebrating this week.

One million more operations a year are performed, and heart operations have more than doubled, so I am pleased to say that we do more than hope; we are really meeting our targets on heart disease, which should be welcomed by the Opposition parties. If this is a true debate on really acknowledging the changes that have taken place, we should have the acknowledgment that the targets have made a difference. The difference that they have made is that people are alive, and their quality of life is better. They are not in pain or worried about whether they will see the end of the year out, until the next waiting list figures are produced. They are alive and well and their quality of life has increased dramatically. That is thanks to the dedication and commitment of staff. A number of NHS trusts around the country have already delivered on the 18-week target—nine months early.

Next week, the NHS "next stage" review will build on the progress that it has made with a new vision for the NHS based on care that is fair, personalised, effective and safe. We commend our noble Friend and colleague Lord Darzi and his work. The major review that he has led will inevitably result in a significant improvement in patient-centred care. I am quite clear that the NHS must continue to change. To quote Sister Wendy Larmouth, the sister in charge, along with Professor Andrew Cant, of the northern regional bone marrow transplant unit,

"we no longer do ordinary, we now regularly do extraordinary".

That is a truly remarkable team, and the unit is ranked No. 3 in Europe. We must continue to organise medical expertise so that the highest standards of care are available to all patients. If we can achieve all this—I hope Members throughout the House agree that this should be a shared objective—we will make the NHS safe for future generations.

At the last election, we fought battles on the NHS. We have constantly been reminded in the House of the history. "Are you thinking what we're thinking?" was a slogan at the time. Well, the British people knew what to think. They re-elected a Labour Government to secure the NHS. I believe that the NHS is the best insurance system for the long term, and even more relevant to Britain today than it was in 1948. I commend our amendment to the House.

Question put, That the original words stand part of the Question:—

The House divided: Ayes 189, Noes 286.

Division No. 229] **[9.59 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Atkinson, Mr. Peter
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Barrett, John
Bellingham, Mr. Henry
Bercow, John
Beresford, Sir Paul
Blunt, Mr. Crispin
Bone, Mr. Peter
Brady, Mr. Graham
Brazier, Mr. Julian
Breed, Mr. Colin
Brooke, Annette
Browne, Mr. Jeremy
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Butterfill, Sir John
Cable, Dr. Vincent
Campbell, Mr. Gregory
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Clarke, rh Mr. Kenneth
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Davies, David T.C. *(Monmouth)*
Davies, Philip
Djanogly, Mr. Jonathan
Dodds, Mr. Nigel
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duncan Smith, rh Mr. Iain
Ellwood, Mr. Tobias
Evennett, Mr. David
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
Francois, Mr. Mark
Fraser, Christopher
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Green, Damian
Greening, Justine
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Horam, Mr. John
Horwood, Martin
Howarth, David
Hunt, Mr. Jeremy
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jones, Mr. David
Kawczynski, Daniel
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
Main, Anne
Maples, Mr. John
Mates, rh Mr. Michael
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Moss, Mr. Malcolm

Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Öpik, Lembit
Ottaway, Richard
Paice, Mr. James
Penning, Mike
Penrose, John
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Robinson, rh Mr. Peter
Rogerson, Dan
Rosindell, Andrew
Rowen, Paul
Russell, Bob
Sanders, Mr. Adrian
Selous, Andrew
Shapps, Grant
Simmonds, Mark
Simpson, David
Simpson, Mr. Keith
Smith, Sir Robert
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Matthew
Taylor, Dr. Richard
Thurso, John
Timpson, Mr. Edward
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Sir Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Whittingdale, Mr. John
Wiggin, Bill
Willetts, Mr. David
Williams, Hywel
Williams, Stephen
Willott, Jenny
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
James Duddridge and Jeremy Wright

NOES

Abbott, Ms Diane
Ainger, Nick
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Battle, rh John
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Byrne, Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Rosie
Corbyn, Jeremy
Cousins, Jim
Creagh, Mary
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Farrelly, Paul
Field, rh Mr. Frank
Flello, Mr. Robert
Flint, rh Caroline
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Healey, John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoey, Kate
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jenkins, Mr. Brian
Johnson, rh Alan
Jones, Helen
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Mallaber, Judy
Mann, John
Marris, Rob
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McFadden, Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGrady, Mr. Eddie
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
Meacher, rh Mr. Michael
Merron, Gillian
Michael, rh Alun
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris

Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Skinner, Mr. Dennis
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Vaz, rh Keith
Walley, Joan
Waltho, Lynda
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony

Tellers for the Noes:
Mr. Frank Roy and
Ms Diana R. Johnson

Question accordingly negatived.

Question, That the proposed words be there added, *put forthwith, pursuant to Standing Order No. 31 (Questions on amendments), and agreed to.*

Main Question, as amended, agreed to.

Resolved,

That this House celebrates 60 years of the NHS; recognises the support from all political parties for the NHS during that time; is grateful to NHS staff, past and present, who are the key to its success; commends their commitment and expertise in delivering patient care in often difficult circumstances; acknowledges the unique contribution of volunteers and charitable organisations; is committed to providing the NHS with the funding it needs to deliver European standards of healthcare to all; recognises an opportunity to make the NHS more patient-centred by focussing on outcomes; further recognises the defining contribution the NHS has made to the health and wellbeing of the nation since 1948; acknowledges that the principles upon which the NHS was established, funded by general taxation and free at the point of delivery, are immutable; accepts that target reductions in waiting times have significantly improved services to patients; and looks forward to the next 60 years of the NHS characterised by world-class quality healthcare as well as greater personalisation, individual choice and easier access to services.'.

DELEGATED LEGISLATION

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Delegated Legislation Committees).

POLITICAL PARTIES

That the draft Political Parties, Elections and Referendums Act 2000 (Northern Ireland Political Parties) Order 2008, which was laid before this House on 16th May, be approved. — *[Mr. Khan.]*

Question agreed to.

Mr. Speaker: If it is convenient for the House, I propose to put together motions 4, 5, 6 and 7.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Delegated Legislation Committees).

PARLIAMENT

That the draft Ministerial and other Salaries Order 2008, which was laid before this House on 2nd June, be approved.

DEFENCE

That the draft Armed Forces, Army, Air Force and Naval Discipline Acts (Continuation) Order 2008, which was laid before this House on 21st May, be approved.

That the draft Armed Forces (Service Complaints) (Consequential Amendments) Order 2008, which was laid before this House on 21st May, be approved.

That the draft Armed Forces (Alignment of Service Discipline Acts) Order 2008, which was laid before this House on 21st May, be approved. — *[Mr. Khan.]*

Question agreed to.

EUROPEAN DOCUMENTS

Motion made, and Question put forthwith, pursuant to Standing Order No. 119(9) (European Committees).

DIPLOMATIC AND CONSULAR PROTECTION OF UNION CITIZENS IN THIRD COUNTRIES

That this House takes note of European Union Document No. 5947/08 and Addenda 1 and 2, European Commission Communication, Diplomatic and consular protection of union citizens in third countries; recalls that such Communications are not legally binding; underlines that the provision of consular assistance remains a matter for Member States; and in this context, welcomes the Commission's Communication as a contribution to continuing reflections on promoting consular co-operation among EU Member States. — *[Mr. Khan.]*

Mr. Speaker: I think the Ayes have it.

Hon. Members: No.

Division deferred till Wednesday 25 June, pursuant to Standing Order No. 41A (Deferred divisions).

PETITIONS

Post Office Closures (Leeds)

10.16 pm

Greg Mulholland (Leeds, North-West) (LD): I wish to present the petition of my constituents opposed to the closure of the post offices at Far Headingley, Bramhope and Newall.

[Greg Mulholland]

The petition declares that the Far Headingley, Bramhope and Newall post offices are vital resources, highly valued by the local community.

The Petitioners therefore request that the House of Commons urges the Secretary of State for Business, Enterprise and Regulatory reform to instruct Post Office Ltd. to ensure that Far Headingley Post Office remains open.

And the Petitioners remain, etc

[P000220]

Whaling

10.17 pm

Mr. David Anderson (Blaydon) (Lab): I bring this petition to the House on behalf of the petitioners who call on the Government to do all that they can to get the world community to pressure countries such as Japan, Norway and Iceland to stop killing whales across the globe. The International Whaling Commission meets this week in Chile, and the petition calls on that body to make it clear that, when the world says no, it means no – to all-out whaling, to targeted culls and to the "scientific" cull con. It means no to whaling full stop.

Following is the full text of the petition:

[The Petition of those concerned about whaling,

Declares that the situation for whales is bleak. More than 30,000 whales have been killed for commercial purposes since the International Whaling Commission (IWC) moratorium on commercial whaling came into effect in 1986, in blatant disregard of global conservation efforts. In the next 12 months Japan and Norway intend to kill around 2,000 whales, including endangered species such as fin whales.

Japan claims that the whaling it conducts is for scientific research. However, Japan's "scientific research" is simply a means to carry on commercial whaling despite the moratorium. Whaling is also extremely cruel. There is simply no way to kill a whale humanely at sea.

Japan has also been continuing its attempts to recruit more developing countries to the IWC in order to regain a simple majority at this year's IWC meeting in June and promote commercial whaling. If Japan were to succeed, it would be a disaster for whales. Many whale species have still not recovered from the intensive commercial whaling of the past and face many other threats such as climate change, ship strikes and pollution. It is therefore extremely important that the current pro-conservation majority at the IWC is both maintained and strengthened.

The Petitioners therefore request that the House of Commons urges the Secretary of State for the Department of Environment, Food and Rural Affairs, to demand that the Japanese Government end its cruel and unnecessary "scientific" whaling programmes; to continue and enhance his efforts, at the highest ministerial and diplomatic levels to recruit more pro-conservation countries to the IWC and to persuade those countries which currently vote with Japan to vote instead for whale conservation; and to work with other anti-whaling countries to turn the IWC into a body exclusively focused on protecting and conserving whales for future generations.

And the Petitioners remain, etc.]

[P000219]

Open Windrow Composting

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Khan.]*

10.17 pm

Mr. Michael Clapham (Barnsley, West and Penistone) (Lab):I am pleased to have secured this debate this evening on open windrow composting. Let me say at the outset that I support the recycling of green waste. However, it must be done in a safe manner and without endangering the safety of those who live in close proximity to recycling sites. It is in that context that I want to make two points in my contribution—about the danger associated with this type of process, and about public safety.

I also want to take this opportunity to thank the Minister for her reply to me of 16 June 2008, which goes some way to answering some of my concerns, but I want to encourage her to go a little further. I will refer to her letter later and suggest how we may take the matter forward.

The problems associated with open windrow composting were brought to my attention by local residents in my constituency who were protesting against the proposal for a composting site near to the village of Hood Green in the hinterland to the Pennines. I know that matters to do with the site are for the local planning authority and not for this debate, but I want to speak about the dangers generally associated with the open windrow composting process and what can be done to mitigate them.

The process takes place on a large concrete base and the method of decay is helped by the natural internal combustion of the waste. As the green waste heats, the process of decay is facilitated. The waste is turned over by machine at intervals to ensure thorough decomposition. That agitation produces bioaerosols, which can be called organic dust. One such bioaerosol is Aspergillus fumigatus, a fungus that can cause serious respiratory damage and has been known to be fatal. There are other downsides to the process, including the odour that results—particularly from the run-off of rain, which can collect and stagnate. That adds to the sickening smell, which also attracts vermin and flies; they are a further hazard of the process.

I want to draw the Minister's attention to the Giessen study, which took place in Germany; I shall read from its introduction and conclusions in a moment. I want to do that because the Environment Agency advises a 250 m precautionary buffer zone, although from its website it appears that the agency is not too sure of what the distance should be. That is an important issue.

I contend that, on the evidence available, a 250 m buffer site is inadequate in many circumstances. In that context, I refer the Minister to a study carried out by scientists at the university of Giessen Institute for Hygiene and Environmental Medicine on the effects of bioaerosol-polluted outdoor air on the airways of residents. It is dated 14 November 2005. I am advised that, for some strange reason, the study was not included in the Health and Safety Executive review of research report 130.

The introduction to the study states:

"A team of doctors, process engineers, microbiologists and meteorologists were assembled, and conducted this investigation into the effects of bio aerosol polluted air on the airways of

residents. The study was double blinded to the ongoing microbial levels. A total of 356 medical questionnaires were collected from residents near a green waste compost site and also from an unexposed residential control area. The prevalence of health complaints were assessed against distance from site and the recorded microbiological pollution levels...The site near Giessen, Germany processes yard trimmings, grass cuttings and organic waste. The material is shredded, formed in windrows and turned regularly. Throughput is approximately 12500m^3 per year."

The conclusions of the study are of great interest, and I want to draw the Minister's attention to them:

"There is clear evidence of elevated health changes with residents living up to 500 metres from this green waste site. Mucus membrane infections are particularly elevated, shortness of breath is shown to be an effect of spore inhalation and excessive tiredness is distinctly linked to site emissions."

The study continues:

"This study is believed to be the first to actively show the causal link between levels of bio aerosols and health conditions. Other studies over the last 20 years have hypothesized over the effects on those living in close proximity to compost sites and have identified raised levels of fungal spores at 500 metres distant, but apart from stating that 'there is potential for chronic ill health, which may not yet have had time to manifest itself', no change in Environmental Agency recommendations for distances from sensitive receptors has yet emerged."

The agency referred to is of course the German environment agency. It concludes in its final paragraph:

"Fungal spores are common in air and every cubic metre of air breathed will contain a few minute spores. Generally the immune system can cope with levels above background, but in the area of a composting site the concentration of airborne spores is increased dramatically. Exposure should be limited wherever possible up to the 500 metre line where background levels then descend to normal."

In effect, the study is saying that we should have a buffer zone of 500 m. Given that it is the most comprehensive study that has been done, I am rather surprised that it was not included in the HSE review of research report 130.

The Minister will be aware of the Stourbridge case, where, on 10 December, a composting site that was within 250 m of residential homes was closed. A man who acted as a consultant to the group that opposed the site advises me that it was closed because of excessive amounts of odour and bioaerosol emissions; I know that the Environment Agency takes a different view. He has provided me with the medical backgrounds of 12 of the 14 victims. Two of the 12 were suffering from the Aspergillus fungus; the others had picked up different infections on top of their chest conditions. Since the closure, I am advised that the five people who have been followed up have all reported that their health has improved and that they are using only half the medicines that they were prescribed at the time when the site was open. If we not only look at the Giessen study but draw on the experience gained from Stourbridge, it is clear that important evidence links the victims to the inhalation of organic dust from those composting sites.

The Minister may be interested in the work that is being done at Sheffield university. The Environment Agency decided on its 250 m buffer zone on the basis of a study carried out on flat lands in Norfolk, but when people from Sheffield university investigated how the wind carries spores in the hinterland to the Pennines, they found that it blows up the hill and then forms a kind of vortex on the other side, carrying some of the spores up to 1 km further than was previously supposed. It is important that we take into consideration the terrain for which many composting applications are made. I understand from a similar study that the Californian authorities have decided to go with a 500 m buffer zone instead of the shorter one that was previously used.

As the Minister will be aware, there are alternatives to open windrow processing, including complete enclosure and a system called IVC — in-vessel composting — which operates almost like a low-pressure cooker and deals with the green waste without producing the bioaerosols.

Problems may be created in the work environment for employees, and that issue should also be considered closely.

The Minister wrote me a helpful letter — it included one point on which we may be able to make further progress — in which she referred to the development of amenity risk assessments at waste management facilities. She wrote:

"This project will help to develop methods for estimating downwind concentrations of bio-aerosols and focus on improving data availability to support research into dispersion modelling."

As I say, dispersion modelling is being done at Sheffield university. She went on to say:

"The report will describe a number of peer reviewed journal papers examining bio-aerosol production and dispersal."

It is in that context that I urge her to ask that the Environment Agency and the Health and Safety Executive, which has a public health function, look at the Giessen study. As far as I can see, it is the foremost study on composting in the community.

In conclusion, I ask the Minister to do four things. First, I would like her not only to ensure that the HSE and the Environment Agency review the Giessen study, but to encourage them to take a cautious view on recommendations of a more appropriate buffer zone, particularly in areas such as the hinterland to the Pennines, where it is very hilly and we get the sort of wind problems and vortexes to which I referred. I would also be pleased if she advises that research done before 2000 is outdated, because much of the relevant literature is more recent. The Cornell Waste Management Institute, which is an Ivy league institute, is making that recommendation. Will she ask the HSE to advise on the best and safest composting method for employees and the public? Finally, will she ask local authorities to defer any proposals for new sites until the Environment Agency and the HSE advice is available so that we can ensure public safety in the future?

10.32 pm

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Joan Ruddock): I am very grateful to my hon. Friend the Member for Barnsley, West and Penistone (Mr. Clapham) for securing this debate, and for the excellent way in which he presented his case. I will attempt to answer his many questions and deal with the promises that he seeks from me.

As has been identified, open windrow composting is one of the forms of biological treatment of biodegradable waste that has increased in recent years in the move increasingly to recycle or recover waste and to reduce our reliance on landfill. Of course, however, composting is by no means new and it is, indeed, a process that occurs naturally, as my hon. Friend will appreciate. Good quality compost has a number of benefits, including

[Joan Ruddock]

its water-holding capability and as a sustainable alternative to peat, so it is important to us. It returns organic matter to the soil, sequestering carbon, and it can be used as a soil improver—in agricultural or landscape applications, for example—and as a growing medium for the horticultural industry.

At the heart of our waste strategy is the need to meet our European Union landfill directive targets. The amount of biodegradable municipal waste we send to landfill needs to fall to 11.2 million tonnes by 2010, 7.46 million tonnes by 2013 and 5.22 million tonnes by 2020. That is quite a challenge. We have already made progress, with the amount falling from 13.9 million tonnes in 2004-05 to 11.55 million tonnes in 2006-07. That achievement reflects the increase in waste being recycled and composted—from 27 per cent. in 2005-06 to more than 30 per cent. in 2006-07. A third of that figure is made up of composting.

Open windrow composting is the form of composting green waste that is carried out in our back gardens, our community composting schemes, in large public gardens and hotels, on farms and at other establishments. Composting is also carried out on a much larger commercial scale by operators contracted to handle source-segregated green waste collected by local authorities or delivered by the public to civic amenity sites.

Open windrow composting is less suited to dealing with other types of waste such as food waste or other contaminated biodegradable waste. As my hon. Friend said, other methods are more appropriate, for example, in-vessel composting, which must fulfil animal by-product regulations, and anaerobic digestion. The Government are encouraging that and we have announced a £10 million technology demonstrator programme for anaerobic digestion.

At the core of my hon. Friend's concerns are the risks that such activities pose to the environment and human health. As he said, a bioaerosol is a suspension of fine biological material in a gas. Bioaerosol particles are made up of a range of different types of particles, including fungal spores such as Aspergillus fumigatum and Penicillium. Of course, they occur naturally in urban and rural environments, and can aid the composting process.

It is important to stress that background figures vary from location to location, and with the seasons, ranging from less than 100 to more than several thousand particles per cubic metre. My hon. Friend is correct to say that the dispersal of bioaerosols will vary with atmospheric conditions. That is why the Health and Safety Executive reviewed a range of data from different sites, conditions and modelling techniques. My hon. Friend asked why the Giessen study was not included in the review. The reason is that the review was carried out before the publication of the Giessen study, so its inclusion was not possible.

The review, which was published in 2003, found that fungal particles generated at any site would drop to background levels within about 150 m. That is why the Health and Safety Executive has proposed a precautionary approach and recommended not 150 m but 250 m. By taking a bigger margin than is perhaps considered necessary, the HSE is confident that it has taken account of unexpected or extreme conditions.

My hon. Friend asked about specific wind speeds and dispersal. That works in a way that perhaps is contrary to his expectations. When the tiny particles are in the wind, if they are blown at speed in a specific location, they are more likely to clump together, form heavier particles and therefore fall to the ground more quickly. Of course, we would expect particles to travel as far as 1,000 m. They are being constantly spread throughout the atmosphere.

Mr. Clapham: I accept that a gentle wind in a level area may take the spores further than a stronger breeze. However, in the Pennines, the modelling showed that the wind goes to the top of the hills and forms a vortex over them, carrying the spores much further and putting communities that are further away than 250 m in danger. I therefore believe that we should have a wider buffer zone.

Joan Ruddock: My advice is that that dispersal mechanism reduces the density. Between us, we are unable to decide, so we probably need to leave the matter to the experts, but that is the advice that I have received.

The Environment Agency recently reviewed the 250 m limit, in the light of our recent increases in composting capacity, and concluded that it remained valid. Therefore, I am afraid that the Government cannot accept my hon. Friend's suggestion that all composting schemes throughout the country should be deferred until further research has been conducted. There are further research projects under way, which I shall mention, but he knows that I have given him chapter and verse on those, including their publication date and what they aim to achieve, in the letters that I have sent him.

All forms of waste recovery or disposal, including composting, are regulated to prevent harm to human health and the environment. That regulation is achieved in two ways: first, through the planning system and the requirement for planning permission for use or development of land; and, secondly, through an environmental permit, or in some cases a registered exemption from the Environment Agency. The aim is for the two systems to complement each another to achieve the overall control and protection required.

The Environment Agency is consulted, as part of the planning process, on environmental and human health considerations and, where composting sites are involved, takes the location of the site into account when permitting a site or registering an exemption. The Environment Agency requires permit applicants and those wishing to register exemptions to provide it with a site-specific bioaerosol risk assessment where the proposed composting facility will be within 250 m of dwellings or workplaces. That assessment will need to demonstrate that the levels of bioaerosols have dropped to background levels before reaching the first receptor, which means dwelling or workplace. Where prospective compost sites are more than 250 m from occupied premises, a more basic risk assessment is completed that does not require monitoring of bioaerosols, for the reasons that I have already given.

My hon. Friend referred in his correspondence to the site at Hood Green, which is just over 300 m from the nearest house. The nearest workplace is 210 m away, but is an unstaffed sewage treatment works. The prospective operator was required to submit only a basic risk

assessment, as part of a registration process for the waste exemption. That assessment determined that the risk was acceptable, given the distance of the site from the nearest dwelling. That meets the Environment Agency's requirements for assessing exemption registrations when sites are more than 250 m from a dwelling or workplace.

It is a fundamental principle of the planning system that each application must be decided on its individual planning merits, following consultation with those potentially affected by a development. As my hon. Friend has acknowledged, given that there is an outstanding application for planning permission in respect of the Hood Green site, it would be inappropriate for me to comment further at this stage. However, I understand that the occupier of the site has already registered an exemption with the Environment Agency in respect of the proposed composting operation. The Environment Agency has advised me that it has considered the request in detail and has checked the proposed composting activity could meet the terms of the exemption before placing it on the public register of exempt activities.

Under the terms of the current exemption provided for in legislation, the amount of waste being composted at any time must not exceed 1,000 cu m. The Environment Agency has advised me that it will inspect the site if it becomes operational. If the Environment Agency finds that the site is causing harm to the environment or resulting in noise or odour nuisance, it can remove the exemption from the register. The Environment Agency can also take enforcement action, but only if there are any grounds to do so once the activity has commenced. If the composting activity is unable to meet the requirements of the exemption and is removed from the public register, the operator will be required to apply for an environmental permit to carry out the activity. The site will be subject to inspection by the Environment Agency to ensure that the operations are being carried out to an appropriate standard and in compliance with the rules of the exemption.

My hon. Friend referred to the composting site in Stourbridge. In that case, the Environment Agency refused to register an exemption because of its concerns about nuisance and other local impacts. I have checked the details specifically in relation to bioaerosols, and the Environment Agency has said that they were not the reason for closing the site. The reasons were dust, noise and smells, all of which have an impact on local people, and it was as a consequence of those factors that the agency exercised its enforcement powers. I understand that bioaerosol monitoring has taken place at the site, and they were not one of the factors involved. It is really important to assure people of that.

My hon. Friend referred to the follow-up research that he says has been carried out. I have not seen it, but if there is value in the work, we will undoubtedly need to look at it. The Environment Agency and others who are carrying out research and producing reports will clearly need to look at it as well. My hon. Friend has described a very small sample, however. As a scientist myself, I think that it might be difficult to draw conclusions from a sample of that size.

Dan Norris (Wansdyke) (Lab): I share many of the concerns that my hon. Friend the Member for Barnsley, West and Penistone (Mr. Clapham) has expressed, in relation to my own constituency. I hope that the Minister will refer to the research that he has mentioned, as I believe that it could have an impact on the decisions that she might ultimately make.

Joan Ruddock: May I give my hon. Friend, and my hon. Friend the Member for Barnsley, West and Penistone, that assurance? I am determined to look into all the issues that have been raised. As I said in my letters, if the research throws up new factors, it will of course be appropriate to review the situation, and we will have to look at the conditions surrounding the permits and exemptions.

The motion having been made after Ten o'clock, and the debate having continued for half an hour, MR. SPEAKER *adjourned the House without Question put, pursuant to the Standing Order.*

Adjourned at thirteen minutes to Eleven o'clock.

House of Commons

Wednesday 25 June 2008

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

PRIVATE BUSINESS

LONDON LOCAL AUTHORITIES AND TRANSPORT FOR LONDON BILL

Lords amendments agreed to.

Oral Answers to Questions

NORTHERN IRELAND

The Secretary of State was asked—

Paul Quinn

1. **Dr. Alasdair McDonnell** (Belfast, South) (SDLP): What recent discussions he has had with the Irish Government on the murder of Paul Quinn. [212543]

The Minister of State, Northern Ireland Office (Paul Goggins): My right hon. Friend the Secretary of State and I are in regular contact with the Irish Government on a range of policing issues, including the investigation into the murder of Paul Quinn. As recently as last week, the Irish Minister of Justice assured me that the Garda, in leading the investigation, continues to work very closely with the Police Service of Northern Ireland in order to bring those responsible to justice.

Dr. McDonnell: In the discussions, have the publicly stated views of the investigating Garda Síochana—namely, that this case is not, and never has been, a fall-out between criminals but rather that there is clear paramilitary involvement in the planning, execution and forensic clean-up of the murder site—been discussed?

Paul Goggins: What I can confirm to the House is that the Independent Monitoring Commission determined in its most recent report that this act was carried out by local people and arose from a local dispute. However, the detailed investigations, which are being carried out by the Garda in the Republic and the PSNI in Northern Ireland, can continue. I reassure my hon. Friend that the investigation is live and active. I am sure that he will take some comfort from that.

Mr. Gregory Campbell (East Londonderry) (DUP): The security situation in Northern Ireland and the border areas has improved immeasurably in recent years, but there are a small number of murders for which no one has been brought to justice, Paul Quinn's being one and Robert McCartney's being another. Both those murders happened in areas either where Sinn Fein has political influence or where members of Sinn Fein were in the vicinity at the time. What pressure is the Minister bringing to bear on Sinn Fein as a political movement to bring those responsible to justice?

Paul Goggins: Last year, as the hon. Gentleman knows, Sinn Fein made the historic decision to give its full support to policing and the rule of law in Northern Ireland. Indeed, that underpinned and brought about the confidence that enabled the restoration of the institutions of devolution to happen. Sinn Fein representatives speak out whenever there is an unexplained murder. Indeed, as recently as yesterday, Sinn Fein leaders made clear their view that anybody who knows about criminal acts should come to the police and give them the information that they have.

Real IRA/Continuity IRA

2. **Mr. Ben Wallace** (Lancaster and Wyre) (Con): If he will make a statement on the current activities of the (a) Real IRA and (b) Continuity IRA. [212544]

The Secretary of State for Northern Ireland (Mr. Shaun Woodward): The most recent complete analysis is set out in the IMC report published last month.

Mr. Wallace: The Secretary of State will know that when he is routinely asked such questions, he replies via the IMC report. Will he tell the House whether he receives different intelligence on the activities of those dissident republicans from that which is published in the report?

Mr. Woodward: First, we rely so heavily on the work of the IMC because it produces a considered report, based on evidence compiled from a number of sources. Most hon. Members would agree that it has been extremely accurate and authoritative over the years since it was set up. I receive, obviously, additional security information. The individual who most closely advises me on that is the Chief Constable, with whom I remain in touch, often on a daily basis.

Mark Durkan (Foyle) (SDLP): The Secretary of State will be aware that dissident republicans are deemed to be responsible for the murder of Emmett Shiels this week in my constituency—a young man robbed of his life, a baby soon to be born without a father. Does the Secretary of State share my hope that the profound response of the community in Derry offers some comfort to Emmett Shiels's family? Indeed, it even seems to be having some effect on those who were involved in the murder. Does the Secretary of State share the determination that there should be a united political response to ensure that there is no doubt, difference or difficulty in relation to the politics of policing that can ever be exploited by republican dissidents?

Mr. Woodward: May I join the hon. Gentleman—I am sure that I speak for all Members—in sending our deepest sympathies to the family of Emmett Shiels? What happened yesterday was an horrific crime that should not have happened. It has left a family devastated

and it does not surprise me to hear that last night more than 1,000 people took part in a vigil to remember the life of Emmett Shiels. I am encouraged to hear this morning that the police have already made two arrests and I understand that more may follow.

On the last part of the question, I believe that it does matter that we complete the process of devolution sooner rather than later for one very important reason: regrettably, there are still some dissident individuals out there who hang on to some obscure hope, with no support in the community, that they can shake that community's confidence in the future of Northern Ireland. The best thing we can all do is to work together to bring about stability and peace as soon as possible.

David Simpson (Upper Bann) (DUP): On behalf of my party, I join the rest of the House in expressing sincere sympathies to the family of Emmett Shiels, who was so brutally murdered in Londonderry earlier this week. That is a tragedy that should never have happened. The Secretary of State will be aware of ongoing threats against people in Northern Ireland from dissident republicans, including one against one of my constituents who left the security forces more than 10 years ago. Will the Minister assure the House not only that every available resource will be channelled into ridding Northern Ireland of such groups, but that when those people are convicted, they will be given a punishment that will fit the crime?

Mr. Woodward: I warmly welcome the hon. Gentleman's remarks. I can add little to what he said, other than that I fully endorse the fact that the full weight of the law should be used against those who wish to commit crime in any part of the United Kingdom. I am encouraged to see that all those people who have entered into government in the Assembly and the Executive fully share those views.

Mr. Adrian Bailey (West Bromwich, West) (Lab/Co-op): My right hon. Friend will be well aware that the impartiality of policing has been a long-running issue in Northern Ireland. Will he tell me what impact he thinks the devolution of both policing and the criminal justice system will have on dissident groups in Northern Ireland?

Mr. Woodward: I welcome my hon. Friend's intervention. There is no doubt in my mind that we have reached a point where it is extremely important that the political parties reach agreement on a time scale for the devolution of policing and justice in order to complete the devolution arrangements that were begun last year. It is very much our view that that must be agreed between the parties and that what we can do is to ensure that the arrangements are in place for that to happen as soon as possible.

Last week's visit of the President of the United States to Northern Ireland, which was welcomed by everybody in Northern Ireland, brought on the back of it more investment and more commitment to the people of Northern Ireland. The President's message was very clear: it will be easier for him to pressure American companies to continue to make that investment, particularly in a time of international downturn, if devolution is completed sooner rather than later. He was explicit in his remarks about that.

Mr. Laurence Robertson (Tewkesbury) (Con): On behalf of the official Opposition, I condemn the murder of 22-year-old Emmett Shiels and send our profound sympathies to his family after this totally unacceptable and unnecessary murder. On the wider issues, it is very worrying, as we may be seeing a trend towards murder and attempted murder by dissident republicans. Only recently, we saw attempts to blow up and murder police officers. Indeed, the chief inspector responsible at the scene of the crime on that occasion said that the police could not

"go blindly rushing into an area until we were satisfied that it was safe to do so".

Everyone would sympathise totally with the police, with masked men lying in wait in the area. That is an unacceptable situation in the Province, which is, of course, part of the United Kingdom. We have to move away from that violence.

Mr. Woodward: I warmly welcome the hon. Gentleman's remarks. The Chief Constable has been very clear about the position. Regrettably, there is a heightened level of dissident activity in Northern Ireland, probably higher than at any time in the last five years, although that should not be confused with the work being done by the police and the security forces to ensure that we continue to infiltrate these organisations and bring their members to justice whenever we can. We are confident that they are not building support in the community or recruiting in the community, because they find no support in the community, but that does not mean that they are not dangerous. As the Chief Constable has said, as they sense time running out as the parties reach agreement on issues that once divided them, they may unfortunately carry out more and more desperate acts. That is why the extraordinary bravery of the police in Northern Ireland should remain uppermost in our minds.

Mr. Alan Reid (Argyll and Bute) (LD): I join the House in sending sympathy to the family of Emmett Shiels, the victim of this horrific murder.

In its recent reports, the Independent Monitoring Commission has stressed that transition cannot continue indefinitely and that paramilitary organisations cannot continue to expect the comfort of the decommissioning legislation. How close do the Government think we are to achieving normalisation, and what further steps are required before we can achieve it?

Mr. Woodward: The hon. Gentleman has asked an important question, to which I have given careful consideration. In a speech that I delivered in Belfast in May, I made it clear that it was important for all who, for example, continue to retain weapons to recognise that, sooner rather than later, we will inevitably bring institutions such as the Independent International Commission on Decommissioning to a conclusion, because they cannot be part of a normal society. They have helped to bring Northern Ireland to normalisation, but they cannot be there indefinitely.

It is vital for everyone to hear that. I welcome the progress that is being made, particularly by some of the loyalist dissident organisations, but they have to hear the message. What they do is criminal, and what they continue to do will be treated as criminal. The decommissioning process that allows them to hand in

their weapons will come to an end sooner rather than later, and I urge them to continue to make progress and decommission those weapons now.

Alcohol-related Crime (Young People)

3. **John Robertson** (Glasgow, North-West) (Lab): What steps he is taking to reduce the incidence of alcohol-related crime among young people in Northern Ireland. [212545]

The Minister of State, Northern Ireland Office (Paul Goggins): We are working closely with the devolved Administration in Northern Ireland to tackle the issues associated with alcohol misuse by young people, including alcohol-related crime. A young people and alcohol action plan will be published later in the year.

John Robertson: My hon. Friend will be well aware that alcohol-related crime is a problem not just in Northern Ireland but in the United Kingdom as a whole, but the fact remains that there has been a 26 per cent. rise in drink-fuelled crime in Northern Ireland. He told us about measures that he has taken, but does he agree that it is time for us to do more? What will he do not only to reduce the increase in crime of this sort, but to reverse the present trend?

Paul Goggins: My hon. Friend has identified an important issue, to which we are responding. The young people and alcohol action plan is being led by the Department of Health, Social Services and Public Safety, but with full co-operation from the Northern Ireland Office and, indeed, other Departments in Northern Ireland. It is important for us to have an effective action plan. In the meantime, the Police Service of Northern Ireland is enforcing the law relating to alcohol, not least by cracking down on consumption of alcohol during parades. Last Friday evening during the Tour of the North parade, 580 bottles and cans, including bottles and cans of alcohol, were confiscated by the police.

Mr. Nigel Dodds (Belfast, North) (DUP): I welcome what the Minister said about the Tour of the North, in which I took part with great pleasure. I noted the police's active role in confiscating alcohol and so on.

The chief medical officer for Northern Ireland has revealed the shocking statistics that the average age of those having their first alcoholic drink in Northern Ireland is 11, the greatest increase in drinking occurs between the ages of 11 and 13, and 2 per cent. of all young people in Northern Ireland admit to binge drinking. Can the Minister be more specific? Will he introduce laws to ensure that a two strikes and out rule applies to those who sell alcohol to youngsters, and will he consider introducing dispersal zones in Northern Ireland like those in the rest of the United Kingdom to tackle directly the problem that we are experiencing in the Province?

Paul Goggins: There is widespread concern across Northern Ireland following Dr. McBride's report of earlier this week on the prevalence of alcohol use among under-age children. In principle, we are supportive of dispersal zones; I will issue in the near future a consultation on community safety issues generally, and we will consult on that specific proposal. On the hon. Gentleman's other suggestions, let me assure him that as the Department of Health, Social Services and Public Safety leads this work on the action plan, we will consider what enforcement powers and legislation are necessary to underpin the strategy.

Chris Ruane (Vale of Clwyd) (Lab): Alcohol-related crime and serious crime in Northern Ireland will be truly tackled only if the local neighbourhood policing teams have the full confidence of their local community. To that end, will the Minister update us on what progress is being made on the devolution of policing to Northern Ireland?

Paul Goggins: The development and roll-out of neighbourhood policing is an important issue in Northern Ireland, as it is elsewhere in the United Kingdom. Indeed, it is a high priority for the Police Service of Northern Ireland this year, and the evidence in Northern Ireland is the same as it is everywhere else, which is that where we have good, strong, local neighbourhood policing working in partnership with local people and local organisations, we get very effective results.

Defence Expenditure

4. **Mr. Peter Bone** (Wellingborough) (Con): What recent discussions he has had with the Northern Ireland First Minister on expenditure on defence in Northern Ireland. [212546]

The Secretary of State for Northern Ireland (Mr. Shaun Woodward): Operation Banner ended in July 2007. Expenditure on defence in Northern Ireland is, of course, a matter for my right hon. Friend the Secretary of State for Defence.

Mr. Bone: I thank the Secretary of State for that unhelpful answer. Will he confirm that all the proceeds from the sale of redundant military establishments in the Province will go to the Ministry of Defence to help our forces overseas at a time when they are stretched beyond capabilities?

Mr. Woodward: My answer may not have been helpful, but it was actually an answer to the hon. Gentleman's question. I shall, however, try to help him with his second question as well. It might be helpful if I assist him in understanding the background to the sale of sites in Northern Ireland. Five sites were gifted and transferred to the Northern Ireland Executive in 2002 to use to generate investment and create other opportunities. The 2003 joint declaration makes reference to further sites that

"might be made available to the Executive".

There are currently nine disused sites that could fall into that category. As the sites are owned by the MOD, the proceeds raised by the sale of those assets will, of course, fall to the MOD, and it is for the Secretary of State for Defence to decide how those proceeds should be used.

Mr. George Howarth (Knowsley, North and Sefton, East) (Lab): Would it not be odd if there were not discussions between Ministers at Westminster and Ministers in the devolved Assembly about the disposal of assets, and, for that matter, about any other policies on which the two Administrations have a common interest? I find it odd that this should be raised as an issue at all.

Mr. Woodward: I welcome my right hon. Friend's comments, because he has considerable experience of both Northern Ireland and defence matters. Let me say the following in an advisory capacity to the hon. Member for Wellingborough (Mr. Bone) and his friends. Military sites in Northern Ireland are extremely important historically and they offer an important source of future revenue for the Ministry of Defence. I confirm to the hon. Gentleman that in discussions about those sites my right hon. Friend the Secretary of State for Defence will look extremely carefully at how the proceeds are used. As my right hon. Friend the Member for Knowsley, North and Sefton, East (Mr. Howarth) said, it is important to recognise that it is sensible for there to be discussions between those on the ground in Northern Ireland and those in the MOD.

Mr. Peter Robinson (Belfast, East) (DUP): I welcome the fact that the Secretary of State has confirmed that a deal was done in respect of handing over military sites to the Northern Ireland Executive. It was done in April 2003, and it was welcomed by the Conservative party, who supported that declaration, and by the Liberal Democrats, who also supported it. The sites the Secretary of State mentions were handed to the Northern Ireland Executive in 2002 and the 2003 agreement stated that additional sites should be handed over, so when are the Government going to do that?

Mr. Woodward: As I have reminded the House, the sites that were gifted were the five sites in 2002. In 2003, the wording specifically said that further sites might be made available. The right hon. Gentleman will of course know that we have been looking over the last year at some of the sites for which there are plans in Northern Ireland, but there is disappointment that there continues to be disagreement about, for example, the Maze site, which was gifted in 2002. Regrettably, it continues to be the subject of controversy. If the national stadium project were to be lost from the Maze, it would almost certainly mean that Northern Ireland would lose its opportunity to be one of the focuses for the Olympics in 2012.

Sir Patrick Cormack (South Staffordshire) (Con): Does the Secretary of State agree that the Maze is not a military site? Has he visited Omagh and discussed with the local people their interesting and imaginative scheme for an educational campus on the Lisanelly barracks site? Does he agree that it might be possible to bring that to fruition by realising the asset value of the current school sites in Omagh?

Mr. Woodward: I welcome that question not least because the hon. Gentleman has been in correspondence with me about the use of that site since October. As a result of his intervention, I visited the site some months ago. It is an exciting site because it has cross-community support and all parties in Northern Ireland would like to see the site developed. I share the enthusiasm for the development of the project and I look forward to reading the business case, which will, I understand, be presented to the Executive very shortly.

Mr. Hugo Swire (East Devon) (Con): The Secretary of State has obviously been doing his homework on this subject, so can he inform the House on the progress of the sale of Shackleton barracks, and the current asking price?

Mr. Woodward: We will continue to look at that, but all sales of military sites are matters for the Ministry of Defence.

Budget Allocations

6. **Mr. Eddie McGrady** (South Down) (SDLP): Whether additional financial allocations have been made to the Northern Ireland budget since the original determination of the funding allocation for 2008-09. [212548]

The Secretary of State for Northern Ireland (Mr. Shaun Woodward): Additional allocations were agreed at the end of 2007 to fund actuarial variations to police pensions, annual Barnett upratings on 12 March, an increase in the ceiling of assets sales to be retained by the Executive on 8 May, and most recently £6 million for the Irish Language Broadcasting Fund.

Mr. McGrady: I thank the Secretary of State for his reply. I am somewhat whimsically disappointed that the rumours that went round the House two weeks ago did not produce millions upon millions extra for us, but be that as it may. Services in Northern Ireland are suffering a shortage of cash funding. We have an educational changeover that has not been costed in any way, and no provision appears to have been made for it. Extended school hours have been withdrawn and, in health, a comprehensive spending review is withdrawing front-line services. Will the Secretary of State engage with the Treasury, the Chancellor, the Prime Minister, and the new Northern Ireland Executive to try to assuage some of the real suffering that is ahead for the people of Northern Ireland?

Mr. Woodward: I recognise the work that is being done in education in Northern Ireland, but I remind the House that that is now a devolved matter. The finances for education are a matter for the Executive and the Assembly, and I remind the hon. Gentleman that last year in the comprehensive spending review the then Chancellor, now my right hon. Friend the Prime Minister, made a generous and significant settlement to Northern Ireland. It is a matter for the Executive how the money is spent.

Mr. Owen Paterson (North Shropshire) (Con): There has been widespread speculation about the detail of the talks and the agreement leading up to the establishment of the new Executive. What was the deal, and does it have any budget implications?

Mr. Woodward: As always, the hon. Gentleman gets excited about his questions, but I am going to have to disappoint him. There was no deal and therefore there are no financial implications.

Mr. Paterson: I thought that the Ulster White was a rare pig, now sadly extinct. I did not realise that it had been reincarnated in flying form. We know that there were tense and difficult negotiations in Downing street with the Prime Minister. There was clearly an agreement, because the Executive was reformed, which was good news. The Secretary of State has already mentioned the figure of £6 million, which was announced by the president of Sinn Fein rather than the Secretary of

State. Devolution of criminal justice and policing has been mentioned, as have water rates, the sale of military sites and education. Why will not the Secretary of State tell us what the deal was?

Mr. Woodward: The short answer is that there was no deal. The hon. Gentleman mentions the £6 million for the Irish Language Broadcasting Fund. This may have escaped him, but I do not think that Sinn Fein took its places to vote on the matter of 42 days last week. The hon. Gentleman should be very careful, because he is impugning the reputation of a number of Members from Northern Ireland who are highly principled on the matter of counter-terrorism. I suggest that before he gives lectures to Members of the DUP, he should pay attention to one of the most principled parties in the House when it comes to the business of building a robust framework of counter-terrorism legislation.

PRIME MINISTER

The Prime Minister was asked

Engagements

Q1. [213427] **Mr. Khalid Mahmood** (Birmingham, Perry Barr) (Lab): If he will list his official engagements for Wednesday 25 June.

The Prime Minister (Mr. Gordon Brown): Before I list my engagements, I am sure that the whole House will want to join me in sending our profound condolences to the families and friends of the two servicemen killed in Afghanistan yesterday. They will remain always in our thoughts and we owe them a deep debt of gratitude for their sacrifice.

This morning, I had meetings and discussions with ministerial colleagues, including, as the House will want to know, on the subject of bringing forward next week immediate legislation to enable the courts to grant anonymity to witnesses in cases such as those involving organised crime and witness intimidation. I hope and believe that we can do that with all-party support. In addition to my duties in this House, I shall have further such meetings with Ministers later today.

Mr. Mahmood: I echo my right hon. Friend's words on our gratitude to all the servicemen who have lost their lives defending the values that we all cherish.

What action will the Prime Minister take to encourage the African nations to help resolve the current crisis in Zimbabwe?

The Prime Minister: Following the United Nations Security Council resolution, promoted by the United Kingdom, that the conditions are not there for free and fair elections in Zimbabwe, we will stand alongside African leaders who do not accept the legitimacy of the election and who do not accept the legitimacy of the regime and the criminal cabal surrounding President Mugabe. I understand that the Southern African Development Community will meet today and the African Union will meet on Sunday. It is our hope that the UN and the AU can work together for a peaceful transition in Zimbabwe and we are ready to commit substantial resources to Zimbabwe once democracy returns.

I can also confirm that we are preparing intensified sanctions, both financial sanctions and travel sanctions against named members of the Mugabe regime. I can also announce that the Secretary of State for Culture, Media and Sport is working with the England and Wales Cricket Board. We want to ensure that Zimbabwe do not tour England next year and we will call for other countries to join us in banning Zimbabwe from the Twenty20 international tournament.

Mr. David Cameron (Witney) (Con): May I join the Prime Minister in paying tribute to the two soldiers from the Parachute Regiment who were killed in Afghanistan yesterday? Our troops are doing an incredibly difficult job in tough circumstances and they have our full support.

Let me ask some further questions, if I may, about Zimbabwe. I believe, as I believe the Prime Minister does, that there is a real opportunity for Britain to take the initiative. There is universal anger at the stolen election, universal support for the leader of the opposition's pulling out of the race, condemnation from the UN Security Council and, for a change, strong words from Zimbabwe's neighbours.

May I ask the Prime Minister about three specific actions? First, at the forthcoming G8, which President Mbeki will attend, will the Prime Minister push for a declaration that all states present will cease to prop up the regime and will refuse to recognise its legitimacy?

The Prime Minister: I think that the right hon. Gentleman will have noticed that the UN passed a strong presidential statement on Monday. South Africa was very much part of that statement, which made it clear that the elections could not take place in the present circumstances and called for an end to violence. I will, of course, raise the matter in every international forum. I raised it in the European Union at the Council last Thursday and Friday, and there was a strong statement from the EU. I have talked to other members of the G8, including President Bush, about the situation.

I believe that the hope that exists for a peaceful outcome to the problems that we face lies in the fact that, as the right hon. Gentleman has indicated, the leaders of so many African Governments—of Zambia, Botswana, Tanzania, Angola, Senegal and Kenya—as well as the African National Congress have made it absolutely clear that they cannot support the current regime. They want the full civil and political rights of the Zimbabwean people restored.

I want us to work with the African Union and the UN, and I believe that it would be best if a joint delegation went to Zimbabwe. What we want to achieve is a peaceful transition, the promise of support for a new regime, and an end to the violence that has caused so many deaths.

Mr. Cameron: We support very much what the Prime Minister has said. We too welcome the UN statement, and I also welcome what he said about sporting sanctions in answer to the hon. Member for Birmingham, Perry Barr (Mr. Mahmood). Will he clarify one point arising from our discussions on Monday? He said that he would no longer recognise the legitimacy of the Mugabe

regime, but may I ask him a bit more about what that means? The Foreign Secretary said on Monday that it is not possible to ban Mugabe from attending summits

"until he is no longer the president of Zimbabwe."—[*Official Report*, 23 June 2008; Vol. 478, c. 46.]

So when the Prime Minister says that he does not recognise the regime's legitimacy, what does he actually mean? What will the practical consequences be?

The Prime Minister: As the right hon. Gentleman probably knows, we are bound by international laws on the question of the regime, but we do not recognise the legitimacy of the Zimbabwean Government. We do not believe that Mugabe has honoured the results of the previous election, or that the current elections can be free and fair. We want to see a peaceful transition as soon as possible.

If we look back at the elections that did take place, it was clear that Mugabe lost them and that Tsvangirai was ahead. It is also clear that the Parliament in Zimbabwe has a majority against Mugabe. That is why what African leaders have said in the last few days is so important. For the first time, many of them have condemned both Mugabe's regime and his behaviour. We want to work for a peaceful transition. I believe that the statements made by the UN Secretary-General calling for an end to violence and offering his help to that end, as well as the strong statements from President Kikwete of Tanzania, are the best symbol of the way forward—that is, the UN and the African Union working together for a change of regime.

Mr. Cameron: The Prime Minister mentioned tighter EU sanctions. Will he confirm that, when they are drawn up, our Government will specifically propose a full visa ban for Mugabe, his officials, their families and associates? Will the sanctions also propose financial measures, which must include a full assets freeze on institutions complicit in the regime as well as a ban on their transactions? Does he agree that this matter is not just for Governments, and that businesses and individuals that have any dealings with Zimbabwe must examine their responsibilities and ensure that they do not make investments that prop up the regime?

The Prime Minister: The right hon. Gentleman may also know that 160 individuals are under bans and sanctions as a result of decisions already taken. We are looking at extending the bans, as he suggested, to the families of the people involved. The bans will include financial sanctions, but also travel sanctions. We know the names of the individuals surrounding Mugabe, and we therefore know the names of the criminal cabal trying to keep him in power. We will name those individuals, and that will be part of the next stage of the sanctions.

I agree with the right hon. Gentleman that businesses should also look at their involvement in Zimbabwe. We have taken a decision that we will force through sanctions against the individuals who are part of the regime. We do not want to do further damage to the Zimbabwean people, but businesses that are helping the regime should of course reconsider their position.

I believe that the whole world has woken up to the evils that have been going on in Zimbabwe, and that the whole international community, with a few exceptions, is now united in calling for action. What we want is an end to the violence, and a peaceful transition in Zimbabwe. That is why the efforts of the AU and the UN are so important. We will support them in their efforts and offer the Zimbabwean people help with reconstruction once democracy is restored.

Mr. Brian H. Donohoe (Central Ayrshire) (Lab): On yesterday's "Today" programme, it was argued that speculators are responsible for the doubling of the oil price. The US Congress has been examining the situation, and is working very hard to limit the damage being done by speculators—who, by the way, control more than 71 per cent. of the futures market. However, the speculators are likely to move to London where, Congress argues, the rules are more lax. What are the Government doing to protect the poor people who are having to pay the high prices at the petrol pumps?

The Prime Minister: I am grateful to my hon. Friend. This is a huge issue, because oil prices have trebled over the past two years, and they have risen very substantially in the past few months. I was in Jeddah and met all the oil producers to talk about these matters.

The first thing that we know is that the American Congress is looking at this matter. The Financial Services Authority is looking for any evidence of market manipulation and the Treasury is looking at what financial speculation may have taken place in the marketplace. If there is any evidence of that, we will act. We will also work with the rest of the European Union, which is examining the issue.

I have to tell my hon. Friend that there is another issue here: demand for oil in the world exceeds the supply of oil, and it will for years to come. That is why we are making bold decisions for which I would hope have all-party support—first of all, to have energy independence through having nuclear power in this country. While we have made the decision, the Opposition have ducked it.

Mr. Nick Clegg (Sheffield, Hallam) (LD): I would like to add my own expressions of sympathy and condolence to the family and friends of the two soldiers who tragically lost their lives in Afghanistan yesterday.

Before the right hon. Gentleman became Prime Minister, I think that some people thought he was a man of principle. Over the past 12 months, time and again, we have seen him abandon what he knows to be right for what he thinks is expedient. This afternoon, he has the chance to do the right thing when veterans from the Gurkhas march on No. 10 to hand in their medals in protest at the way in which they have been treated by this Government. I have asked him four times to receive those medals, and every time he has refused. Will he now have the grace to receive them today, or will he turn them away yet again?

The Prime Minister: I do thank the right hon. Gentleman for raising the question of the Gurkhas, because it allows me to explain what has actually been done. We respect the fact that Gurkhas have fought for the United Kingdom for two centuries. They have served in conflicts throughout the world. We greatly value their contribution, both past and present, and we know that they are operating in Iraq and continue to serve with great distinction in Afghanistan.

The Government have improved the way in which we are treating the Gurkhas. Serving Gurkhas, and some who are recently retired, for the first time have membership

of the armed forces pension scheme. They have a genuinely improved deal, and 2,232 retired Gurkhas who were serving on 1 July 1997 or later have also been offered those arrangements.

There are other things that we are doing, including equality of take-home pay with the British Army, the creation of national insurance records, changing the immigration rules to help retired Gurkhas, married accompanied service after three years in the brigade and the opportunity to transfer to one of the two armed forces pension schemes. All those things we have done. The right hon. Gentleman cannot say that we have been inactive; we are trying to honour our obligations to people who have served the country well.

Mr. Clegg: Once again, we have a long list from the Prime Minister that misses the important issue. On Friday, it is Veterans day, a day when we celebrate the courage of those who risk their lives for our country. The Prime Minister says that he values courage above all else, so why will he not do the thing that would really help some of the most courageous veterans of all? Veterans of the Gurkhas who have to rely on charity and who face deportation because his Government will not grant them British citizenship are protesting outside right now. When will he act to correct that gross injustice and give those brave veterans the recognition and citizenship that they deserve?

The Prime Minister: I have just told the right hon. Gentleman that the immigration rules were changed in 2004 to include post-1997 retired Gurkhas. The opportunity is now there to transfer to the wider Army after five years; there are increased opportunities for Gurkhas after leaving the Army; there are opportunities to obtain settlement and naturalisation—that is citizenship—while serving in the wider Army; and we have given the pensions that I have just identified. He cannot say that we have done nothing to help the Gurkhas. We have shown how we value the Gurkhas in this country.

Q2. [213428] **Tony Lloyd** (Manchester, Central) (Lab): Child poverty was a matter of national shame when the Conservative Government were in power. My right hon. Friend deserves enormous credit for the 600,000 children whose families have been taken out of poverty, but now that we face difficult economic times, will he give a recommitment to the eradication of child poverty by 2020? Frankly, if this Government and this Prime Minister will not give that commitment, no other party in this House will make the same offer.

The Prime Minister: We are the only party that has made, and is making, this commitment, and I ask other parties to join us in making the commitment even now. When we came to power, 3.5 million children were in poverty. Absolute poverty in this country has fallen so that the figure is 1.7 million, and we have a long way to go. Relative poverty has fallen by 600,000. Even in difficult economic circumstances, the Chancellor of the Exchequer announced in the pre-Budget report and the Budget that 300,000 more children will be taken out of poverty. We have doubled child benefit. The child tax credit was £27 for the poorest child when we came to power; it is now more than £70. We have done what the previous Conservative Government failed to do: we are tackling child poverty.

Mr. David Cameron (Witney) (Con): Britain is facing a wave of potential strikes that are threatened by, among others, housing benefit staff, social workers, teaching assistants and refuse collectors. With that in mind, will the Prime Minister rule out categorically any further changes that would weaken in any way the trade union laws introduced by past Conservative Governments?

The Prime Minister: We have no plans to change employment laws further. Let me say to the right hon. Gentleman that it would be better if he would support us when we are trying to negotiate three-year pay deals with the public sector. We have negotiated them for teachers, nurses, health service workers and civil servants, and they are now in the Department for Work and Pensions and the Inland Revenue. Two million people are covered by public sector pay deals. The shadow Chancellor said on "Newsnight" last week:

"I'm not against opening negotiated pay deals."

A few hours later, he had to clarify the statement, saying:

"I am against reopening public sector pay deals".

Perhaps the right hon. Member for Witney (Mr. Cameron) can tell us the position of the Conservative party on supporting stability in the economy.

Mr. Cameron: The whole House will have heard the Prime Minister say that he has no plans to change trade union laws. This is the same man who, as Chancellor, said that he had no plans to introduce taxes, and then introduced extra taxes. If he genuinely has no plans to introduce new trade union laws, will he explain why he is going ahead with the Warwick Two process, in which the trade unions and Ministers will sit down and discuss policies, including the laws governing industrial action?

The Prime Minister: Of course we are going to discuss policies with every section of the community—surely that is what politics is about. I thought that the right hon. Gentleman was quite anxious to talk to the TUC as well.

I come back to this point: is the Conservative party supporting our three-year public sector pay deals? They are unique. They are a barrier against inflation and they give us stability for the future. They are a signal to the rest of the public sector and to the private sector. However, the Conservatives are silent on that, just as they were on the 22 million people benefiting from a low tax rate with the personal allowances coming down. They should tell us whether they support economic stability, low inflation and low interest rates, which is what this will help to achieve.

Mr. Cameron: Do you know what? If the Prime Minister wants to ask us questions and he has had a year in office, why not call an election? He said that he needed more time to set out his vision. I think that we have had a year; why not bring on the election?

Is the Prime Minister really telling us that his Ministers are going to sit down with the people who provide 92 per cent. of the governing party's income and that there will be no mention of trade union laws? Is it not the case that trade union leaders look at this Prime Minister and see just weakness? Tony Blair—remember him?—said:

"I have not created New Labour to see a Labour government give away power to the unions".

He also said that

"you can't go back to the situation where 90 per cent. of the funding is provided by trade unions".

Is not that exactly what has happened? We have a bankrupt Labour party. It is in hock to the unions and a wave of strikes is threatened. As the Prime Minister lurches to the left, should not we all conclude that new Labour is dead and buried?

The Prime Minister: The same old Tory party—it cannot even talk to the trade unions. In the past year, we have made the big decisions about the future of the country. Nuclear power: we decided; the Conservatives ducked it. Airport expansion: we are deciding; they have ducked it. Three million houses: we are deciding; they have ducked it. Today, on planning, we are deciding, and once again they are ducking it.

The right hon. Gentleman's year started with the indecision over grammar schools and has ended with him losing his shadow Home Secretary. For him, politics is just show business; it is devoid of substance and is opposition for opposition's sake. You can get by without substance some of the time, but you cannot get by without substance all of the time.

Q3. [213429] **Richard Burden** (Birmingham, Northfield) (Lab): This Saturday, more than 100 representatives of voluntary organisations and other organisations in my constituency will get together with the police, the city council, the fire service and other statutory agencies to examine how we can best work together to combat crime. All hon. Members know that one of the things that often inhibits people from reporting crimes or standing up to antisocial behaviour is the fear of reprisal or intimidation. My right hon. Friend said a few moments ago that there were plans in relation to witness anonymity. Will he say a little more about that, and about how we can best reassure people that we will back them when they stand up for their local community?

The Prime Minister: My hon. Friend is absolutely right. The policies that we are proposing will mean punishment and prevention of crime. It is quite wrong to deprive witnesses of their anonymity when it is needed, especially when we are dealing with organised crime, witness intimidation and gang and gun-related crime. That is why the Secretary of State for Justice will announce tomorrow that we will bring forward legislation to clarify the situation arising from the court's judgment. We want to make sure that there is a right for the courts to offer anonymity, as the police and so many other people have asked for in the last few days. I hope that my hon. Friend will tell his seminar on Saturday that we will continue with our policies to ensure that the public are properly protected against crime. I also hope that the Conservatives will reconsider their former shadow Home Secretary's opposition to DNA and CCTV, and to what we are doing to make this country safe from terrorism.

Q4. [213430] **Mrs. Iris Robinson** (Strangford) (DUP): On behalf of the Democratic Unionist party, may I also send our sympathies to the family and friends of the two very brave servicemen who have lost their lives?

Did the Prime Minister see reports this week suggesting that the Government were going to legalise the IRA? Will he confirm that the Government's intention is not to make the IRA legal but to make it completely redundant by removing its army council?

The Prime Minister: I hear what the hon. Lady is saying, and I think that she is referring to the report that was done by Lord Carlile. We have no plans to do that at all. We believe that the provisional army council should be brought to an end as soon as possible, and we will work with all parties in Northern Ireland to maintain the stability of the settlement. I praise her party and the other parties that have been involved in making the settlement work.

Mr. Lindsay Hoyle (Chorley) (Lab): May I thank my right hon. Friend the Prime Minister for setting up a border police service that will protect our borders? Will he add to that an important segment? Some of our troops who have been seriously injured and might therefore no longer be suitable for front-line service want to continue to wear a uniform. They ought to be added to the border police force to protect our borders from terrorism, drug-running and illegal immigration.

The Prime Minister: We have already set up the Border and Immigration Agency, which is 25,000 strong. My hon. Friend is referring to a proposal from the Association of Chief Police Officers, which the Government are happy to consider. The Home Secretary said that at the beginning of this week. The policing Green Paper to be published shortly will look at a number of proposals for policing at the border, including that from ACPO. It will also include other proposals that may not involve structural change. I believe that we must have the strongest possible protection at our borders, and we will provide that. Again, I hope that the Conservative party will reconsider its opposition to identity cards for people coming into this country, because that is one way in which we can protect against illegal immigration.

Q5. [213431] **Mr. Hugo Swire** (East Devon) (Con): Both our parties voted to support the extension of education to the age of 18. In East Devon, that will mean having to find approximately 450 extra places by 2015. The only obvious site available for those students in Exmouth is the recently vacated Owen building on the Rolle college campus site. While the Minister for the South West is broadly supportive of the idea that the building should continue to be used for education, the Minister for Higher Education is of the belief that it should be sold to the highest bidder. In the interests of joined-up government, and if the Prime Minister is genuinely in listening mode, will he meet a cross-party delegation from East Devon to try to break this logjam?

The Prime Minister: I will certainly look at the proposals that the hon. Gentleman is putting forward. In his local authority area, there are two new schools; 19 schools have been rebuilt; 390 additional classrooms have been provided; and funding per pupil has risen substantially. There are also 600 more teachers and 1,800 more teaching assistants. That is a Labour Government working, and it would not have happened if we had accepted the Conservative party's advice not to spend more on education.

Ms Karen Buck (Regent's Park and Kensington, North) (Lab): When the Labour Mayor introduced free bus travel for children and young Londoners, it was warmly

welcomed, especially by low-income families. Although it makes sense to require young people to carry identification to tackle bad behaviour, does my right hon. Friend know that, due to delays in processing identity cards, increasing numbers of young people are being turned away from buses, and low-income families are being fined for being on buses without identification? Will he use his good offices with the Mayor of London to ensure that that mess is sorted out and that a good policy does not turn sour because of bad administration?

The Prime Minister: I want every child to benefit from the three-year bus pass set up by the previous Mayor, for which the whole of London is grateful. I have been denied the chance to raise the matter with the Mayor since he vacated his seat in this House, but the Transport Secretary will be in touch with him very soon.

Q6. [213432] **Norman Baker** (Lewes)(LD): As a Scottish MP, the Prime Minister will have noticed the strong success of the recently reopened railway between Stirling and Alloa, where passenger numbers are currently three times greater than the projected figure for 2011, and the reopened line to Ebbw Vale in Wales is similarly a success story. If reopening lines in Scotland and Wales makes such good economic sense, why has the Department for Transport ruled out, despite the strong social and environmental case, reopening lines in England, such as the line from Lewes to Uckfield?

The Prime Minister: Last year, we said that we want to double the capacity of the existing network, which includes the whole of the United Kingdom. We have invited Network Rail to examine options for supporting further growth, which might include new lines and electrification. The hon. Gentleman will find that Network Rail and the Government are looking at those issues. I also hope that he acknowledges that we have committed £10 billion to increasing capacity over the next five years, which will result in the single biggest increase in capacity for a generation, 1,300 new carriages and funding for major projects in all parts of the country. We are honouring our commitment to the railways of this country, which is why more people are using the railways than at any time since the 1940s.

Stephen Pound (Ealing, North) (Lab): Next week, the nation will celebrate the 60th birthday of a much-loved national institution. May I, as an eminent sexagenarian, ask my young friend the Prime Minister what action he is taking to ensure that we have not only a better national health service, but the best national health service?

The Prime Minister: We are very proud of our national health service, and we want to make it better in the years to come. That is why we want more access to GP services; that is why have agreed a new contract with GPs; that is why we have been building more hospitals; that is why we are determined to deal with the problems of cleanliness in hospitals; that is why we are employing more doctors and nurses; and that is why we are investing £15 billion over the next 10 years in cures for cancer and other diseases, so Britain can and will remain a world leader. We introduced the national health service in 1948, and I hope that the parties that did not support us then will support us in the future.

Q7. [213433] **Peter Bottomley** (Worthing, West) (Con): The Prime Minister's script included references to ducking, so perhaps he would like to support the "Birdman" competition off Worthing pier in the first weekend in July.

If the Prime Minister cannot do that, will he consider meeting the operators of seaside arcades, who will not benefit from today's decision to give help to bingo halls? Many of those gentle gaming machine operators are suffering greatly, while the Government appear to have increased serious gambling by deliberate decision.

The Prime Minister: The hon. Gentleman may know that I met a delegation of Members of Parliament from seaside towns last week—I am happy to meet representatives from seaside towns. We are determined to bring greater economic prosperity to the seaside towns and resorts of our country, of which we are very proud.

On the specific question, the hon. Gentleman will be pleased to know that the Minister for Sport is announcing today that the Government intend to consult on whether bingo halls should be permitted to offer additional gaming machines. We will also bring forward to this year the review of stakes and prizes on lower categories of gaming machines. We are determined to do everything that we can to maintain a healthy industry and to make our seaside resorts even more successful in the years to come.

Gordon Banks (Ochil and South Perthshire) (Lab): Twenty-four hours ago, a young constituent of mine who suffers from cystic fibrosis had a life-saving double lung transplant. In a year celebrating the 60th anniversary of the NHS, I can think of no better tribute to the NHS or the donor family than saving a life. When will my right hon. Friend be able to come back to the House to report on the work being done by the organ donation taskforce that is looking forward towards an opt-out system?

The Prime Minister: I am grateful to my hon. Friend. Any life saved as a result of the willingness of a family, or of someone who is himself losing his life, is something that we should both welcome and celebrate in respect of what has been achieved for a young life. As my hon. Friend knows, cystic fibrosis is one of the most difficult diseases and work is now being done on a cure for it.

My hon. Friend is absolutely right: we have proposals to change the system for organ donors. I believe that there is a general welcome in the country for taking further action. At the moment, only about 25 per cent. of the country are carrying donor cards, but according to surveys 90 per cent. believe that they would be prepared to make their organs available. We want to find a way to a better system. There are legal implications in all the proposals. We will come back to the House soon, but all of us will want to do more to save lives in this country.

Q8. [213434] **James Brokenshire** (Hornchurch) (Con): How would the Prime Minister characterise his first year in office—"Casino Royale" or "Temple of Doom"?

The Prime Minister: I have learned in the first year that every day difficult decisions have to be made—education to 18, the lowest waiting lists in history, neighbourhood policing, more people in work than ever before. I am proud of our achievements.

HMRC

12.32 pm

The Chancellor of the Exchequer (Mr. Alistair Darling): With your permission, Mr. Speaker, I would like to make a statement on the final report by Kieran Poynter, chairman of PricewaterhouseCoopers, into the loss of child benefit records at Her Majesty's Revenue and Customs last year. I should also tell the House that the Independent Police Complaints Commission, which conducted its own investigation of the loss, is publishing its report today. The IPCC found no evidence of misconduct or criminality by any member of staff at HMRC. The Cabinet Secretary has also published today his wider cross-Government work to improve data handling. Both the Poynter and IPCC reports are available in the Vote Office and will be placed in the Library of the House. I am grateful to Kieran Poynter and his team and to the IPCC for their extensive work. Both have provided a very full and detailed account of what happened.

Improving information security is a challenge that every organisation is facing. In recent years, we have seen problems in both the public and private sectors as organisations struggle to keep pace with the development of technology in data storage and transfer. The public are entitled to expect Government Departments to ensure that their personal details are kept safe and it is therefore essential that we do everything we can to minimise the chances of this sort of loss happening again.

I deliberately gave Mr Poynter wide-ranging terms of reference, not just because of the seriousness of this loss but because, as I said in my statement on 20 November, I was concerned about previous losses of data by HMRC. In my statements to the House on 20 November and 17 December last year, I set out the circumstances surrounding the events that led to the loss of the child benefit data and the immediate action taken. My priorities then were to locate the missing discs and to ensure that adequate safeguards were in place to monitor the bank and building society accounts of those who could have been affected.

Despite extensive searches by Revenue and Customs and the police, the discs have not been found, but I can tell the House that I am advised that there is no evidence of any fraudulent activity as a result of the loss. Revenue and Customs took a series of immediate steps at that time, including a complete ban on the transfer of bulk data without adequate security protection, measures to prevent the downloading of data without the necessary safeguards and the immediate disabling of the ability to download data from all desktop and laptop computers within the organisation.

Kieran Poynter's report is in two parts. The first part deals with the circumstances giving rise to the loss, and the second part deals with his wider findings and recommendations. He examined in detail the circumstances surrounding the earlier transfer of data in March 2007, to which I referred in my statements in the House. He found that in March, because the Revenue and Customs staff then involved were unaware of the relevant guidance, which in itself lacked clarity, they did not escalate the request to the appropriate level of seniority before releasing data to the National Audit Office. As a result, no senior Revenue and Customs official was asked to permit the NAO to take the data off-site to conduct its analysis, and no such official knew that this was envisaged.

Mr. Poynter has concluded that these events in March last year created a precedent that allowed a similar transfer to take place in October without the appropriate level of authorisation or adequate consideration of the security risks of releasing such a large amount of personal information. He says that senior managers were unaware that the data had been moved from Revenue and Customs premises in March and October until the loss of data was subsequently reported to them. He concludes that the data loss incident arose following a sequence of communications failures between junior HMRC officials and between them and the National Audit Office. However, he finds that the loss was entirely avoidable and that the fact that it could have happened points to serious institutional deficiencies at Her Majesty's Revenue and Customs. First, information security was not the management priority that it should have been. Secondly, management structures and governance were unnecessarily complex and did not establish clear lines of accountability. Moreover, he points to a lack of clarity in communications and the failure to involve senior HMRC staff as being contributing factors in both cases. Mr. Poynter makes it clear in his report that both those failings have now been addressed. He acknowledges the progress that the department has made since last November.

Revenue and Customs is a complex organisation, operating from some 900 sites and sending out more than 300 million items of mail a year. Against this background, Mr. Poynter sets out the action that has been taken to make information security a priority. That includes the appointment of a chief risk officer; new, clearer security guidance; and a wide-ranging programme of training to raise awareness of security issues among staff. He also sets out the action that has been taken to simplify management structures and governance. He acknowledges the new organisational structure as a positive step forward.

Mr. Poynter's team has worked closely with Revenue and Customs, particularly the teams that process large volumes of personal data or provide corporate services such as IT. By providing detailed recommendations to the organisation as its work progressed, rather than leaving them to the final report, the review team has been able to support Revenue and Customs and help it to make good progress in implementing its recommendations. However, Mr. Poynter states that

"a great deal of work will be required to bring HMRC up to and to sustain the world class standard for information security to which it now properly aspires."

In all, he makes 45 recommendations, all of which have been accepted. Revenue and Customs has made good progress on 39 of the recommendations, including 13 that have been fully implemented, and work is continuing on the remaining recommendations.

Mr. Poynter also makes a number of recommendations on the way in which Revenue and Customs operates and the fragmentation and complexity of its IT systems. The organisation is already addressing these issues and will spend £155 million on improving data security over the next three years. The 45 recommendations, when fully implemented, will reduce the risk of a serious breach in the future and ensure that HMRC achieves the highest standards of information security.

Kieran Poynter states that the decision to merge the Inland Revenue and HM Customs and Excise was the right one, but he says that the management structure

subsequently adopted was not suitable—exactly the same failing as was identified in the capability review carried out by an independent panel overseen by the Cabinet Secretary and published last December. In acknowledging the significant changes that the organisation has undergone, Mr. Poynter judges that

"these changes individually and collectively represent good decisions which have created the platform from which to build a high quality, efficient administration."

In order to build from that platform, the management need to continue to address the issues highlighted by Mr. Poynter in his wider review and the capability review. In particular, Revenue and Customs' security procedures must be improved to ensure that information security is a management priority and, importantly, management must raise staff morale. Mr. Poynter acknowledges the new organisational structure put in place earlier this year as a crucial step and makes recommendations to develop it further. He concludes that his findings represent an opportunity to modernise work practices and systems, which will make the organisation more efficient, as well as rebuild its reputation for data security.

I am grateful to Dave Hartnett, the acting chairman who has overseen these improvements and has led the organisation through a difficult time. Yesterday, Mike Clasper, who has considerable business experience, was appointed as chairman of Her Majesty's Revenue and Customs, and he and Dave Hartnett have made it clear that the implementation of the Poynter recommendations and, crucially, the importance of information security will be priorities. The Information Commissioner, who has been kept informed since the outset, has indicated that this review has investigated all the facts and issues with which he needs to be concerned, and he fully supports all of Kieran Poynter's recommendations. The Information Commissioner proposes to serve the appropriate enforcement notice on Her Majesty's Revenue and Customs under the Data Protection Act 1998.

It is quite clear that the loss was entirely avoidable, and again, I apologise unreservedly to everyone who has been affected. HMRC employs tens of thousands of people who work hard and who are dedicated to providing an excellent service to the public. The staff are entitled to expect clarity about how they discharge their duties. The public are entitled to expect that their privacy is respected and that the security of highly personal information is the highest priority. It is essential that we now implement these recommendations, and I commend this statement to the House.

Mr. George Osborne (Tatton) (Con): Let us remember that the first duty of any Government is to protect the security of its citizens, and that this Government breached that duty when they lost the names and addresses of every child in the country and the bank account details of 10 million parents. We thank Kieran Poynter and the Independent Police Complaints Commission for their work—they certainly do not pull any punches. They offer a truly devastating account of incompetence and systemic failure at the heart of this Government, which is a guide on how not to govern this country.

So the first question we ask today is: who is responsible? Last November, the Chancellor stood at the Dispatch Box and said that the fault lay with what he called "a junior official" who acted

"contrary to all HMRC standing procedures".—[*Official Report*, 20 November 2007; Vol. 467, c. 1101.]

The Prime Minister repeated the charge, and his spokesman said that

"this was about an individual breach in procedures, not about failure in the procedures as such".

How can those statements, one of which was to the House of Commons, possibly be reconciled with today's reports? Page 7 of the Poynter report says that the review team

"has not encountered any evidence of...knowing disregard for policy or procedure in any of the circumstances leading to this loss."

As the Chancellor has just conceded, the IPCC says that there is

"no evidence whatsoever of misconduct by any member of HMRC".

Both reports clearly say that the data loss was symptomatic of a wider problem and list a catalogue of systemic failures. Has not the ignoble attempt by the Chancellor and the Prime Minister to pile the blame for their administrative failures on a single junior official at HMRC been comprehensively blown out of the water today?

The second question I have for the Chancellor is: who allowed one of the largest Departments in Government to develop a culture, in which, to quote from the reports—I could give many more quotes, but I shall give these—morale is "low", communication is poor, staff are denied

"adequate support, training or guidance",

there is

"no visible management of data security at any level",

the management structure adopted is not suitable, there are serious questions of governance and accountability and the whole department displays a "muddle through ethos"?

Who is actually responsible for this? This is not some obscure Government agency on the fringes of Whitehall; it is one of the largest Departments of Government that holds the personal data and intimate financial details of every single citizen in the country. The Chancellor himself admits that the Department he runs has serious institutional deficiencies. So can he tell us—do not worry, no one's listening—who he thinks is responsible? Could it possibly be the person, who for 10 years—longer than anyone else in modern history—ran this Department? Could it be the person who is now the Prime Minister, who created this new Department and did not put in place adequate management structures, as identified in the report? Will the Chancellor firmly place the blame on the Minister responsible—the man who is now the Prime Minister?

Thirdly and finally, how can we have any confidence that there will be no repeat of this breach of security? The Chancellor talks about the 39 recommendations that are being implemented in his Department, and he says that he accepts them all. Could he tell us about the six that are not currently being implemented, but were recommended in the report, and which he says will be implemented, so we can hold him to account? Does he remember the Prime Minister promising at the time of the data loss seven months ago that every Department and agency would follow proper procedure from then on in protecting personal data? Will he confirm that, since the Prime Minister made that promise, 12 major

[Mr. George Osborne]

breaches of security have occurred across Whitehall, 3 million driving licence details were lost in December, 168,000 confidential NHS records on children were lost at Christmas, a laptop containing the names and passport numbers of 600,000 military recruits was stolen from the boot of a car in January, secret papers on terrorism were left on a train not once, but twice—all capped this month by the revelation that a Cabinet Minister had broken Cabinet rules and left her laptop, which contained sensitive files and should never have been taken out of Whitehall, in a constituency office?

If we add it all up, we find that the Government have lost 37 million items of personal data in the past year alone. With such a record, how can they even consider proceeding with plans for a compulsory ID card for every citizen of the country? Will the Chancellor at least live up to his previous view on ID cards and confirm that they have been abandoned today?

After a year in office—it is the Chancellor's anniversary, too—briefed against by Downing street, tipped for the sack by his colleagues, the Chancellor's only achievement is to be regarded as more incompetent than the man planning to sack him. Last autumn, he blamed a junior official for his fate. Today, the review that he establishes blames the culture of the Department that he runs and that the Prime Minister created. Does not that give us a damning insight into the Government's culture? They are cavalier with their citizens' privacy, casual with the public's security and wholly incompetent in handling even the basic functions of the state.

Mr. Darling: I appreciate that the hon. Member for Tatton (Mr. Osborne) probably has not had time to read the report from cover to cover, but if he looks at the back, he will realise that it sets out the 45 recommendations and shows those that have been implemented, those that are under way and those that need further consideration.

On the hon. Gentleman's comments about the junior official, it was he who tried to suggest that it was all the fault of one individual in an article—I believe in *The Sunday Telegraph*—after I made my main statement in November. I set out the facts as I had been told them. I stand by what I said at that time, as I made clear subsequently, and nothing in the report contradicts those facts. Indeed, if the hon. Gentleman cares to read the report, he will see that it makes it clear that the discussions about whether to release the information in March and again in November took place among junior staff and the matter was not elevated to the senior civil service as it should have been.

The report also states—here the hon. Gentleman has a better point—that the management should have ensured that the staff knew the rules. The Poynter report makes it clear that, as I said in November, there were rules in place to prevent such disclosure, but the staff were not properly made aware of them. The failure was that the management did not have clear lines of accountability—the complex system of management installed after the merger was not suitable, as Poynter states. The review finds substantial failings on the part of the senior management in not ensuring that their junior staff understood the procedures. In particular, it finds that, first, when the request came in to transfer so much information, it should have been cleared by a member of the senior civil service, and secondly that it was possible to have transferred the data far more securely because secure methods were available. Thirdly, the amount of information could have been reduced to the minimum required by the National Audit Office; in other words, not all the details needed to be transferred.

The hon. Gentleman is right—I agree with him and the report's conclusions—that there were serious failings in HMRC's operation. I asked Kieran Poynter to examine what was going on because I was worried that the incident was not the only one that I had to tackle. In my then short time as Chancellor, I had already come across two other serious incidents. I asked Kieran Poynter to investigate because it was clear to me that other matters needed to be examined, as the report reveals today.

The hon. Gentleman then asked what measures had been taken. I have set out, as has the Poynter report, a number of the measures that have been taken, but he is quite right about another matter. Across government—indeed not just in the public sector, but in the private sector—people have failed to come to terms with the implications of the fact that vast amounts of information are now stored electronically and can be transferred at the touch of a button. The security systems and precautionary measures that should be in place were not in place in that case; indeed, there are many other organisations where I suspect they are not in place either. People must understand that we live in a changed world. We need to change the way in which we operate, both in Her Majesty's Revenue and Customs and elsewhere. I am determined to ensure that that happens.

John McFall (West Dunbartonshire) (Lab/Co-op): I welcome the Poynter statement, which confirms the earlier, tentative conclusions of the Select Committee on Treasury that what happened was entirely avoidable and that communication between junior HMRC staff and senior managers was non-existent. Can the Chancellor assure us that HMRC is not a dysfunctional Department, as was suggested in some earlier Committee hearings? Indeed, that is an issue that we will take up with the new chief executive, Mike Clasper, whose appointment I welcome. Can the Chancellor also put the public's mind at rest by confirming that information security will now be a priority not only in HMRC, but across all Departments?

Mr. Darling: On that point, no one who is responsible for running any organisation—Revenue and Customs or any other organisation that holds highly sensitive information—should be in any doubt that individual security must be their No. 1 priority. I am glad that my right hon. Friend welcomes the appointment of Mike Clasper, who has considerable business experience. He is determined to ensure under his chairmanship the security of people's personal information. The hon. Member for Tatton (Mr. Osborne) was quite right: every one of us deals with HMRC at some stage of our lives, if not throughout our lives. It is essential that people understand that the information that they handle is highly personal and highly sensitive, and must be treated with the care that that entails.

I want to ensure, as I know Mike Clasper and Dave Hartnett, the acting chairman of HMRC, do, that the culture changes and, crucially, that the changes that they have made in management, so that it is now clear

who is accountable for each line of business, mean that we can reduce the risks that were endemic in the management culture that was put in place after the merger of the two institutions, but which was patently not suitable for the tasks that it had to face.

Dr. Vincent Cable (Twickenham) (LD): To date, the semantics of incompetence have been reasonably clear. We have had "systemic failure", which is the responsibility of Ministers, and "procedural failure", which is the failure of individual officials. We now have something new called "cultural failure", which is an all-pervasive management mess for which everybody is to blame, but no individual is responsible. Can the Chancellor therefore go back to the question that the Conservative spokesman fairly asked him at the outset: which individuals now carry responsibility, beyond Mr. Gray, who left voluntarily with a golden goodbye?

Is not the Conservative spokesman right that the responsibility indeed lies with the current Prime Minister, albeit for one specific decision that he made? That was the decision to remove 24,000 staff at the Inland Revenue, the consequence of which is that it is now hopelessly ill equipped to handle the growing complexity of the tax system and tax credits. There has been a breakdown in face-to-face relationships, particularly with small businesses, and the institution is hopelessly understaffed to cope with the complexities of tax avoidance and evasion, which are happening on a large scale in the City and among the rich of this country.

Specifically on data security, what lessons have been learned, when we discover from the Information Commissioner that there have been no fewer than 100 breaches of data security since last November? Is there not a growing diversity of data breach, involving not merely CDs, but memory sticks, laptops and paper files, and a growing variety of places where these things are lost, including on trains, in backs of cars and in bars? As has already been said, the issue is the integrity not simply of the ID system, but of any centralised Government database of the kind that has been accumulated, for example, under the NHS scheme.

What lessons have been learned about basic management efficiencies last November, when the Select Committee on Public Accounts published a report only a month ago saying that the Inland Revenue had lost £2.8 billion of revenue as a result of false reporting by taxpayers, which it is unwilling or unable to follow up? What lessons have been learned about the Inland Revenue's IT system, when only a few weeks ago the Economic Secretary to the Treasury had to report a programme failure, such that 100,000 poor people were not receiving their payments under the trust scheme?

My final point is this. There are very few private sector companies that are as managerially inefficient as HMRC, but there are some. One of them is BAA, a private monopoly whose reputation for consumer service is legendary in the worst possible way. Is there not an irony in the fact that the failed chief executive of that appalling company is now being appointed as the chairman of HMRC?

Mr. Darling: The hon. Gentleman raised a number of sensible points, but the last one was not particularly sensible. Mike Clasper actually left BAA when it was taken over by Ferrovial in 2006, and some of the difficulties that have arisen happened rather more recently than that.

The hon. Gentleman raised a number of points, but I should like to deal first with his one about cost. Rather like the shadow Chancellor, the hon. Gentleman will not have had a chance to read the report, but he might want to look at chapter IX, in which Mr. Poynter says:

"It should be noted...that my team did not find any evidence of cost efficiency in the form of headcount reduction adding to information security risk."

Mr. Poynter then makes the point that there are a number of people who are surplus to what will be required, but still on the payroll, and they could help with the work. The hon. Gentleman's first point is therefore rather contradicted by what Kieran Poynter found. The hon. Gentleman would have had a better point if he had raised questions about staff morale, which is clearly a problem. However, Kieran Poynter draws attention to the fact that Dave Hartnett, the acting chairman, has gone to considerable trouble over the past six months to meet staff up and down the country. I believe that management are now focused on the need to ensure that they take staff with them.

The hon. Gentleman then raised a number of other matters. He is right that the Information Commissioner has had reported to him a number—about 150, not 100—of cases since November, but they have been in both the public and private sectors. That brings me back to the first point that I made in my statement, as well as to the general point that Mr. Poynter made, which is that there is a generalised problem, in that people have not woken up to the fact that procedures that might have been appropriate when everything was stored on paper files are inappropriate and not robust enough for when information is stored electronically. To put it bluntly, if someone had asked for the records of 25 million child benefit recipients 20 years ago, they could not have had them transferred. We can now do that at the touch of a button. That is why the culture needs to change.

Similarly, in relation to people taking laptops home, which is commonplace in the public and private sectors—my right hon. Friend the Secretary of State for Defence has issued a written statement today on the problems that the Ministry of Defence experienced last autumn—we need to ensure that people realise the nature of what they are carrying. If they are carrying sensitive material, they have to ask themselves whether it is necessary to do so. If it is, they must ensure adequate safeguards and encryption, to ensure that if something goes wrong, no one can access that information. All those things are highlighted in the Poynter report, including areas where HMRC could be more efficient, which the hon. Gentleman mentioned. He drew attention to the fact that changing the IT systems would not only make the system more secure, but help provide the public with a better service.

Andrew Miller (Ellesmere Port and Neston) (Lab): Will my right hon. Friend expand a little on what he said about training? There is a cultural problem in many large organisations in both the public and private sectors, whereby people's understanding of the nature, scale and importance of data today has become weak, as he said. As I understand it, all 90,000 HMRC employees are to undergo a training programme. Will that be a rolling

[Andrew Miller]

programme, and will the fact that members of staff have undertaken that training be transparent among them, so that there can be an incentive inside the organisation? If he can demonstrate best practice, will he ensure that it is shared across Departments, so that we can extend the work arising from Poynter's recommendations to all Departments in this vital area?

Mr. Darling: My hon. Friend identifies a key point, to which Kieran Poynter attaches importance. Poynter makes the point that in his own organisation, PricewaterhouseCoopers, it is necessary for employees to go through training not just initially, but regularly, so that they are kept up to date. That is mandatory—it is part of the requirements—and the same culture and approach need to be applied in Revenue and Customs. Although in this case a great deal of discussion took place at junior level and guidance and procedures were in place, the problem was that management should have ensured that the staff concerned actually knew that they should do some things and not do other things. Ultimately, the management are responsible for that.

The hon. Member for Twickenham (Dr. Cable) asked who runs Revenue and Customs. A board is established to run it; it is detached from Ministers, for the very good reason that Ministers should not be involved in people's tax affairs. The importance of the issue is recognised by Dave Hartnett, who has done an excellent job over the rather difficult period of the last six months, and Mike Clasper, who will be bringing in a lot of expertise from outside. They will make a big difference. My hon. Friend the Member for Ellesmere Port and Neston (Andrew Miller) is absolutely right about the importance of training, awareness of the rules and awareness of what people are actually handling, which I have mentioned time and again. It is not just a CD, because a small CD may contain the intimate details of a large section of the population. People need to remember that.

Mr. Edward Leigh (Gainsborough) (Con): On 17 December, the Chancellor of the Exchequer told me, as recorded in *Hansard* at columns 619 and 620, that I was wrong in saying that a senior executive officer had refused the request of the National Audit Office to strip out personal details. Later that afternoon, in the Public Accounts Committee, Dave Hartnett, the acting chairman, confirmed that it was a senior executive officer—a senior officer in those terms—who had made that decision. Today, the Poynter report is published, and chapter IV.20 reads:

"Later on 12 March... EmployeeF forwarded EmployeeD's email of 11.59am to... an Executive Officer in the IMS ... Unit...copied to EmployeeC (a Senior Executive Officer in IMS), and EmployeeK (a Higher Executive officer in IMS)."

In other words, I was right to say on 17 December that this was copied to a senior executive officer. Will the Chancellor put the record straight?

Mr. Darling: No, the hon. Gentleman is not right. Perhaps I could refer him to part 1, chapter IV.5. Since he set so much store on what is said, I had better read it out to the whole House. As a prelude to explaining what happened in March and October, Poynter states:

"The staff grades of those aware of provision of the discs containing the CBCS data to the NAO include 'Senior Officer', 'Manager', 'Higher Executive Officer', and others which to the uninformed reader may suggest a high level of seniority within HMRC. These are administrative grades and none of those aware of the situation were members of the Senior Civil Service within HMRC."

As I have said throughout the process, I have set out the facts as I was told them. There is nothing in this report to contradict that at all. For obvious reasons, the hon. Gentleman has close relations with the National Audit Office, but he should also look at the exchanges that took place between the NAO and HMRC. The Poynter report refers to them in the next couple of paragraphs, where it says that a senior director of the NAO wrote to HMRC apologising for the fact that the procedures were not operated as they should have been. I have been at pains not to apportion blame to people where it is not justified. All I am saying to the hon. Gentleman is that there are lessons here to be learned for everyone. As to his first point, I said what I said, I stand by it and the paragraph I have cited rather bears it out.

Alun Michael (Cardiff, South and Penarth) (Lab/Co-op): It is impossible to exaggerate the importance of this statement and I welcome my right hon. Friend's undertaking to act quickly and comprehensively. I also welcome the IPCC report, which will be of particular interest to the Select Committee on Justice. Does he accept that media comment often swings between two extremes, as does public sentiment? When there is a loss of data, it goes to the "Keep nothing and abandon identity cards" instinctive reaction, but when other events, such as the Soham murders, take place, it swings to the other extreme of "Keep everything and share everything". Will my right hon. Friend reject both extremes? Does he agree that it is necessary to engender a culture of appropriate sharing of data and professional data management, and to engender such an environment from permanent secretary down to the newest recruit in every Department? Will he put across to permanent secretaries the message that what they need to engender is professionalism, not panic?

Mr. Darling: I agree with my right hon. Friend. It is a fact of life that many organisations hold substantial information on all of us, whether in the Government or the private sector. If we go into a supermarket with a supermarket card, that information is being held, and I understand that it can sometimes give a pretty comprehensive account of people's lifestyles. We have to ensure that in the public or private sector, but particularly in government, where we have clear responsibility, everyone understands the importance of the information that they hold. They must realise that if the public impart information to the state either voluntarily or because they have to, they expect the highest possible standards in how it is looked after. My right hon. Friend is absolutely right: everyone needs to understand that, from the top to the bottom of every organisation.

Hywel Williams (Caernarfon) (PC): Clearly, centralisation of data processing and storage means that any loss, howsoever caused, is potentially catastrophic. Should not anyone concerned about data security react with dismay at HMRC's current proposals further to centralise the service with the closure of local offices?

Mr. Darling: I am not aware of anything in the Poynter report to suggest that centralising offices would have any bearing whatever on the problem that arose here.

Mr. Gordon Prentice (Pendle) (Lab): Poynter recommends the appointment of a chief risk officer. How many risk officers are there in HMRC and are there not data protection officers in every civil service department? If so, were they not asleep in their job? As the hon. Member for Twickenham (Dr. Cable) asked, who is actually carrying the can? Has anyone been reprimanded, let alone disciplined?

Mr. Darling: On the last point, my hon. Friend will know that the then chairman of HMRC resigned last November. On chief risk officers, the point is that someone very senior in the organisation needs to be responsible for making sure that risks are addressed. As to the exact number of people responsible, I shall write to my hon. Friend because I do not want to give him a wrong figure. He is basically making the same point as everyone else: in every organisation, people need to be acutely aware of the sensitivity of the information handled and to ensure that it is handled properly and that the safeguards are as strong as they possibly can be.

Tim Farron (Westmorland and Lonsdale) (LD): Does the Chancellor of the Exchequer think that the culture of HMRC offices is improved by threats to close them? Does he accept that plans to close the excellent tax office in Kendal, for example, are demoralising staff and will reduce the ability of HMRC to bring in revenue? Will he commit to call off the planned closures, which would only exacerbate the problems identified in the report?

Mr. Darling: I perfectly well understand that when there is any proposal to reorganise or close offices, it is not a happy time for the staff concerned and the management need to do their best to try to address that. I have to say to the hon. Gentleman, however—I appreciate that he may not want to impart this to his own constituents—that every organisation must from time to time look at how it is organised and see whether it can be more efficient and provide a better service. We can always argue about whether a specific proposal achieves that, but to argue that there should never be any change is not a credible position. As I said to the hon. Member for Caernarfon (Hywel Williams), who represents a different party, there is absolutely nothing in the report to suggest that anything in the current reorganisations has had anything whatever to do with the difficulties mentioned in it.

Peter Bottomley (Worthing, West) (Con): May I say to the Chancellor that he should speak for himself rather than delegates? Will he tell us how many people have been chairmen or acting chairmen of HMRC during its existence? I put it to him that, despite all the problems highlighted by my hon. Friend the shadow Chancellor, there are hundreds of thousands of people in the civil service who are well trained and well led, and who carry out their job with great dedication. For all the attention that we are rightly giving today to the problems illustrated by the report, their work should be honoured, and many of us think that senior executive officers and higher executive officers are rather senior positions.

Mr. Darling: As Poynter says, an uninformed reader might reach that conclusion. He therefore explains the difference between junior and senior civil servants. I do not want to embark on a lecture on grades, because it would probably not be appropriate, but I will say—this relates to the hon. Gentleman's more general point, and also to a point that I made in my statement—that more than 80,000 people work for Her Majesty's Revenue and Customs, providing an excellent service and aspiring to do the very best that they can. Those people are entitled to ensure that their employers, their management, give them the guidance and training that they need in order to do their jobs properly.

I do not think that anyone would want to be in the position in which some officials found themselves. Poynter has discovered serious failings, which are being addressed. Constant vigilance is needed to ensure that this sort of thing does not happen again. There are always risks, but those risks need to be managed.

As for the hon. Gentleman's first point, of course it is my duty to report to the House. I am ultimately responsible for this matter, and I have always accepted that.

Chris Mole (Ipswich) (Lab): My right hon. Friend will want the House to know that other Departments have already taken action. On the day when I visited my local Crown Prosecution Service office, laptops were being taken in and out while they were fitted with encryption software. There as elsewhere—as many Members have pointed out—the question is how to focus the minds of those handling data on the need to treat it with sensitivity. Does my right hon. Friend think that the time has come to impose, across Government, a severe penalty for misuse of or inappropriate access to data, similar to the penalty contained in the Identity Cards Act 2006 to protect the national identity register?

Mr. Darling: As I said in my statement, Sir Gus O'Donnell, the Cabinet Secretary, published his conclusions today following an examination of practice across Government, with new rules and procedures, but disciplinary procedures already exist. A recent case in which material was left on a train by an official in the Treasury has been dealt with through the Department's normal procedures.

That returns me to a point that I made earlier. Twenty years ago, people did not have laptops to take home. It must be understood that a comparatively small laptop can contain confidential information affecting thousands if not millions of individuals. People must change their whole approach: they must ask "Do I need to take this thing home"—or wherever—"and if I do, what safeguards exist?" If we can change the culture so that security is first and foremost in people's minds, that will go a long way towards dealing with some of the problems that we face.

Greg Clark (Tunbridge Wells) (Con): The extraordinary thing about the Chancellor's statement is that not once did he mention the role of Ministers, although the Cabinet Office rules are clear: Ministers are ultimately responsible for the production and enforcement of those rules. How can we have any confidence in the reforms that the Chancellor proposes if he seeks to blame the management culture, but also seeks to avoid any steps that would tackle the culture of mismanagement and carelessness among Ministers?

Mr. Darling: I am not sure that the hon. Gentleman was present for most of the statement, but if he was, he will know that I made clear who was ultimately responsible for these matters, and also made clear the need to

[Mr. Darling]

ensure that management are in place who can run the organisation efficiently and effectively, with security at the very front of their minds. The Poynter recommendations will allow us to do that, and I want to ensure that it happens.

Julia Goldsworthy (Falmouth and Camborne) (LD): The Chancellor has acknowledged the dangers surrounding the ability to hold large numbers of electronic records in one place, but does not data security also relate to paper records? Head count reductions do not merely generate efficiency, but result in the holding of large numbers of records centrally. For example, records on small businesses that are currently held in my local tax office in Redruth are all to be moved to Peterborough, and all opening and sorting of mail will also be centralised. Will that not result in more paper records flying around in the post, not fewer, and should not HMRC be considering the issue as part of its wider data protection considerations?

Mr. Darling: Not necessarily. I agree with the hon. Lady that if records are taken from her constituency to any other location they need to be carried securely, but I disagree with the argument underlying the point made by her and by the hon. Member for Westmorland and Lonsdale (Tim Farron). It cannot possibly be argued that structures can never change. I know it can be uncomfortable when local offices close—we have all had that experience from time to time—but the way in which HMRC is currently organised, with several hundred sites, needs to be examined.

The crucial point is that, whether information is transmitted physically in files or electronically, we must ensure that security is at the forefront of our minds.

Mr. Ben Wallace (Lancaster and Wyre) (Con): According to section 4.2 of the Manual of Protective Security,

"Each department and agency is responsible, under its Minister, for maintaining its own appropriate levels of protective security."

If the Department had been observing the manual's requirements, it would have produced—following a risk assessment and a risk management process—a formal document that would have been submitted by the departmental security officer to the heads of the Department for review and sign-off. Can the Chancellor tell us which of his Ministers examined and signed off such a document? If none of his Ministers did, does he not recognise and take responsibility for the fact that his Department's Ministers abdicated their leadership at the very time when HMRC needed it?

Mr. Darling: No, I do not accept that. What I do accept is that, as Poynter has found, the systems in place were inadequate. They were complex and there were no clear lines of accountability, and that needs to be addressed. It is important for all Poynter's recommendations to be adopted and accepted.

Mr. Philip Hollobone (Kettering) (Con): My constituents were appalled at the loss of their personal information by Her Majesty's Revenue and Customs, and disappointed that no Treasury Minister had accepted personal responsibility by resigning. Given that many other Departments hold extensive personal information on millions of individuals, can the Chancellor give my constituents a clear indication of what practical steps he will take, together with the Cabinet Office, to ensure that such catastrophic data loss does not happen again in future?

Mr. Darling: If the hon. Gentleman has an opportunity to read Kieran Poynter's report and recommendations, he will see what has been done, what is being done at the moment and what is proposed for the future. He should also read the Cabinet Secretary's review of security across Government and its recommendations. I think that that will help to answer some of his questions.

Andrew George (St. Ives) (LD): The Chancellor rather dismissed the concerns raised by the hon. Member for Caernarfon (Hywel Williams) and by my hon. Friends the Members for Falmouth and Camborne (Julia Goldsworthy) and for Westmorland and Lonsdale (Tim Farron) about the management culture that has led to the closure of many local offices. However, he acknowledged in all his responses that the present culture needs to change. Does he not also acknowledge that part of the cultural failure is due to the modern fad of Powerpoint-wielding management consultants who imply that remote and centralised management always knows best? That is a part of the culture that does need to be questioned, because it will otherwise result in a break in the connection with the real world, a loss of established staff and future systems failures.

Mr. Darling: I am not a great one for Powerpoint presentations myself, and I hope that the House will never change its rules to allow anyone to conduct one here, but, to be fair, I do not think that Powerpoint presentations or the lack of them had any bearing on this incident.

I understand perfectly well the points made by the hon. Gentleman and his colleagues about the closure of local offices. Such decisions can be hard, and there is bound to be controversy from time to time. What I do not accept is the underlying premise, and the impression sometimes given by Liberal Democrats—unwittingly, I am sure—that it is somehow possible to make an organisation better and more efficient without any change taking place at any time. I do not think that that can possibly be a sustainable argument.

What must be recognised is that, as Kieran Poynter has observed, there were failings in this instance. We need to address them, and in particular to do all that we can to raise the morale of staff. They understand that change is necessary, but they want to be supported through that change, and that is what the new management are determined to do.

Pitt Report

1.19 pm

The Secretary of State for Environment, Food and Rural Affairs (Hilary Benn): Sir Michael Pitt has today published his final report on last summer's flooding. I thank Sir Michael and his team for the professional way in which they have gone about their work of identifying the lessons to be learned. I also welcome the Environment, Food and Rural Affairs Committee report, to which Government are responding today.

This month marks the first anniversary of the start of the floods. The lives of many people and businesses were turned upside down and the costs—human and financial—were considerable. Our thoughts will, above all, be with the families of those who lost loved ones, as well as with communities still trying to recover. I am sure the House will wish to thank all those who have worked so hard to help those affected over the past 12 months, and I would like to pay tribute to the contribution of my hon. Friend the Member for Wentworth (John Healey), the floods recovery Minister.

As Sir Michael says:

"Last summer's flooding was exceptional".

While we recognise both the huge emergency effort at the time and the investment over many years in flood defences—without which the effects would have been much worse—I said to the House last year that we would learn the lessons.

Sir Michael's report sets out more than 90 recommendations including: establishing the right legislative framework to tackle flooding; clarifying who is responsible for what; ensuring that the public have all the information and guidance they need; working with essential services to assess risk and protect critical infrastructure; and having a clear recovery plan right from the start of any major emergency. I welcome Sir Michael's report and the direction it sets. We will prepare a detailed response, with a prioritised action plan, in the autumn. We have already taken a number of steps that respond to Sir Michael's findings, and I wish to report them to the House.

The Government have made available up to £88 million, with a further £31 million to come, to help local authorities assist those in greatest need, as well as repair infrastructure and help schools and businesses to get going again. A lot has been achieved: most of those affected are now back in their homes, and we will continue to work with local authorities and the insurance industry to help the rest to return to them as soon as possible.

Flood warnings save lives. Since last June, more than 73,000 additional people have registered with the Environment Agency flood warning system, and the EA will now automatically register properties to receive flood warnings where telephone numbers are publicly available. The EA has also improved its advice to the public and run flood awareness campaigns, and is working with the Met Office to improve the quality of flood warnings. The EA has spent £5 million on repairing defences damaged last summer. Current improvement schemes include a £5.9 million project refurbishing the Hull barrier and remedial works to culverts in Gloucester.

As I informed the House last week, I have decided that the EA will now take on a new strategic overview role in England for managing flood risk from whatever source, and that local authorities will take responsibility for surface water management, including surface water management plans, under the EA's overview. We will now sort out the detailed arrangements for that, drawing on responses to the "Future Water" consultation and the results of the 15 pilot projects on urban drainage, which we are publishing today.

On critical infrastructure, electricity and water providers are responsible for ensuring continuity of supply. The electricity industry has identified just over 1,000 grid and primary sites that are in flood zones, and is working with the EA to see which of them might need additional protection. Every water company is reviewing how its critical assets may be at risk from flooding in order to prioritise investment plans. This information will be used as the basis of a planned nationwide programme to improve the resilience of critical infrastructure, which the Government will produce later this year. Most local resilience forums have now been briefed on critical infrastructure in their area, and the remainder will be by the end of August.

On reservoir safety, we will now go ahead to prepare flood maps for reservoirs coming under the Reservoirs Act 1975, and to ensure that where these are not already available, they are provided to local emergency planners before the end of 2009. They will decide the best way to ensure that communities are informed. We will also modernise reservoir safety legislation.

The Government will produce an outline for the national flood emergency framework by the end of July, with a draft for consultation by the end of the year. This will be part of a major programme to improve preparedness for severe flooding. We will bring forward a draft floods and water Bill in the next session. That will enable us to respond to many of Sir Michael's recommendations.

The Government are increasing investment in flood-risk management from £650 million this year to £800 million in 2010-11. The EA's defences protected 100,000 properties from flooding last year, and this new investment will protect a further 145,000 homes across the country. We are also developing with the EA a long-term investment strategy for flood defence.

We have set aside £34.5 million for priorities identified in Sir Michael's report. We will need to consider the detailed recommendations and their funding with local authorities and other partners before making a final allocation, but in order to make progress I am announcing today that at least £5 million will be made available to develop surface water management plans in the highest priority areas, and at least £1 million to improve reservoir safety, specifically for inundation mapping. I have also set aside an initial £250,000 to plan a major national floods exercise to test the new structures and arrangements being put in place, to ensure that we are better prepared in future.

We must recognise that we can never eliminate the risk of flooding, particularly as climate change takes hold, but all of us—Government, water and electricity providers, local communities and individuals—must take flood risk seriously and be as prepared as we can be to deal with it. Sir Michael's report will help us all to do that. I know that he will be taking a close interest in its

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implementation, and I will invite him to attend Cabinet Committee discussions on progress. I will report further to the House in the autumn with a detailed action plan.

Mr. Peter Ainsworth (East Surrey) (Con): May I thank the Secretary of State for his statement, and congratulate Sir Michael Pitt and his team on producing a very thorough and comprehensive report? One year on from the disastrous floods of last June, the thoughts of the whole House will be with those who tragically lost members of their families, and with those whose homes and businesses were wrecked and whose lives were indeed turned upside down.

Anyone who has met the victims of flooding knows only too well that, as well as the physical damage to property and the disruption to daily life, there is often a lasting, less visible but none the less real, emotional impact to cope with. It is essential that everything possible is done to protect communities against the risk of flooding, and to ensure that when flooding occurs, the response is swift and efficient. I pay tribute again to the work of the emergency services last year, who in often hazardous circumstances did an extraordinary job with great determination. Those circumstances were often made even more difficult by other factors; we know from the chief fire officer that he felt that there was "institutional chaos", which affected the emergency services' work. We must learn the lessons from that.

Although Sir Michael's interim report published last December recognised that the weather events last year were exceptional, it found that the United Kingdom's response was ill prepared. At that time, he made 15 urgent recommendations, and the Government rightly said they would act on them. However, in a progress report published in April, Sir Michael was critical, saying that insufficient action had been taken on key infrastructure and raising public awareness. He said:

"The public remain little better prepared than they were before last summer's floods."

What confidence can we have in the Government's promise to act on today's recommendations when previous urgent recommendations have been largely ignored?

Sir Michael's interim report said that the floods were a "wake-up call", but after a bit of progress has been made on some of the recommendations somebody seems to have hit the snooze button. It is one year on from the floods, but three years since the Government first announced plans to give the Environment Agency a strategic overview of all types of flooding. Last week, the Government re-announced plans to extend the role of the EA as part of the proposed floods and water Bill, but there is no intention to do anything but consult on possible legislation, and then not until 2009. Is that the rapid implementation that is needed, or is it dithering?

Last summer, the Prime Minister said, "We will do all we can to help people living in temporary accommodation after the floods." What does he say now to the 11,000 people who are still out of their homes?

The Government also promised that local authorities affected by the floods would be compensated for the cost of clearing up. We have spoken to local authorities and they have told us that they are collectively some £50 million out of pocket, because the money that they were promised has not been delivered. Does the Secretary of State expect the council tax payer to pick up the bill?

We welcome the report's recommendation that there should be a presumption against building in high flood risk areas, but what are the Government doing to ensure that that is implemented? The report is correct to recommend that there should be an end to the automatic right of water and sewerage companies to connect new properties to the drainage system regardless of capacity, but where is the Government's policy to deal with that and ensure that it happens?

On critical infrastructure, the report says that

"the approach taken by the Government to mitigating the risks from flooding and other natural hazards has been uncoordinated and reactive."

It calls for the urgent publication of a national framework to reduce risks to our infrastructure. That was one of the "urgent recommendations" made last December. Is not vital infrastructure as vulnerable today as it was a year ago? When can we expect a national framework to be implemented?

The Secretary of State says that flood warnings save lives, and another of last year's urgent recommendations was to introduce an opt-out telephone warning system. In April, Sir Michael warned that "insufficient progress" had been made on this. Today he says that the issue is "not yet resolved". When will it be resolved?

Sir Michael says of his 92 recommendations that

"strong national leadership will be needed to make them a reality."

I suspect that what he really means by that is that more dithering simply will not do. Is not that the single most important lesson to be learned? What people are asking is when we will get strong national leadership from this Government. I fear that they know the answer.

Hilary Benn: The hon. Gentleman thanked me for advance sight of a copy of my statement, but it is clear from what we have just heard that he did not do the House the courtesy of reading it or listening to it when I delivered it a moment ago. I do not share his assessment of the performance of the emergency services, and it is no good saying that he pays tribute to what they did. The reason that the emergency services were able to deal with the emergency in the way that they did was precisely the planning that had been put in place.

Nor do I share the hon. Gentleman's assessment of progress on the urgent recommendations that Sir Michael Pitt made in his interim report. On the question of infrastructure, the hon. Gentleman has just heard about the progress that has been made. There are 43 local resilience forums in England, with 38 to be briefed—because the six forums in London will be briefed as one—and 29 of which have been briefed, so there are nine to be done by the end of August. Those nine have not been done because they have said that they want to wait for a revised list of essential infrastructure to be published. Once that happens, they will be briefed.

There are 4,716 households out of their homes, 58 per cent. of which are in Hull and the East Riding, and 8 per cent. in Tewkesbury. We will continue to work hard to get those people back into their homes, but we should pay tribute to the enormous effort that has resulted in most of the people affected going home. Some 48,000 homes were affected by the flooding and

great progress has been made in the past year: I am sorry that the hon. Gentleman was not prepared to acknowledge that.

The money that my hon. Friend the Minister for Local Government has promised local authorities has been delivered—up to £88 million—and, as I said, there is more to come in the £31 million that will be allocated by the end of next month.

The question of connection to sewerage is something that we will look at in the proposed Bill. I gave the hon. Gentleman the answer to his question about the national framework in my statement and I hope that he will welcome the fact that the outline will be published by the end of July and the first draft by the end of this year.

On the opt-out, the hon. Gentleman clearly did not listen to a word I said, because I told the House that the Environment Agency will now automatically register people whose numbers are publicly available and is in the final stages of sorting out the problem of ex-directory numbers. Of course, people have the right to opt out of a warning in those circumstances, but I am sure that all hon. Members would advise them not to do so.

Mr. Eric Martlew (Carlisle) (Lab): I welcome the Secretary of State's statement, but I wish to make two points. First, we should not believe that the privatised utilities will take the action that is necessary. After the 2005 floods in my constituency, of which I was a victim, they should have learned the lessons, but they did not. If they had done so, the problems last summer would have been lessened.

My second point is the need for more money for more flood defences. The Government have been very generous, and the Secretary of State has said today that more money will be spent, but there will never be enough taxpayers' money, and money will have to come from other sources, whether it is the businesses or the individual households that will benefit from those defences or the insurance companies. I hope that future legislation will ensure that if the Government keep their side of the bargain and put in extra resources, other resources will also be brought in.

Hilary Benn: The responsibility that falls on the utility providers to ensure continuity of supply is clear. My hon. Friend can rest assured that the steps that we are taking will ensure improved protection for that infrastructure. Part of the process of the assessment is to identify where a piece of infrastructure is critical and where a way round it can be found, such as pumping water by a different route if a water treatment works is submerged, as happened with Mythe in the flooding last year.

My hon. Friend makes a good point about increased investment, and I am glad that he recognises that money that the Government are putting in. However, when it comes to the privatisation of schemes we may find local communities, businesses and local authorities being prepared to put some money in. The question that we will have to address together is how we can draw on such contributions while also ensuring that we have a fair system, so that it is not only areas that can afford it that get flood defence schemes. The truth is that we all have a shared responsibility.

Steve Webb (Northavon) (LD): I thank the Secretary of State for his statement and Sir Michael Pitt and his team for their report. I understand that Sir Michael made special efforts to ensure that the report was so straightforward that even MPs would read it. He has achieved that and deserves credit for doing so. I also salute the work that has been done at local level through the emergency services over the past 12 months, and we should record our appreciation.

It is true, as the report says, that the 2007 floods were exceptional. Sir Michael describes them as the "most expensive" in the world in 2007, so they were an extraordinary occasion. However, as the Secretary of State said, they will become more common. In that context, is it not outrageous that in one of the world's richest countries there are still 4,700 households out of their homes? Is the Secretary of State convinced that every stop was pulled out to get those people back in their homes, given the trauma of being out of their homes for a year or more? Given the urgency of the situation, why is the Secretary of State talking about draft legislation in the next Session, which would involve actual legislation in 2010 or beyond? Why are we not legislating rapidly? We would all be willing to comment on drafts now, so that we can get on with it. Where is the urgency in this very urgent situation?

In terms of the funding, I welcome the Secretary of State's announcement of £250,000 to plan for a national flood emergency exercise. Can he confirm that one will go ahead, because I would warmly salute that. Householders have some responsibility and a national exercise would educate all of us. Can he confirm that it will go ahead and when?

On the issue of money, the Secretary of State talked about the budget going up in 2010. That is a long way away, so is he convinced that the Department's budget for flooding is adequate now, given that we are likely to face the same risks over the coming 18 months.

My final concern, as always, is about DEFRA's weakness, and that of other Departments, on the issue of flooding. The critical issue in this case is housing. Can the Secretary of State confirm that the Government's target of 3 million new households by 2026 stands? Is he aware that that would mean more building on the floodplains? In my constituency, in Yate in Chipping Sodbury, the local council has earmarked housing development in flood risk areas because the Government are imposing absurd targets. Will he and the Minister for Housing bang some heads together and get rid of those absurd central targets so that local people can plan sensibly and not be forced to build on floodplains. Sir Michael says that that should be the absolute exception, and he is absolutely right.

Hilary Benn: I echo the hon. Gentleman's praise for the clarity of Sir Michael's report and the practical way in which he went about his task. Today, Sir Michael has presented us and the nation with a guide to why we need to do better in the future, and how we can do so. Today's discussion is part of the process of making more people aware of the steps that they need to take—an awareness that will grow as a result of the coverage that I hope his report will receive today.

Why are 4,716 households still out of their homes? Principally, the answer is that their homes are still drying out. If anyone has any ideas about how that can

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be done more quickly, I am sure that insurance companies and those householders will be keen to hear them. Some people might be out of their homes because they have insurance problems—we think that about one in eight of those households did not have any insurance at all—and one lesson that we need to learn is that people cannot afford not to take out insurance.

Why have I set out such a timetable for the legislation? First, we believe in pre-legislative scrutiny. Secondly, Sir Michael's report has been published only today and we need to think through the consequences of his detailed recommendations, which we have just seen, so that we can update the legislation, some of which goes back to the 1930s. We will have a floods exercise, but it will not be immediate, for the simple reason that we have had quite a lot of flood exercises in the past year: they have been real floods. The purpose of the exercise will be to test the national flood emergency framework, when it is in place, to see whether we have dealt with all the issues that have been identified. The budget is rising from £650 million this year up to £700 million and then £800 million. The Environment Agency will say that it needs time to plan, to gear up and to prepare the new flood schemes. We will, of course, need to do more about such schemes in future.

The hon. Gentleman raises an important point about housing, but as Sir Michael says in his report, the planning guidance is very clear. The responsibility is on the local authorities and we have made clear what their responsibilities are—*[Interruption.]* It is. In the end, the local councils that give permission for building or refuse it will bear the responsibility. However, the Environment Agency has been given a statutory right to be consulted because, after all, it is the expert on flood risk.

Mr. David Blunkett (Sheffield, Brightside) (Lab): May I repeat the appreciation of Sir Michael Pitt and of my right hon. Friend's response? I also appreciate the commitment to early legislation. May I reassure my right hon. Friend that in Sheffield, at least, there was no institutional chaos and gold command worked extremely well? May I put two questions to him? First, in the midst of the damage and hurt caused, can we not take heart that in civil society the fact that individuals and communities came together to help and support each other was a signal that our country can go forward with pride in terms of what people are prepared to do for and with each other? Secondly, will my right hon. Friend talk to our right hon. Friend the Secretary of State for Health about the need to monitor and support those with emotional and physical needs that arise from the floods, which could have a long-term detrimental effect, particularly on the frail and very old?

Hilary Benn: May I echo what my right hon. Friend had to say about the effectiveness of the emergency response in Sheffield and his comment about the extent to which neighbour has helped neighbour in these terrible and trying times? Out of this terrible adversity has come community spirit—a spirit that has had key responsibility for the progress that has been made.

On my right hon. Friend's second point, I am happy to give him the assurance he sought. I know that that requirement was discussed at the last floods recovery meeting and I will follow it up. It is important that we provide support, and continue to do so, to individuals who have been severely affected by what happened to them, their families and their homes.

Mr. Michael Jack (Fylde) (Con): I congratulate Sir Michael Pitt on a meticulous report. He assured the Select Committee that he would fully cost his recommendations. The Secretary of State has referred to £34.5 million being put to one side by his Department for the implementation of Pitt. Will he tell us what the full cost will be of its implementation? Secondly, in terms of the skills that will be required in hydrology and flood engineering, what steps will be taken to ensure that not only the Environment Agency but local authorities, with their new responsibilities, will be equipped with the right skills to implement Pitt in full?

Hilary Benn: Sir Michael Pitt has not costed all the recommendations in his report—we will need to do that in preparing the detailed action plan that I have promised to present to the House—but he said that most of his recommendations do not involve more money but are about doing things differently.

On the second, important point raised by the right hon. Gentleman, the Environment Agency, as he might be aware, is already working with the university of the West of England on a scheme to produce the required staff. Some 56 engineers and other staff have graduated, and 52 of them are working for the Environment Agency while others have gone to local authorities. Another 80 are going through the programme. I pay tribute to the way in which the Environment Agency has responded to the need to find more trained people, and I am sure that local authorities will wish to work with the agency and others to ensure that they have the required skills to undertake the responsibilities that they will now be given.

Mr. David Drew (Stroud) (Lab/Co-op): I attended a consultation meeting on Monday of the upper Severn catchment flooding management plan—that just slips off the tongue. One issue that came out of the meeting was how that plan sat with what the Environment Agency has in place for the individual river catchment plans, let alone with the water framework directive. Will those plans be pulled together by the Department for Environment, Food and Rural Affairs? The Select Committee has views on that. Will those plans be pulled together with the Pitt report? It is important that we have joined-up thinking and action.

Hilary Benn: My hon. Friend raises an extremely important point. One clear lesson from what we have all experienced is that we need to look at how all the bits of the river system fit together so that we can understand where the water will flow if there is flooding. The same issue arises in relation to surface water flooding. The purpose of giving the Environment Agency that overview is precisely so that all the bits can be joined up. As it plans its work on further flood defences, it can then take account of what it has identified to ensure that those defences are put in the right place. This is work in progress, and the purpose of the report and of learning the lessons from it is that we can do a better job in the future.

Mr. Laurence Robertson (Tewkesbury) (Con): May I say that people in my constituency will be rather disappointed with a lot of what the Pitt report says on housing? All Sir Michael does is refer back to planning policy statement 25, which was published in December 2006, seven months before the flooding that we are discussing today. Will he also understand that people in Tewkesbury will look on with incredulity at the fact that while we are having this debate the Secretary of State for Communities and Local Government is considering the draft regional spatial strategy, which proposes building thousands of houses in the area that flooded and close to the power station that almost went down because of that flooding, which would have caused an evacuation of the county? We are rather disappointed with the weakness of that section of the report.

Hilary Benn: We are all thinking of the households—385 at the last count—in his constituency that have been unable to return home. In relation to PPS 25, my understanding as far as Tewkesbury is concerned is that the local authority has applied for growth status. The question is whether, in making decisions about planning applications, we can adequately protect the houses even if they are on a floodplain. After all, this House stands on a floodplain, as do 2 million homes in the country. In London, we are protected by the Thames barrier. Planning authorities have to take into consideration—as the guidance in PPS 25 makes crystal clear—whether adequate protection can be provided when they make decisions about whether to grant planning permission.

Paddy Tipping (Sherwood) (Lab): Given my right hon. Friend's comments about fairness, he will be aware of the feeling in rural areas that they are disadvantaged when it comes to resource allocation for flood defences. For example, the Environment Agency is putting a multi-million pound flood defence scheme in place in the Nottingham conurbation, but for villages affected downstream, such as Lowdham and other villages in the Trent valley, the resources are more modest. The Select Committee report suggests that there should be discrete funding for rural areas. Will the Secretary of State look closely at that recommendation?

Hilary Benn: I am aware of the argument that my hon. Friend puts forward. The difficulty with allocating a specific sum is that that must be balanced with the Environment Agency's overall prioritisation system for deciding between schemes using the additional money that it has been given. Ultimately, the agency will have to consider a combination of factors, including the number of properties that will be protected and a scheme's economic impact. I am not persuaded that a specific sum for rural areas is the right way forward, but my hon. Friend raises an important point about how protection can be provided under the schemes that meet the criteria and how we can support local communities in doing other things. That is relevant to the question to which I responded a moment ago.

Mr. Ian Liddell-Grainger (Bridgwater) (Con): The Secretary of State will be aware that my right hon. Friend the Member for Wells (Mr. Heathcoat-Amory) and I have continually raised the problems affecting the Somerset coast and the Somerset levels. Between us, we represent the major part of both areas. After the flooding in the seat represented by my hon. Friend the Member for Tewkesbury (Mr. Robertson) and elsewhere, the Environment Agency's funding for capital projects in our constituencies was either slowed or stopped. Will the right hon. Gentleman please ensure, following this report, that capital projects for both coastal and inland areas liable to flooding are reinstated? Unless they are, I am afraid that 1,000 years of history shows that it is only a matter of time before we have another flood. The protections that we have now will not be adequate.

Hilary Benn: I am happy to assure the hon. Gentleman that I will look into the specific point that he raises, but he will accept that flood defence spending has doubled in the past 10 years. The Environment Agency now has more funding than it had before, and the increase that it is going to get will enable it to carry out more schemes. In the end, it will always have to prioritise between schemes, but I will look into the point and respond to the hon. Gentleman and the right hon. Member for Wells (Mr. Heathcoat-Amory).

Ms Sally Keeble (Northampton, North) (Lab): My right hon. Friend mentioned reservoir safety, but is he aware that the main reservoir serving Northampton has been infected with cryptosporidium? As of this morning, a quarter of a million people have been left unable to drink their tap water, so will he endorse the advice from the health authorities that to protect their health, people should make sure that they do not drink untreated tap water? Will he also call on shops and supermarkets to make sure that they keep adequate supplies of bottled drinking water, and that they keep the prices down? Finally, will he ensure that his Department learns all the lessons from what has happened? We will not know for up to two weeks exactly what has happened and what needs to be done, but will he ensure that adequate steps are taken to make sure that the reservoir is made completely secure, so that people can rely on having safe drinking water?

Hilary Benn: I am aware of the problem that has been identified at the Pitsford reservoir, which serves large parts of Northampton, and of the advice that has been given to local residents that they should boil tap water before drinking it. I shall of course look into the circumstances of what has happened there but, if a problem arises with drinking tap water even when it has been boiled, the water companies have a responsibility to provide bottled water, as happened during last summer's floods in Gloucester and elsewhere. The companies must provide at least 10 litres of bottled water per person per day, but one of the recommendations in Sir Michael's report is that we should see whether that figure is adequate.

Mr. Crispin Blunt (Reigate) (Con): First, I must declare an interest, in that my constituency home is next to a river and is therefore a flood risk. The Secretary of State has talked about the importance of insurance, but when I purchased the house in 2005, I at least had the benefit of knowing that there is an understanding in the insurance industry that companies will continue to underwrite their existing flood risk policies. I wanted to transfer the previous owner's insurance policy to me, which meant that I had to go to a higher level of the company involved. Insurance is essential for everyone

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who owns a home in a flood-risk area, as a mortgage cannot be secured without that protection for the home's capital value.

I have not had a chance to read the report, so what does Sir Michael say about insurance? More importantly, what is the Secretary of State's view? I enormously welcome the approach adopted by the insurance companies, but it is very important that the understanding to which I referred earlier remains in place. If it does not, millions of people risk incurring an enormous loss in the capital value of their principal asset.

Hilary Benn: The hon. Gentleman raises an extremely important point. We are still in discussions with the Association of British Insurers. He will be aware of the statement of principles that has ensured the provision of insurance cover to large parts of the country. Fundamentally, the deal is that the insurance industry will continue to provide that cover, in return for increasing Government investment in flood defence. I announced last summer that that investment will reach £800 million by 2010-11, and that is slightly more than the amount for which the ABI called immediately before last year's floods. We hope to put discussions about any changes to the statement of principles to bed before very long, and we should also acknowledge the incredibly hard work that the insurance companies have done over the past year. They dealt with four years' worth of claims in about two months.

Rob Marris (Wolverhampton, South-West) (Lab): I welcome the statement and the Pitt report. We need even more funding for inland and coastal flood controls, as those are one of the major elements of adapting to climate change, which is already well under way. Will my right hon. Friend assure me that enough time will be set aside in the Public Bill Committee considering the Climate Change Bill for a thorough discussion of the part of the Bill that deals with adaptation? Will he reconsider and give adaptation equal prominence in the Committee, and make sure that it is not merely relegated to a Sub-Committee?

Hilary Benn: How members of the Committee divide up their time is a matter for them, but there is no doubt that the consideration of the Bill in another place left it stronger in the way that it deals with adaptation. I pay tribute to my hon. Friend for the tenacity with which he has pushed this issue.

Martin Horwood (Cheltenham) (LD): I was going to ask about the problem of skyrocketing insurance charges, and I hope that the Secretary of State will deal with that later. However, he deserves a third chance to answer the questions asked by my hon. Friend the Member for Northavon (Steve Webb) and the hon. Member for Tewkesbury (Mr. Robertson). Will he explain precisely how a local council can challenge housing that it believes will exacerbate flooding, when the rigid numbers at national level will not change? They are handed down through regional spatial strategies on a very specific basis that has the developers laughing all the way to the inquiries.

Hilary Benn: I can only say, for the third time, that the planning guidance is crystal clear, and that the responsibility rests on the local authorities—

Martin Horwood *indicated dissent.*

Hilary Benn: Local authorities must have regard to the expert advice from the Environment Agency when they consider whether the homes that are built can be adequately protected from flooding.

Mary Creagh (Wakefield) (Lab): I welcome the Secretary of State's statement and the Pitt report. I thank my right hon. Friend for the extra funding being given to the Environment Agency's flood defences. It means that work on the £9.7 million defence of Ings Beck in the Wakefield area will start early next year—although that is too late for the residents of Rufford street, who were flooded last year.

I return to the point about the provision of information. The report contains some excellent recommendations on how local authorities can work with communities on prevention, but what about the aftermath of flooding? Two people telephoned my office after the Government handed out compensation in the wake of last year's floods. In the first call, a woman said that a neighbour had told her that she could not get compensation because she was not insured. That was completely wrong. In the other call, a man of Pakistani origin said that he had not realised that such compensation was available. When the Government are giving out resources, is it not incumbent on councils to make sure that everyone who has been flooded gets the information that they need afterwards?

Hilary Benn: First, I am glad to hear about the progress on the flood defence scheme to which my hon. Friend referred. Secondly, I agree completely about the importance of making sure that there is adequate and timely information. One of the many recommendations in Sir Michael's report has to do with how that can happen more effectively in future. One of the most important things that the Government did in the wake of the flooding was to give local authorities a sum of money through the flood recovery grant and then leave it entirely up to them to decide how that money should be used to respond to the needs of their communities and residents. That was exactly the right approach: we did not hem it in with restrictions but said, "There's the money—you go and decide how to use it." That is a really good example of how the Government ought to help local government and communities when things are tough.

Mr. David Heathcoat-Amory (Wells) (Con): Is the Secretary of State aware that if last summer's very heavy rains had fallen slightly further south, the disaster area would have been the Somerset levels? I share the representation of that area with my hon. Friend the Member for Bridgwater (Mr. Liddell-Grainger). One contributory factor would have been the unresolved tension in the Environment Agency between its drainage responsibilities and its environmental duties. In Somerset, that tension means that the agency does not dredge, clear and maintain the inland rivers properly, even though they are essential for drainage. Will the new strategic authority resolve that difficulty in favour of giving priority to land drainage? In that context, will he

ensure that the agency works better with the existing local drainage boards, which is where much of the practical expertise lies?

Hilary Benn: The right hon. Gentleman is making really important points, particularly his last one. Part of what I have said today is indeed about getting together all those who have responsibility, as Sir Michael says, to sort out who is going to do what.

On the right hon. Gentleman's question about drainage and clearing, the truth is not always as simple and clear-cut as some may argue. If we speed up the flow of water in one place, we may just make it arrive faster somewhere else and add to the problem downstream. That brings me back to the point that I made in response to my hon. Friend the Member for Sherwood (Paddy Tipping). We have to consider the totality of the impact and ensure that we are doing the right thing to minimise the risk of flooding. It is very important that the Environment Agency works with local communities to explain the process by which it reaches decisions on that, so that at least there is understanding on all sides of what we are trying to achieve by working together.

Shona McIsaac (Cleethorpes) (Lab): I thank my right hon. Friend for his comments today and his promise that legislation will be introduced to bring into force many of the report's recommendations. However, I must say that I find it unacceptable that a year on, people are still living in temporary accommodation. That is not just caused by the need to allow houses to dry out. In many cases it is to do with loss adjusters and insurance firms. What can be done to speed up that process, and what will be done to ensure that drains, ditches and dykes are kept clear, to minimise the impact of floods, particularly in rural areas?

Hilary Benn: I share my hon. Friend's concern about the families who are still out of their homes. As she rightly identifies, the bulk of the problems are to do with insurance. It is notable that of the 4,716 households affected, I think only 173 were families in local authority or registered social landlord accommodation. That tells a story about where the difficulties lie. It is also worth remembering that 18 months after the terrible floods in Carlisle, one in 10 households were still out of their home. We need to acknowledge that it takes time for homes to be ready.

On my hon. Friend's second point, as I said to the right hon. Member for Wells (Mr. Heathcoat-Amory) a moment ago, it is important that we get the balance right and that everyone who has responsibility works together.

Mr. Graham Stuart (Beverley and Holderness) (Con): I have two questions about urgent matters. First, given that hundreds of my constituents and more than 2,000 people in Hull and the east riding are still not back in their homes, will the Secretary of State visit Hull and the east riding? Today, the *Hull Daily Mail* and the *East Riding Mail* launched their "Back Home" campaign, and his visit would be appreciated locally.

Secondly, I wish to ask about flood rescue. Pitt suggests in his recommendation 39 that

> "The Government should urgently put in place a fully funded national capability for flood rescue, with Fire and Rescue Authorities playing a leading role, underpinned, as necessary, by a statutory duty."

Can the Secretary of State assure the House that if this has not already happened—my perception is that it has not—he will ensure urgently that fire and rescue services hold the proper safety equipment in case such a disaster happens again?

Hilary Benn: I would be happy to accept the hon. Gentleman's invitation. We will just need to sort out a date. On his second point, he will be aware that some fire and rescue services already have flood rescue capability and have trained their personnel, even in the absence of a statutory duty, and others do not. As I saw for myself during the floods last summer, an effective system of mutual aid is in place so that resources, boats and trained staff can be provided where they are needed. We will consider carefully Sir Michael's recommendations on the matter, and our response will be included in the plan that I have promised the House.

Jon Trickett (Hemsworth) (Lab): Many of the communities in my area that were flooded last year will welcome the Secretary of State's commitments today. Does he agree that if only the agencies would take care of their own responsibilities, we could obviate some of the risk even now? In that regard, will he remind local authorities that they ought regularly to clean gully grates to allow the land drains to drain away? Many areas in my constituency were flooded simply because the grates were silted up. More particularly, will my right hon. Friend get to the bottom of why Hague Hall beck, in South Elmsall in my constituency, is still not being cleared of rubbish and is badly silted up—or at least ensure that someone else gets to the bottom of it? That would bring great security and reduce the anxiety of people like Mrs. McCusker, who lives there.

Hilary Benn: I know that my hon. Friend the Minister for the Environment has already talked to the Environment Agency about Hague Hall beck, but since my hon. Friend has mentioned it, I shall follow that up. I understand that one of the pilot surface water drainage projects is in my hon. Friend's area, and we have been funding it precisely so that we can understand better what needs to be done to ensure that local authorities fulfil the new responsibilities that I shall be giving them. In the end, it is about bringing together all those who are responsible for how water drains away, so that there is clarity about who is looking after what, and if one organisation is clearing in one place, the next organisation in the line is clearing in another.

Paul Holmes (Chesterfield) (LD): May I take the Secretary of State back to the comments about long-term investment in flood defence? In my constituency in Chesterfield, three rivers flooded last summer—the Rother, the Hipper and the Whitting. The Rother and the Hipper flooded about 500 houses. Plans for flood defences for those two rivers have gone ahead very quickly in the past year, but the Environment Agency has told public meetings in Chesterfield that even when the extra money for flood defences comes along in three years' time, Chesterfield will be competing with places such as Sheffield and Hull. Can the Secretary of State say how long my constituents should wait—three years, six years, nine years?

Hilary Benn: I am sorry that I cannot give the hon. Gentleman the answer that I am sure he would like to hear. I am glad to hear that two of those schemes are going ahead. As I indicated in answer to an earlier question, there is more money, but in the end the Environment Agency has to prioritise from among a lot of competing schemes across the country. It is right that it should decide which schemes will go ahead. My job is to give it the money to help it to do that.

Mr. Clive Betts (Sheffield, Attercliffe) (Lab): I welcome my right hon. Friend's commitment to give local authorities responsibility for surface water management plans. When localised flooding hit my constituents in Beighton last year, they were affected not only by surface water but by culverts overflowing and back-flowing, by a river overflowing and by a manhole cover blowing off a sewer and sending sewage into their homes. There has been some progress since, through the various agencies working together, but there are still some issues of disagreement about what to do. I wonder whether local authorities should be given a slightly wider remit to pull together all the various utilities and organisations, to ensure that we get a comprehensive approach to trying to prevent such events in future.

Hilary Benn: My hon. Friend hits the nail on the head. That is exactly what is required, and it is what the proposals that we will put in place will do, so that local authorities can undertake that task.

Julia Goldsworthy (Falmouth and Camborne) (LD): The Secretary of State rightly praised the joint working of local emergency services in their response to the floods last year. Does he share my concern that that joint working could be undermined in future by the regionalisation of some emergency response services such as fire control centres?

Hilary Benn: No, I do not accept the concern that the hon. Lady expresses. In the end, those decisions have to be taken on the basis of what will be most effective in enabling the emergency services to do their job. All I can say from my personal experience last summer is that the way in which the emergency services worked together, giving mutual aid and sending pumps across the country, shows that there is an effective system in place. I am quite confident that no changes will be made that would affect or impair the emergency services' ability to continue to do an outstanding job of helping people when there is trouble.

Ms Angela C. Smith (Sheffield, Hillsborough) (Lab): I have 13 reservoirs in my constituency, so I very much welcome the investment in reservoir safety and the forthcoming legislation. Although it is of course necessary to invest in hard flood defences, does my right hon. Friend not agree with Natural England that it is also necessary to invest in the capacity of our upland catchment areas to manage water effectively in the first place, to reduce the incidence of water surging downstream and damaging cities such as Sheffield?

Hilary Benn: I completely agree with my hon. Friend. If upland peat bogs stay wet and do not get drained, they are better able to absorb water, and it does not flow as quickly downstream and flood many hon. Members' constituencies. This is a good example of thinking in the round about what we do with water and how we make space for it, and Sir Michael's report will help us to do that.

Vehicle Safety (Loads)

2.10 pm

Janet Anderson (Rossendale and Darwen) (Lab): I beg to move,

That leave be given to bring in a Bill to establish a mandatory code of practice on safety of vehicle loads; and for connected purposes.

On 1 November 2006, Valerie Taylor, a 63-year-old retired lecturer from my constituency, tragically lost her life in a road traffic accident that could have been entirely avoided. While she was driving from Rossendale to Liverpool to take her partner to hospital, an articulated lorry carrying nearly 40 tonnes of scrap metal overturned on a public highway at the Rocket Island roundabout and landed on Valerie's car. The first police officer on the scene, Sergeant Frank Rennison, described the scene as "utter carnage". Valerie Taylor died instantly as a result of the vehicle crushing her car.

One of the main reasons the lorry overturned, killing Valerie, was the irresponsible way in which scrap metal had been loaded on to the vehicle. There is a code of practice on the safety of loads on vehicles, but it is not mandatory so it is often ignored. If legislation regarding the loading, carrying and transport of scrap metal was tighter, the irresponsible loading of lorries might stop, and tragic accidents such as that which took the life of Valerie Taylor could be prevented.

The Under-Secretary of State for Transport, my hon. Friend the Member for Poplar and Canning Town (Jim Fitzpatrick), who is now on the Government Front Bench, said in a recent written answer:

"While the Code is not a legal document and there are no plans to make it mandatory, it can be used as an example of good practice to support a prosecution for non compliance with regulations." [*Official Report*, 26 February 2008; Vol. 472, c. 1351W.]

If tragic accidents such as that which claimed the life of Valerie Taylor are to be avoided in the future, surely it is essential that we have a mandatory code of practice on the safety of loads on vehicles. The Bill would put such a code in place to regulate and change the way in which scrap metal and other items are loaded on to wagons and carried on our public highways.

The order in which materials are loaded on to heavy goods vehicles is particularly important for the safety of the loads. I understand that Department for Transport guidelines state that scrap metal cars and comparably large objects should be loaded at the bottom of the container, with smaller bales on top of them. Those guidelines are often ignored. For instance, in the accident that took the life of Valerie Taylor, the load of the heavy goods vehicle that overturned was top-heavy. The lorry was carrying a total load of almost 40 tonnes. As part of that load, nearly 13 tonnes of scrap cars were loaded on top of 8.4 tonnes of compacted scrap metal bales.

When European Metal Recycling Ltd, the company that owned the scrap metal, gave evidence in the court hearing following the accident, it admitted that three lorries had overturned in three months. It claimed that it had now changed its policy on the loading of scrap metal, but we still see lorries on our motorways today with crushed cars at the top of their loads. It is claimed that the cars are used as a cover to stop metal from flying off, but that must render the loads top-heavy and unstable. The facts speak for themselves.

The Bill would make it mandatory to load heavier materials at the bottom of a container and lighter materials at the top. It would render the top-heavy loading of heavy goods vehicles illegal, which should prevent such tragic accidents. Almost all of us drive, and the thought that there are no mandatory regulations covering such things should concern us all. The legislative steps proposed in the Bill are necessary to create a much safer environment for all road users. Sadly, we cannot bring Valerie Taylor back to life. However, it would be a fitting tribute to her memory if we were to take this important step to try to ensure that similar tragedies do not, and cannot, occur in the future.

I pay tribute to my late hon. Friend the Member for Crewe and Nantwich who, as Chair of the Transport Committee, took a keen interest in this issue and took the trouble to discuss it with my constituents. I also pay tribute to my hon. Friend the Member for Liverpool, Riverside (Mrs. Ellman), in whose constituency the accident occurred, who is now Chair of that Select Committee. My neighbour, my hon. Friend the Member for Hyndburn (Mr. Pope), has also been very supportive.

Valerie Taylor's niece Pamela Woods and Valerie's friend Pat Hoare have been relentless in their efforts to highlight this problem, so much so that they have persuaded the traffic commissioner in the north-west to conduct an investigation in her role that gives her statutory responsibility for the regulation of commercial goods and passenger vehicles. We await the outcome of her investigation with interest. I commend the Bill to the House.

Question put and agreed to.

Bill ordered to be brought in by Janet Anderson, Norman Baker, Mr. John Heppell, Mr. Greg Pope, Jim Dowd, Kali Mountford, Andrew Miller, Mr. George Howarth, Ian Stewart and Mrs. Louise Ellman.

VEHICLE SAFETY (LOADS)

Janet Anderson accordingly presented a Bill to establish a mandatory code of practice on safety of vehicle loads; and for connected purposes: And the same was read the First time; and ordered to be read a Second time on Friday 17 October, and to be printed [Bill 126].

Planning Bill (Programme) (No. 3)

Motion made, and Question proposed,

That the Order of 2nd June 2008 (Planning Bill (Programme) (No. 2)) be varied as follows—

1. In the Table in paragraph 4 of the Order, for the entry relating to the second day of the proceedings on consideration there shall be substituted—

Second day	
Proceedings	*Time for conclusion of proceedings*
New Clauses, and amendments to Clauses, relating to functions of the Infrastructure Planning Commission or the Secretary of State in relation to applications for orders granting development consent.	5.00 p.m.
New Clauses, and amendments to Clauses, relating to Chapter 2 of Part 9, New Clauses, and amendments to Clauses, relating to Part 11, and remaining proceedings on consideration.	7.00 p.m.

2. In paragraph 5 of the Order, for 'the moment of interruption' substitute '8.00 p.m.'.—*[Mr. Michael Foster.]*

2.16 pm

Mrs. Jacqui Lait (Beckenham) (Con): I congratulate the whole team from the Department for Communities and Local Government on being in the Chamber, which shows how important the programme motion is. What they have done to those of us who wish to discuss in detail the Bill and its many important amendments is a scandal and abuse of process.

My hon. Friends will remember that we were against the previous programme motion, but I was not going to object when a simple timing change was proposed to reflect the movement of our second day on Report to a Wednesday. However, at 9 o'clock this morning—perhaps it was entirely my fault that I did not pick this up late last night—I received an indication that there was to be a change to both the timings and, more important, the order of discussion.

I was tempted to argue a couple of weeks ago that there was little common sense in the order of consideration originally proposed by Ministers because the Bill starts by dealing with the infrastructure planning commission. I welcome the fact that we are starting today by dealing with the commission. When I noticed that we were theoretically to have from 12.40 pm to 5 pm to discuss that controversial matter, I was delighted. Then, however, we discovered that there would be two statements today. Although those affected last year by the summer flooding and the loss of child benefit records have my full and total sympathy, I cannot believe that both statements needed to be made on a day when we are discussing one of the most undemocratic Bills to come before the House of Commons. Bringing forward statements when a Government are under pressure is a well-known technique for burying bad news. Some of that pressure might have reduced, but I am glad that there are still some Members of great principle. We hope that that principle will be debated fully in the short time left to us.

To give time to our discussion of the IPC, all other issues have been squashed into less than two hours. During that time, we will debate the community infrastructure levy, which dramatically changes the way in which developments are funded and conducted; the transfer from the semi-democratic regional assemblies to the totally undemocratic regional development agencies; and local member review bodies. We will consider issues affecting Wales and Scotland. We will also be debating the wide variety of issues raised by other hon. Members in Committee, and I am sure that they will also wish to express their outrage at this change in the programme motion. Obviously, I do not wish to take up too much time.

Sir Paul Beresford (Mole Valley) (Con): May I add my concerns to those of my hon. Friend? As I said on Second Reading, this is a skeletal Bill, and one with osteoporosis. There are so many questions, yet so few answers. I have tried to find the answers throughout the Committee stage, but without success.

Mrs. Lait: My hon. Friend is absolutely right. There are questions that we have been trying to pursue in Committee and on the first day of Report. We hoped that we would at least have a reasonable amount of time today to skim over some of the issues that remain unresolved. It is a sad reflection that the Government have to rely on the House of Lords to do the job that the Commons should be doing. Perhaps this is one last mew of protest about the abuse of the timetabling system, which calls into question whether the programming of Bills is the most effective way for the House of Commons to carry out the job of scrutiny that we are sent here to do by our electors. The programme motion has changed fundamentally, and the process has now been abused by time being taken up by two statements that could have been made on any other day. Serious issues will therefore have to be crammed into a very short space of time.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): Does my hon. Friend not think that this timetable amounts almost to an abuse of the House's time? When it suits the Government to do so, they can produce a timetable that is protected against Government statements, over which the House has no control. This timetable does not protect the House in any way against Government statements, which can take up an inordinate amount of time and leave very little time for debate.

Mrs. Lait: I am most grateful to my hon. Friend. He has most eloquently made the point that I am hoping to convey. Having brought in this form of timetabling, the Government are now abusing it and cannot control it. It is an indication of how they have lost control of the business programme that the next Queen's Speech will be a month later than usual. This Bill is just one indication of why they cannot get their business through the House. It is an appalling, undemocratic Bill and, to get it through, they are abusing the processes of the House.

Mr. Frank Field (Birkenhead) (Lab): Will the hon. Lady give way?

Mrs. Lait: I do not want another interruption to my peroration—the right hon. Gentleman will be pleased to know that I was coming to an end. I will invite my hon. Friends to vote against the programme motion.

2.22 pm

Dan Rogerson (North Cornwall) (LD): The hon. Member for Beckenham (Mrs. Lait) and I disagreed on some aspects of the Bill in Committee and on Report, but I agree with her that, having already discussed the problems relating to the programming of the Bill, we now find ourselves in the unusual position of having the timetable messed around with again. The maximum opportunity seems to have been taken to wrong-foot hon. Members who have been following the Bill closely and who might wish to know at what point today the various issues will be dealt with.

Time has been set aside to discuss important, controversial issues relating to the first group of amendments and the infrastructure planning commission, and I echo what the hon. Lady has said about the importance of having enough time for hon. Members on both sides of the House fully to air those issues. I suspect that, as in our previous discussions, there will not be unanimity on either side of the House. It is ridiculous that we will then have just a couple of hours in which to debate five further groups of amendments. That does not do justice to the range of topics that we are being asked to consider, particularly those that appear under the heading of "Existing planning regimes". A diverse set of issues has been raised, and I know that hon. Members—particularly Back-Bench Members—want to raise some very valuable points. However, it will be difficult for the House to give those issues the time that they clearly deserve. I therefore share the hon. Lady's concerns about how the programme motion has been pushed forward today.

I am a relatively new Member of the House, but I understand from older hands that things were not always done in this way, and that there used to be a great deal more time in which to consider matters such as these. I am used to the concept of programme motions, but, even in the three years that I have been here, I do not think that I have seen an example such as this, in which two quite restricting stabs have been made at ensuring that we do not have enough time to consider all the issues at hand. I very much regret the fact that this programme motion has been put before us today.

2.25 pm

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): Having spent several days discussing these important issues in Committee, I am also disappointed that we have come to this point. I say that more in sorrow than in anger. I do not normally take part in debates about programming, because they can sometimes end up producing a load of synthetic anger. I remember the 1992 Parliament, when Labour Members were on this side of the House. Some of them were close to tears whenever anything was timetabled, on the rare occasions when that happened. I heard many impassioned, emotional speeches about the abuse of Parliament at that time. However, it is now routine for Parliament to be abused in that way, and that calls into question the way in which we make laws.

I was encouraged to hear Ministers saying, "We will take this away for consideration", because I thought that it might indicate some movement on important matters. But no, it was to buy off some rebels, as the Government saw them. Whatever the amendments are, we will not have time to go through them in detail today, but let us hope that we can at least touch on them. I have no doubt that they are fundamentally important.

This is one of the most important Bills in this Session. Planning impinges on all of us. Everyone gets exercised about planning in their locality, but the Bill will apparently take the local voice out of the system and ensure that an unelected, unaccountable quango will make the decisions instead—albeit, following the latest review, with a Minister riding alongside on his horse.

I am desperately unhappy about the Bill. Some of us who have been here for a while have seen changes to planning law, and I accept that changes are necessary because planning law evolves. If it did not evolve, we would be failing the people out there. However, to impose this kind of regime after such a truncated debate, and to expect us to sit by and allow the law to go through with such scant scrutiny, is an absolute disgrace. I shall certainly join the official Opposition and others in opposing the programme motion.

2.27 pm

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): I am pleased to be able to follow someone whom I would like to call my hon. Friend the Member for Meirionnydd Nant Conwy (Mr. Llwyd). He and I have served on many Committees over many years, and his words are always wise and should be respected. I hope that the Government will have listened carefully to what he has said, because he spent many hours serving loyally on the Bill's Committee, as did my hon. Friends on the Front Bench. However, the Bill that they were discussing in Committee is not the Bill that we are discussing today. It is a completely new Bill. I have no quarrel with the democratic process: if enough people in the House are against a particular proposal, the Government should table amendments. However, if the Opposition had come forward with the amendments that the Government have tabled today, they would have been accused of tabling wrecking amendments, so much would they have amended the Bill's original structure.

We have only two and three quarter hours in which to discuss more than 110 amendments to the first part of the Bill, which will result in the complete alteration of the functions and structure of the infrastructure planning commission. That is a major part of the Bill. The whole principle behind the Bill revolves around how the new commission will operate. The Committee had many sittings in which to discuss this subject, and to give us only two and three quarter hours seems to me to be an abuse of the House's time.

We shall then come to the rest of the Bill, which is huge, and has many important implications. Not many people have commented on that. The local review boards will be covered, as will the way in which appeals on minor planning applications will be treated. There will be no external appeal in future: the process will be covered by the local review boards. At the very least, we need time to discuss that matter. However, there are 104 amendments relating to the second part of our discussions today, and they will be discussed in less than two hours by the time that the preceding vote has taken place, which is a real abuse of the House's time.

[Mr. Geoffrey Clifton-Brown]

When it suits the Government, they produce a timetable that protects the time from Government statements, but they have not done that today. They did it for the 42-day detention debate, and this is just as important a matter taken in the round, but they have not protected the time. If they were really generous, they would protect the time for this debate, but they have not done that, which will restrict the time we have available.

The Government are treating the House in a cavalier manner. If they were to allow the House proper time for discussion, they might end up with better legislation on the statute book. As the hon. Member for Meirionnydd Nant Conwy has said—I should call him my hon. Friend—it is wrong to leave the detailed scrutiny of a complicated Bill such as this solely to the other place. No doubt when amendments come back from the other place, we will have even less time to consider them.

I hope that the Government will think carefully about this matter, which smacks of their not knowing what they are doing. They are rushing around talking to all sorts of people, but they have no central idea on how to amend the planning system. Nobody argues that the planning system does not need amending—of course it does. Taking seven years to get the planning application for terminal 5 through was too long, and that situation hampers the economic development of this country, but I say in all sincerity to the Government that this is not the way to do it.

2.31 pm

Mr. Frank Field (Birkenhead) (Lab): I rise with the aim of puncturing the cant that we have been listening to since the start of the debate. I admit that I was never reduced to tears on the Opposition Benches because of timetabling. I longed for timetabling in those miserable years when we found it so difficult to win elections.

I want to make two points. First, the official Opposition want to have it both ways. We have been told that the Bill is being railroaded through the House of Commons, yet at the same time the official Opposition maintain that the Government have lost their legislative programme. It may be possible to make one of those points, but it is rather difficult to make both of them.

Secondly, I reject the old-fashioned, mid-19th-century view of how the House of Commons should behave. I was pleased to hear that one of the charges against the Government is that they have been busy buying off opposition on the Government Benches. I suggest that that is the House of Commons working effectively, and the more effective we make the House of Commons, the better.

2.32 pm

Mr. Peter Bone (Wellingborough) (Con): It is a pleasure to follow the right hon. Member for Birkenhead (Mr. Field). I disagree with his first point but agree with his second. It is good to see the House of Commons working democratically when a Bill is delayed and revisions are made; it is bad when time is restricted for debate—in my view, it is because the Whips are concerned and want the least amount of time to show divisions in the governing party.

Mr. Field: Does the hon. Gentleman think that if we had 50 hours, the Commons would make a different decision?

Mr. Bone: I do not have such powers. If we had 50 hours of debate, the Bill would be better, because all the points would be scrutinised.

Mr. Clifton-Brown: My hon. Friend is exaggerating to make his point. Fifty hours of debate would, of course, be ridiculous, but if we merely had the time taken by the two statements this afternoon, it would make a huge difference.

Mr. Bone: I am grateful to my hon. Friend for that intervention, because I was about to make that point. Why do the Government not have protected time for controversial issues and debates? Hon. Members have mentioned the limited time for discussion, but this situation also puts pressure on statements. When people want to get on to the next business, it is difficult to get every hon. Member in on an important statement. The more the Government timetable and reduce the amount of debate, the lower the Labour party goes in the polls.

2.35 pm

Mr. Rob Wilson (Reading, East) (Con): It is a pleasure to follow my hon. Friend the Member for Wellingborough (Mr. Bone). I oppose the programme motion for one simple reason—this evening, incredibly important issues will either not be debated or be debated very briefly because of insufficient time, which was caused by the two statements this afternoon.

I want to raise some important issues in the discussion on the group of amendments relating to the community infrastructure levy. For example, Thames Valley police authority has approached me to press the Government on how the community infrastructure levy will increase police funding in the Thames valley area. At the moment, the Bill does not tell us how the police and emergency services will be funded in the future, when there will be great pressure on budgets due to growth in Reading and the Thames valley. The programme motion appears to have been designed to restrict or even stop debate on crucial local issues.

2.36 pm

The Minister for Local Government (John Healey): The hon. Member for Beckenham (Mrs. Lait) made many of the same points this afternoon that she made three weeks ago, when we debated the programme motion for the first day on Report, as did the hon. Members for North Cornwall (Dan Rogerson), for Wellingborough (Mr. Bone), for Cotswold (Mr. Clifton-Brown) and for Meirionnydd Nant Conwy (Mr. Llwyd). They complained about the time for debate, but their complaints have eaten into the time available for that debate.

Those hon. Members also complained about the delay on Report, but at the same time they want Ministers to deal with hon. Members' concerns. From the outset—the White Paper onwards—we have done just that. We have listened hard at every stage to the case made by hon. Members from all parties on the Bill. We have also discussed in detail concerns expressed by local government, industry and environmental lobby groups. Where there

is a strong case for change, we have been prepared to strengthen the Bill accordingly, which is what we are doing again today.

We scheduled the second day on Report for today rather than for two weeks ago because I wanted the important issues that we are debating this afternoon to be dealt with in this House, not in the other place, and to be decided by MPs, not peers. My reasons for framing and moving the programme motion are straightforward. I want to make sure that the House has the most time on the matters that concern hon. Members most, which is why the time available for the important first group of amendments runs until 5 o'clock, which has become even more important given the two important statements this afternoon.

Mr. Bone: The Minister's argument does not ring true. If he really wanted to protect the time for the first debate, he would have set a number of hours, not a time. Why did he not set a protected number of hours?

John Healey: Perhaps the hon. Gentleman will look at the programme motion. We have moved back the end of tonight's proceedings by a full hour to take account of the fact that we had two statements this afternoon. That is an unusual step for the Government to take, but we took it because the time available for debate in this House this afternoon is important.

A number of amendments have been tabled for this afternoon's debate, but as I told the House when we debated the programme motion on the first day on Report, we are dealing with complex legislation that has been closely scrutinised at every stage—there were four evidence sittings and 14 scrutiny sittings in Public Bill Committee. As I told the House on 2 June, we are not making major changes to the scope or nature of the Bill through the amendments this afternoon. We are refining the Bill, often in light of the points made to us in Committee.

Mr. Llwyd: I compliment the Minister on how the Public Bill Committee was conducted; he genuinely engaged in discussion. However, given the time constraints today, I bet that the Government could not possibly explain their own amendments—let alone anything else.

John Healey: We have had these arguments about time constraints at each stage of the Bill. Sad to say, it is what we always hear from the Opposition. The hon. Gentleman was on the Committee, and he will remember that the Committee sittings finished early. He was here on the first day of Report, and he will remember that those proceedings also finished early. At each stage we have given not only thorough scrutiny to the provisions of this important Bill, but enough time for that to be done.

Dan Rogerson *rose—*

Mr. Rob Wilson *rose—*

John Healey: No, I will finish on this point. If we get on with debating the content of the Bill rather than the procedures for doing so, we will be able this afternoon to give the proper scrutiny that the House needs to give to these important provisions. That is what my motion is designed to do, and I commend it to the House.

Question put:—

The House divided: Ayes 309, Noes 156.

Division No. 231] **[2.41 pm**

AYES

Abbott, Ms Diane
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, rh Mr. Gordon
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Butler, Ms Dawn
Byrne, Mr. Liam
Cairns, David
Campbell, Mr. Ronnie
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cooper, rh Yvette
Cousins, Jim
Creagh, Mary
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Durkan, Mark
Eagle, Angela
Eagle, Maria
Ellman, Mrs. Louise
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Healey, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoey, Kate
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin

Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McDonnell, Dr. Alasdair
McFadden, Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGrady, Mr. Eddie
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morgan, Julie
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Salter, Martin
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, rh Keith
Walley, Joan
Waltho, Lynda
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Ayes:
Mark Tami and
Mr. Alan Campbell

NOES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Atkinson, Mr. Peter
Baker, Norman
Baron, Mr. John
Barrett, John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Bone, Mr. Peter
Bottomley, Peter
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brooke, Annette
Browning, Angela
Burstow, Mr. Paul
Burt, Alistair
Cable, Dr. Vincent
Campbell, Mr. Gregory
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Clark, Greg
Clifton-Brown, Mr. Geoffrey
Corbyn, Jeremy
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Curry, rh Mr. David
Davey, Mr. Edward
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Dodds, Mr. Nigel
Dorrell, rh Mr. Stephen
Drew, Mr. David
Duncan, Alan
Ellwood, Mr. Tobias
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
Fox, Dr. Liam
Fraser, Christopher
Galloway, Mr. George
George, Andrew
Gibb, Mr. Nick
Goldsworthy, Julia
Goodman, Mr. Paul
Gummer, rh Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Herbert, Nick
Hermon, Lady
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Howarth, David
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jones, Mr. David
Kawczynski, Daniel
Keetch, Mr. Paul
Key, Robert
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Liddell-Grainger, Mr. Ian
Llwyd, Mr. Elfyn
Loughton, Tim
Maclean, rh David
May, rh Mrs. Theresa
McDonnell, John
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew

Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Paice, Mr. James
Penning, Mike
Penrose, John
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rifkind, rh Sir Malcolm
Robertson, Mr. Laurence
Robinson, Mrs. Iris
Robinson, rh Mr. Peter
Rogerson, Dan
Rowen, Paul
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Shepherd, Mr. Richard
Short, rh Clare
Simpson, David
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spink, Bob
Stanley, rh Sir John
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Tyrie, Mr. Andrew
Viggers, Sir Peter
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Widdecombe, rh Miss Ann
Wiggin, Bill
Williams, Hywel
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Noes:
Mr. Crispin Blunt and James Duddridge

Question accordingly agreed to.

Orders of the Day

Planning Bill

As amended in the Public Bill Committee, further considered.

New Clause 11

INTERVENTION: DEFENCE AND NATIONAL SECURITY

'Section 103 applies by virtue of this section if

(a) an application is made for an order granting development consent,

(b) the Commission has accepted the application and has received a certificate under section 55(2) in relation to the application, and

(c) the Secretary of State is satisfied that intervention by the Secretary of State would be in the interests of defence or national security.'. *[Hazel Blears.]*

Brought up, and read the First time.

2.57 pm

The Secretary of State for Communities and Local Government (Hazel Blears): I beg to move, That the clause be read a Second time.

Mr. Deputy Speaker (Sir Michael Lord): With this it will be convenient to discuss the following: Government new clause 12—*Effect of intervention.*

Government new clause 13—*Development for which development consent may be granted.*

New clause 7—*Independent third party oversight of consultation*

'(1) The provisions of this section apply to Chapter 2 of Part 5 of this Act.

(2) The Commission shall appoint for each applicant an independent third party ("the third party") to oversee the pre-application procedure.

(3) The third party shall advise the applicant as to the appropriate form of consultation to be set out in the applicant's statement under section 45(1) of this Act.

(4) The applicant shall have regard to advice given by the third party under subsection (3).

(5) The third party may undertake to carry out any such consultation under section 45(7) of this Act, on behalf of the applicant, as the third party considers appropriate.

(6) The Secretary of State shall agree arrangements to meet the cost of consultation undertaken by the third party under subsection (5).

(7) The Commission may make arrangements on behalf of the Secretary of State under subsection (6).

(8) Costs agreed under subsection (6) may be met by

(a) the applicant,

(b) the Commission, or

(c) the Secretary of State.

(9) Subsection (7) shall not apply where costs are to be met by the Secretary of State under subsection (8)(c), except where the Secretary of State has indicated otherwise.'

New clause 39—*Legal challenges relating to nuisance etc.*

'No proceedings, whether criminal or civil, in nuisance and no civil proceedings in respect of the escape of things from land, other than proceedings for breach of statutory duty, may be brought in relation to development, works or operations authorised by an order granting development consent.'.

New clause 40—*Notice of persons interested in land to which compulsory acquisition request relates*—

'(1) This section applies where

(a) the Commission has accepted an application for an order granting development consent, and

(b) the application includes a request for an order granting development consent to authorise compulsory acquisition of land or of an interest in or right over land (a "compulsory acquisition request").

(2) The applicant must give to the Commission a notice specifying the names, and such other information as may be prescribed, of each affected person.

(3) Notice under subsection (2) must be given in such form and manner as may be prescribed.

(4) A person is an "affected person" for the purposes of this section if the applicant, after making diligent inquiry, knows that the person is interested in the land to which the compulsory acquisition request relates or any part of that land.'.

New clause 41—*Compulsory acquisition hearings*—

'(1) This section applies where the application includes a request for an order granting development consent to authorise compulsory acquisition of land or of an interest in or right over land (a "compulsory acquisition request").

(2) The Examining authority must fix, and cause each affected person to be informed of, the deadline by which an affected person must notify the Commission that the person wishes a compulsory acquisition hearing to be held.

(3) If the Commission receives notification from at least one affected person before the deadline, the Examining authority must cause a compulsory acquisition hearing to be held.

(4) At a compulsory acquisition hearing, the following are entitled (subject to the Examining authority's powers of control over the conduct of the hearing) to make oral representations about the compulsory acquisition request

(a) the applicant;

(b) each affected person.'

(5) A person is an "affected person" for the purposes of this section if the person's name has been given to the Commission in a notice under section [Notice of persons interested in land to which compulsory acquisition request relates].'.

New clause 42—*Local impact reports*—

'(1) Subsection (2) applies where the Commission

(a) has accepted an application for an order granting development consent, and

(b) has received

(i) a certificate under section 55(2) in relation to the application, and

(ii) where section [Notice of persons interested in land to which compulsory acquisition request relates] applies, a notice under that section in relation to the application.

(2) The Commission must give notice in writing to each of the following, inviting them to submit a local impact report to it

(a) each authority which, in relation to the application, is a relevant local authority within the meaning given by section 95(5), and

(b) the Greater London Authority if the land to which the application relates, or any part of it, is in Greater London.

(3) A "local impact report" is a report in writing giving details of the likely impact of the proposed development in the authority's area (or any part of that area).

(4) "The proposed development" is the development for which the application seeks development consent.

(5) A notice under subsection (2) must specify the deadline for receipt by the Commission of the local impact report.

(6) The deadline is the deadline for completion of the examination of the application by a Panel or a single Commissioner (see section).'.

Amendment No. 5, in clause 1, page 1, line 5, at end insert

'for the purpose of advising the Secretary of State on applications for orders granting development consent'.

Amendment No. 68, in page 1, line 7, at end insert—

'(2A) Decisions taken by the Commission as part of any function conferred on it shall be subject to confirmation by the Secretary of State.'

Amendment No. 339, in page 1, line 7, at end insert

'(2A) Decisions taken by the Commission as part of any function conferred on it shall be subject to confirmation by the Secretary of State.

(2B) The Secretary of State must decide whether or not to confirm any such decision by the end of the period of six months beginning with the day after the day on which the Secretary of State received the decision.'.

Amendment No. 60, in clause 35, page 21, line 41, leave out 'Commission' and insert 'Secretary of State'.

Amendment No. 61, in clause 36, page 22, line 27, leave out 'Commission' and insert 'Secretary of State'.

Amendment No. 62, in page 22, line 28, leave out 'its' and insert 'the'.

Amendment No. 55, in clause 40, page 23, line 30, after 'application', insert

'and seek to resolve any issues which they may raise'.

Amendment No. 326, in page 23, line 32, at end insert

'(ba) statutory environment agencies'.

Amendment No. 317, in clause 42, page 24, line 34, after 'means', insert

'a claim by a person who after diligent enquiry is found to have'.

Amendment No. 318, in page 24, line 37, at end insert 'or'.

Amendment No. 319, in page 24, line 40, leave out from 'works)' to end of line 41.

Amendment No. 310, in clause 52, page 30, line 12, at end insert

'has accepted no more than 40 applications in the previous twelve months and'.

Amendment No. 327, in page 30, line 37, leave out 'notify the applicant of the acceptance' and insert

'(a) notify the applicant of the acceptance,

(b) commission and fund an assessment by the relevant local planning authority, or authorities, of

(i) whether the development proposed in the application is in accordance with the principles set out in the authority's (or, as the case may be, authorities') local development documents as defined in section 17 of the Planning and Compulsory Purchase Act 2004;

(ii) the likely impact of the application on residents within the local authority area;

(iii) whether the application takes reasonable consideration of persons residing in the relevant local planning authority area;

(iv) any other matter which the relevant planning authority considers appropriate.

(6A) A local planning authority is relevant under subsection (6) if any of the locations in the application is in the authority's area.'.

Amendment No. 322, in clause 54, page 32, line 8, after 'means', insert

'a claim by a person, who after diligent enquiry is found to have'.

Amendment No. 320, in page 32, line 11, at end insert 'or'.

Amendment No. 321, in page 32, line 14, leave out from 'works) to end of line 15.

Amendment No. 340, in clause 56, page 33, line 3, after 'received', insert '(i)'.

Amendment No. 341, in page 33, line 4, after 'application', insert ', and

(ii) where section [Notice of persons interested in land to which compulsory acquisition request relates] applies, a notice under that section in relation to the application.'.

Amendment No. 6, in clause 69, page 38, line 21, leave out subsection (1).

Amendment No. 7, in page 38, line 25, leave out 'In any other case,'.

Amendment No. 63, in clause 78, page 41, line 31, leave out from 'made' to end of line 34 and insert 'to the Secretary of State'.

Amendment No. 8, in page 41, leave out lines 32 and 33.

Amendment No. 9, in page 41, line 34, leave out ', in any other case'.

Amendment No. 10, in page 42, line 2, leave out Clause 79.

Amendment No. 11, in page 42, line 8, leave out Clause 80.

Amendment No. 66, in clause 85, page 44, line 5, at end insert

', subject to the right of interested parties to make oral representations'.

Amendment No. 342, in page 44, line 7, after '86', insert ', [Compulsory acquisition hearings]'.

Amendment No. 343, in clause 88, page 45, line 1, after '86(2)', insert—

'(aa) to a compulsory acquisition hearing (see section [Compulsory acquisition hearings]),'.

Amendment No. 344, in page 45, line 10, leave out 'an interested party' and insert 'another person'.

Amendment No. 345, in page 45, line 15, after '86(3)', insert ', [Compulsory acquisition hearings](4)'.

Amendment No. 346, in page 45, line 16, leave out 'an interested party' and insert 'another person'.

Amendment No. 347, in page 45, line 23, after '86(3)', insert ', [Compulsory acquisition hearings](4)'.

Amendment No. 348, in page 45, line 29, leave out 'an interested party' and insert 'another person'.

Amendment No. 350, in page 45, line 32, leave out 'an interested party' and insert 'a person'.

Amendment No. 351, in page 45, line 32, leave out 'party's' and insert 'person's'.

Amendment No. 352, in page 45, line 35, after '86(3)', insert ', [Compulsory acquisition hearings](4)'.

Amendment No. 353, in clause 89, page 46, line 8, at end insert—

'(ba) a compulsory acquisition hearing (see section [Compulsory acquisition hearings]),'.

Amendment No. 12, in clause 96, page 49, line 5, leave out from 'consent' to end of line 15.

Amendment No. 64, in page 49, line 11, leave out from 'consent' to end of line 15 and insert 'means the Secretary of State'.

Amendment No. 13, in page 49, line 16, leave out Clause 97.

Amendment No. 349, in clause 97, page 49, line 22, at end insert—

'(aa) any local impact report (within the meaning given by section [Local impact reports](3)) submitted to the Commission before the deadline specified in a notice under section [Local impact reports](2),'.

Amendment No. 69, in page 49, line 23, leave out paragraphs (b) and (c) and insert—

'(b) any other national policy which is relevant to the development,

(c) the development plan,

(d) the desirability of contributing to the mitigation of, and adaptation to, climate change,

(e) the proposed measures for limiting the nature or extent of any negative impact of the development, and

(f) any other material considerations.'.

Amendment No. 328, in page 49, line 22, at end insert—

'(ba) all relevant planning policy statements,

(bb) the views of statutory environment agencies'.

Amendment No. 292, in page 49, line 25, leave out from 'other' to end of line 40 and insert 'material considerations'.

Amendment No. 70, in page 49, line 27, leave out from 'with' to end of line 29 and insert—

'(a) the dual objectives of achieving sustainable development and of avoiding (so far as is reasonably practicable) damage to or deterioration of—

(i) society, including the health and well being of the population;

(ii) the environment, including biodiversity, living organisms and the ecological systems of which they form part, natural resources and the climate; and

(iii) the economy; and

(b) any relevant national policy statement, except to the extent that one or more of the following subsections applies.'.

Amendment No. 71, in page 50, line 3, at end insert—

'(9) This subsection applies if the Panel or Council is satisfied that deciding the application in accordance with any national policy statement will or may be inconsistent with achieving one or both of the objectives in subsection (3)(a).

(10) For the purpose of this section and section 95 "development plan" has the meaning given in section 38 of the Planning and Compulsory Purchase Act 2004.

(11) For the purpose of this section the Panel or Council must have regard to advice relating to sustainable development contained in guidance to be issued by the Secretary of State.'.

Amendment No. 14, in clause 98, page 50, line 5, leave out subsection (1).

Amendment No. 355, in page 50, line 7, at end insert—

'(za) any local impact report (within the meaning given by section [Local impact reports](3)) submitted to the Commission before the deadline specified in a notice under section [Local impact reports](2),'.

Amendment No. 15, in clause 99, page 50, line 14, leave out first 'decision-maker' and insert 'Secretary of State'.

Amendment No. 31, in page 50, line 14, leave out second 'decision-maker' and insert 'Secretary of State'.

Amendment No. 16, in clause 100, page 50, line 21, leave out 'decision-maker' and insert 'Secretary of State'.

Amendment No. 17, in page 50, line 25, leave out from beginning to third 'the' in line 30.

Government amendments Nos. 103 and 104.

Amendment No. 18, in page 50, line 33, leave out 'appropriate authority' and insert 'Secretary of State'.

Amendment No. 19, in page 50, line 35, leave out subsection (4).

Amendment No. 20, in page 51, line 1, leave out subsection (6).

Amendment No. 21, in page 51, line 8, leave out 'by the Secretary of State'.

Amendment No. 32, in clause 101, page 51, line 30, leave out 'the following are suspended'.

Amendment No. 22, in page 51, line 32, leave out from 'completed' to end of line 34 and insert 'is suspended'.

Amendment No. 23, in page 51, line 37, leave out Clauses 102 to 104.

Government amendment No. 105

Amendment No. 354, in clause 102, page 52, line 2, after '55(2)', insert

', and (where section [Notice of persons interested in land to which compulsory acquisition request relates] applies, a notice under that section,'.

Government amendments Nos. 106 to 110.

Amendment No. 24, in clause 105, page 53, line 26, leave out 'decision-maker' and insert 'Secretary of State'.

Government amendments Nos. 111 and 112.

Amendment No. 25, in page 54, line 13, leave out from second 'development' to 'to' in line 14 and insert 'regard shall be had'.

Amendment No. 26, in clause 106, page 54, line 16, leave out 'decision-maker' and insert 'Secretary of State'.

Amendment No. 27, in page 54, line 19, leave out 'appropriate authority' and insert 'Secretary of State'.

Amendment No. 28, in page 54, line 22, leave out 'appropriate authority' and insert 'Secretary of State'.

Amendment No. 29, in page 54, line 23, leave out 'authority' and insert 'Secretary of State'.

Amendment No. 30, in page 54, line 24, leave out subsection (4).

Amendment No. 33, in clause 107, page 54, line 29, leave out subsection (2).

Amendment No. 34, in page 54, line 31, leave out 'If'.

Amendment No. 35, in page 54, line 31, leave out from 'order' to 'must'.

Amendment No. 36, in page 54, line 33, leave out 'appropriate authority' and insert 'Secretary of State'.

Amendment No. 37, in page 54, line 36, leave out 'appropriate authority' and insert 'Secretary of State'.

Amendment No. 38, in page 54, line 37, leave out 'authority' and insert 'Secretary of State'.

Amendment No. 39, in page 54, line 38, leave out subsection (5).

Amendment No. 40, in page 57, line 29, leave out Clause 110.

Amendment No. 56, in clause 110, page 58, line 3, at end insert—

'(5A) An order to which this section applies is subject to special parliamentary procedure.'.

Amendment No. 41, in clause 112, page 58, line 30, leave out subsection (2).

Amendment No. 42, in clause 114, page 59, line 18, leave out from beginning to third 'the'.

Amendment No. 43, in page 59, line 20, leave out paragraph (b).

Amendment No. 44, in page 59, line 32, leave out from beginning to third 'the'.

Amendment No. 45, in page 59, line 34, leave out paragraph (b).

Amendment No. 46, in clause 118, page 61, line 42, leave out from beginning to third 'the'.

Amendment No. 47, in page 62, line 1, leave out paragraph (b).

Amendment No. 48, in page 63, line 1, leave out from beginning to third 'the'.

Amendment No. 49, in page 63, line 3, leave out paragraph (b).

Amendment No. 65, in clause 122, page 65, line 13, at end insert ', and

(c) organisations representing public rights of way user groups, as prescribed, have been consulted.'.

Amendment No. 50, in clause 128, page 66, line 28, leave out 'decision-maker' and insert 'Secretary of State'.

Amendment No. 51, in page 66, line 30, leave out subsection (3).

Government amendments Nos. 161 to 164.

Government new schedule 1—*Examination of applications by Secretary of State.*

Hazel Blears: I am very conscious of the amount of time that we have to debate the range of amendments to which you refer, Mr. Deputy Speaker. I want to concentrate largely on the areas that Members are most exercised about. Members are concerned about three main issues: first, the principle of independent decision making, which, as they have said, goes right to the heart of the Bill; secondly, what happens at the examination stage and the public's right to be heard, not only at that stage but under the rest of the Bill—public consultation and the right to be heard is absolutely central—and, thirdly, the impact on the local community of decisions on major national significant infrastructure projects, which is the aspect that Members have expressed most concern to me about. We should make those three areas the principal focus of our debate, and I intend to do that.

The amendments fall broadly into nine blocks. If Members will bear with me, I propose to deal briefly with the Government amendments, which fall into blocks 1, 2 and 3. The issues at the heart of the Bill are dealt with in blocks 4, 5 and 6, and then we have some Opposition amendments towards the end. If I refer to minor issues, I do not mean to denigrate them, but they may not be at the centre of people's concerns.

The Government amendments deal broadly with changes to procedure relating to ministerial intervention. Contrary to some of the views that have been expressed, there is

provision for ministerial intervention in certain narrowly defined circumstances, one of which relates to national security and defence. A series of Government amendments seek to prescribe a procedure where intervention takes place on the basis of national security or defence issues. They relate primarily to being able to take evidence in a particular way because it might involve sensitive matters, in order to ensure that if there are hearings in private the interests of people who might be affected are protected by special procedures. In many ways, the procedures mirror those that we have in criminal law and civil law where issues of national security are touched on and there is a need to protect the sensitivity of the information.

That is the broad thrust of that group of amendments, and I hope that they are agreed to. There are provisions for the Attorney-General to appoint people to protect interests—that sort of thing—and they are in the interests of good government.

Mr. Graham Stuart (Beverley and Holderness) (Con): One of the causes of concern is whether the legislation was put together in a hurry, and although we welcome the points that the Secretary of State has just made, how was it possible to introduce legislation without such vital elements already in place? Why was there so little understanding, and why was the legislation not fully thought through?

3 pm

Hazel Blears: I refute entirely the idea that the legislation was brought forward in a hurry. We had a White Paper and a lengthy period of public consultation. We responded in great detail to that consultation, and as hon. Members would acknowledge, the Bill was significantly different from some of the proposals in the White Paper as a result of our listening and responding to people's concerns. Equally, if we have process issues that can help to refine the procedures in the Bill, it is right to bring them forward. I hope that the hon. Gentleman accepts that these are matters of process, not principle. The issues were already in the Bill; the proposals simply concern how we are going to put it into practice, so I hope that they find favour across the House.

The second block of amendments also deals with process issues. The Town and Country Planning Act 1990 contains provisions that set out that development is deemed to have commenced if developers take certain steps. In the case of major infrastructure projects, it is more difficult to delineate the point at which we trigger the commencement of development. Therefore, we want to introduce a set of criteria that will set out what actions do not trigger the commencement of development, so we can give a bit more certainty in that area. Those issues have been raised many times by developers who are not sure when taking preparatory steps whether they are commencing their planning permission or not. That set of amendments is broadly sensible, and I hope that they are supported across the House.

Mr. Denis Murphy (Wansbeck) (Lab): Will my right hon. Friend reassure me that open-cast coal operators will not be allowed to circumvent the current planning system by referring new applications directly to the new planning commission, citing the national interest?

Hazel Blears: I am delighted to give my hon. Friend that assurance. Clause 13 sets out in great detail the areas that are subject to the process of national policy statements, which involves the jurisdiction of the national planning commission, and he will find that open-cast coal mining is not one of the areas set out in the clause. Therefore, it would not fall under the jurisdiction of the Bill. I am delighted to give my hon. Friend and his colleagues that reassurance.

Mr. Frank Field (Birkenhead) (Lab): My right hon. Friend is well aware that between the Birkenhead and Wallasey constituencies, Peel Holdings wishes to create over time what is, in effect, a new town. Will she give me an undertaking that that terrific development, which has huge significance for Merseyside, but may not rate as a national event, will be covered by the current planning procedures and not the new ones?

Hazel Blears: I am delighted to give my right hon. Friend that assurance. I have visited the area, and I have gained a little understanding of the exciting vision for the community. That project would not fall under clause 13, which deals with energy, wind, water and waste water—that sort of big infrastructure project. The sort of project he mentioned would be dealt with by the existing system, and I am delighted to give him that reassurance.

Mr. Gordon Prentice (Pendle) (Lab): What is the position regarding the disposal of radioactive nuclear waste? I understand that we had a paper on that matter a week or two ago, but the Government have not quite made up their mind on it.

Hazel Blears: I understand that that issue is still being considered by the special committee established to deal specifically with it. It is a matter of national importance, and getting those decisions right will be fundamental.

Sir Paul Beresford (Mole Valley) (Con) Will the right hon. Lady give way?

Hazel Blears: I am anxious to get to the meat of this Bill, as I am sure lots of hon. Members are, but I will briefly give way.

Sir Paul Beresford: Clause 13 refers to

"the construction of a pipe-line".

If the Secretary of State talked about that a tiny bit, I would be grateful. Some long and important pipelines have gone through my constituency quite easily, but a very short gas pipeline that is about to be dealt with under the procedures goes through several beautiful areas in my constituency. It is a tiny matter in many ways, but it is emotionally important. Would that matter be taken away from the local authority?

Hazel Blears: Clearly, there are issues involving the distribution network for gas and electricity. Some of the pipelines and distribution mechanisms may be small in themselves, but fundamental to a major application. Discussions are ongoing about ensuring that we get the threshold right. This Bill, this structure and this procedure deal with major national projects, but there is also the need for a single consent regime. That is a big prize of

[Hazel Blears]

this Bill—we do not want decisions to be taken under different regimes when they comprise parts of the same project. If the hon. Gentleman wants further detail on that, I would be delighted to write to him.

Susan Kramer (Richmond Park) (LD): Will the Secretary of State give way?

Hazel Blears: Goodness me. I shall make this the last intervention on this area.

Susan Kramer: The Secretary of State is being phenomenally generous, and it is much appreciated.

As the details of the Bill have emerged, a large number of my constituents have become concerned that it is not only the expansion of runways at Heathrow that will be covered by the new procedure, but changes to the pattern of operations and the ending of runway alternation. Will the right hon. Lady give us some clarification on that issue, because it is causing a great deal of disquiet?

Hazel Blears: As I said to the hon. Member for Mole Valley (Sir Paul Beresford), the purpose of the Bill is to ensure a single consent regime for major infrastructure projects. We will come to other powers of the independent planning commission when we discuss some of the amendments. We want to ensure that in the field of aviation, for example, there is a clear exposition of national policy in the national policy statement. Individual applications will then be dealt with by the independent planning commission. Clearly, it is a matter of assessing the national need and then looking at the detail of individual applications. If the hon. Lady has concerns on a specific issue, I shall write to her with further details, and I am more than happy to do so.

The second block of amendments, which I shall mention quickly, deals with where we trigger development, and ensure that the lines concerning such triggering are appropriate. Again, I hope that the amendments will have the support of the House. There is a third block of amendments dealing with cases in which different terms of consent might be granted to the original application. Members have expressed the concern that, if in the process of considering an application, some detail turns out to be slightly different from what was originally intended, there should be a notification procedure to ensure that people are aware of it. That is entirely proper because the whole point of the process is that there is a dialogue. There should be interaction, and the ability to dig into issues to get the right result. It is absolutely appropriate that people should be notified, and, again, I hope that the amendments find favour. Hopefully, those non-controversial amendments will lead us to discussions on amendments that will not find universal consensus.

Further amendments have been submitted by various Opposition Members. There are amendments on whether the independent planning commission should take into account specific issues when making its decisions. There are a series of such amendments, including amendments Nos. 69, 71, 292 and 328. They would ensure that the IPC considered a list of criteria, including mitigation of and adaptation to climate change, limiting the negative impact of a development, widening the framework, looking at all relevant planning policy statements, the views of statutory environment agencies and material considerations. Those amendments would, in many ways, replicate the current considerations of the current town and country planning system, when the purpose of the Bill is to set up a new system of examining major national infrastructure projects. We are not seeking to replicate the existing system. This is a bold attempt to get a planning system that is fit for the 21st century, which can deal with major applications.

I say to those who tabled that block of amendments that the framework in which the infrastructure planning commission operates should be set at the national policy statement stage. That is fundamental. To add consideration after consideration—a list of criteria—would constrain the IPC. The framework in which it operates should properly be the subject of a national policy statement. I do not dismiss the amendments, but they are unnecessary.

Some amendments would make specific bodies, such as the Environment Agency, statutory consultees. The Bill provides for a range of bodies to be statutory consultees—I have no doubt that the Environment Agency will be one, but it is invidious to try to highlight only one body through an amendment. I do not believe that that would help the formulation of the proposed legislation. I am not being rude to those who tabled the amendments—I understand the point that they are trying to pursue—but I hope that I can reassure them that those planning policy considerations will be at the heart of the IPC's framework.

The next block of amendments in the group almost proposes the necessity for a third party when consultation takes place about various proposals. It includes new clause 7 and amendments Nos. 55, 317 to 322, 326 and 65. They try to provide for mediation of and comment on consultation by a third party to assess whether it has been adequate. Again, I am worried about the proposals because the point of the consultation is that the people engaged in the debate should be responsible for it. For example, the Bill provides for a new right for people to be consulted before a proposal is made. The promoter of the proposal is responsible for ensuring that that consultation is carried out. The local authority has to determine whether it was effective, but to insert provision for a third party to mediate would get us to the point at which local people felt that they had not had a proper say because their views were being translated at second or possibly third hand. I am therefore not attracted to the amendments and ask hon. Members not to support them. They are impractical, unnecessary and inappropriate.

I am more amenable to the proposal for carrying out a diligent inquiry to assess who might be in a position to claim compensation. I am slightly more attracted to that proposal because it is important for promoters to know the range of people who might find themselves in that position. It would give promoters more certainty. I do not want to place an unreasonable burden on promoters, but I am attracted to ascertaining whether we can find a reasonable formulation of the responsibility so that there is more certainty about those who might be affected.

Sir Paul Beresford: The Secretary of State is kind to give way again. Let us go back half a step. As I understand it, the promoters consult before they submit their planning application. Who reports to the quango on the consultation—the promoter?

Hazel Blears: Yes. The promoter would have a responsibility, but as the hon. Gentleman will realise as I deal with the heart of the Bill and the proposal of my hon. Friend the Member for Sheffield, Attercliffe (Mr. Betts), the role of local authorities will be significantly greater in ensuring that the IPC is fully apprised of local people's views and the impact on the community. That is why I feel that my hon. Friend's proposal is constructive and worth while.

John McDonnell (Hayes and Harlington) (Lab): I want to get the matter completely clear, because it will astound several of my constituents. Will BAA undertake the consultation on the development of a third runway at Heathrow and report truthfully and honestly to the IPC? Will the Secretary of State confirm that?

Hazel Blears: My hon. Friend knows that the promoter will be responsible for undertaking the consultation. That is a new opportunity for the public to be involved, which I hope that he acknowledges. That consultation will also be subject to guidance, which the Department can issue to ensure that it is conducted properly, thoroughly and rigorously and gets to the heart of the issues. Obviously, it will be subject to the IPC being satisfied, and there is also the local authority procedure. That is a pretty comprehensive belt-and-braces approach to ensuring that people have a proper say.

John McDonnell: Will my right hon. Friend just answer the specific question? Will BAA undertake the initial consultation on the third runway at Heathrow?

Hazel Blears: Yes, if it is the promoter of the scheme. Promoters have that responsibility. When I deal with the other issues and the points at which the public can be heard, I hope that my hon. Friend will accept that the Bill provides much greater public consultation and involvement than the existing system.

Several hon. Members *rose*—

Hazel Blears: May I ask hon. Members to wait a moment, because I want to deal with one more technical matter, after which we can get into public involvement and responsibility?

3.15 pm

Mr. David Curry (Skipton and Ripon) (Con): Since the Bill's entire philosophy is based on speeding up the planning process, will the Secretary of State jog my memory on this point? In the case of building a third runway, how long does she envisage will elapse between the promoter moving to consultation and the decision to build the additional runway?

Hazel Blears: Under current legislation, we have the precedent of the previous inquiry, which took approximately seven years to resolve. I hope that, under our new regime, the time would be much shorter, all the issues would be considered rigorously and effectively and there would be more public involvement. Those aims do not contradict one another. I do not accept that we cannot have both a quicker, more efficient system and more effective public involvement. That is what I aim to achieve, and I will deal in detail with that point shortly.

Susan Kramer *rose*—

Hazel Blears: I want to press on. When I come to the heart of the matter, I am sure that the hon. Lady will have every opportunity to make her points.

I am not inclined to accept the amendments that would insert a third party into the consultation because I do not believe that it is right. However, I said that I would further consider whether there was a reasonable way in which to place a duty on promoters to implement a due diligence requirement.

My hon. Friend the Member for Sheffield, Attercliffe has tabled new clause 39, which would retain a statutory offence against nuisance if an application goes through. I understand that that already applies for railway premises and rail network organisations. The new clause is fairly technical but nevertheless extremely useful. I read it earlier today and I believe that replicating the defence of statutory authority against nuisance claims would be useful, as the current procedures work well. Again, my hon. Friend has been constructive and practical. When I saw the title of the new clause, which deals with statutory nuisance, he did not come to mind, because he has been anything but a nuisance during the process. I am delighted to be able to support new clause 39, which helps to retain the defence against statutory nuisance in our system.

Let me turn to the large number of amendments that broadly seek to make the independent planning commission a recommending body, with decisions taken by the Secretary of State rather than an independent decision-making body, and to the other set of amendments, which would require that the Secretary of State confirm the decisions of the IPC. In many ways, those are two different formulations of the same thing. Indeed, I have been struggling to think how those two propositions are markedly different.

Amendment No. 5 would amend clause 1 to make the purpose of the independent planning commission advisory only. Amendments Nos. 6 to 51 and 60 to 64 go right the way through the Bill, either amending the relevant clauses so that the role of the IPC is to advise the Secretary of State in determining applications or replacing the IPC with the Secretary of State in those clauses that confer or refer to decision-making powers. The purpose of those amendments is to change the fundamental principle throughout the Bill that the IPC is the independent decision-making body.

The second set of amendments, which are amendments Nos. 68 and 339, seeks to ensure that the decisions of the IPC are subject to confirmation and provides a period of up to six months in which the Secretary of State has the right to make that decision.

Let me deal with those two blocks of amendments before turning to the third block, which is slightly different and provides that if the panel or the council proposes to make an order that would modify or exclude legislation, which is an important issue, that order would be subject to special parliamentary procedures. In effect, those procedures would mean that the decision would return to the Secretary of State, subject to approval by Parliament, rather than being taken by the IPC. All those areas are interrelated and interconnected, and I propose to deal with them in that way.

[Hazel Blears]

Let me start with the amendments that seek to turn the IPC into a recommending body. As my hon. Friend the Minister for Local Government explained when he gave evidence to the Public Bill Committee—it seems a long time ago now—we see three main benefits to setting up an independent body to consider nationally significant infrastructure projects and giving it the power to make the decisions. The first of those benefits is speed and efficiency, to which the right hon. Member for Skipton and Ripon (Mr. Curry) has referred. We think that our proposal will mean that decisions are made more quickly.

Currently, decisions are made and examined by the Planning Inspectorate, and are often subject to inquiry and then decided on by Ministers. *[Interruption.]* Excuse me, Madam Deputy Speaker, I am talking rather too quickly and rather too loud, so I will just take a breath. The current position means that, sequentially, there are basically two processes, with two separate bodies going over the same ground. With some decisions, the proposals can involve more than one Minister, from more than one Department. That adds complexity and potential delay.

Every hon. Member who has spoken, including Opposition Members, has acknowledged that our current system takes too long, is immensely costly and is in many cases almost impenetrable to members of the public. There is a lack of transparency and clarity, and there is a recognition throughout the House that things have to change. As the hon. Member for Cotswold (Mr. Clifton-Brown) said earlier, the system is not working, and therefore needs to be brought up to date and made fit for the modern world in which we live. The proposals that we have made will help us to do just that.

We can improve speed and efficiency without sacrificing democracy and local involvement, and I am sure that this debate will explore those issues. However, it is unacceptable that, for example, the upgrade to the North Yorkshire power grid took just over six years and that, on average, wind farm applications take more than two years. In fact, wind farm applications totalling more than 1,400 MW are stuck in the system. Some 500 MW of that capacity would fall to the independent planning commission and would, I understand, be enough to power 1 million homes. All those applications are clogged up and snarled up in a fairly antiquated system that cannot process them.

I am genuinely concerned that the decisions that need to be taken in the long-term interests not just of the economy but of the environment will continually be frustrated unless we make some fairly bold and radical changes to our existing planning system.

Dan Rogerson (North Cornwall) (LD): I am interested in the Secretary of State's terminology in respect of processing applications. I am concerned that it tends to imply that we want things decided without communities having the chance to oppose them effectively, that the Government see such projects as things that must happen and that the IPC will therefore be given a fairly firm steer that it needs to get through them quickly. I am talking not so much about what she said about a deliberative process; rather, the important thing is not just that decisions are taken quickly and that the process is effective, which I accept, but that they are right.

Hazel Blears: I am delighted that the hon. Gentleman and I agree about that. Speed and efficiency are important, but they are not the only considerations. Decisions must be properly explored; they need to be effective and to command support because they have been subjected to testing and a proper rigorous examination. I entirely agree, but there is no getting away from the fact that over the next 10 or 20 years, we are going to have to renew a third of our energy-generating capacity in this country and we will need a diverse energy policy that seeks to get the benefits from more than just gas, where we are now becoming a net importer rather than exporter. The people of this country do not want to have to rely simply on importing gas from a range of other countries, which would then be in a very powerful position over us. That is why they want a diverse energy policy. The people of this country also recognise that in terms of aviation, any decisions are controversial, but they also recognise that we need aviation and that we need the employment that goes with the development of our airport capacity. These are big and difficult decisions, but there is no shying away from them.

I have to say that what sometimes worries me is that people are prepared to will the ends—we all say we want better decisions, more flexibility, speed and efficiency—but they are not prepared to will the means to get there. That requires being prepared to take some tough decisions in the interests of our country's long-term prosperity. That is the real political test for the Opposition parties, and at the moment, they are in danger of failing it.

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): I understand the logic of the Secretary of State's remarks about the national picture, but does she not share my concern and that of many people out there about clause 13? It deals with 15 potential large-scale developments, all of which are, under the old terminology, "bad neighbour applications" that would necessarily attract the most adverse criticism from and cause the most worry to the public?

Hazel Blears: That is absolutely why we should have a national debate on what the country needs, which will take place around the national policy statement. It is why the public and Parliament should be involved and why Select Committees now have wide-ranging scrutiny powers over the national policy statement. It is why we have a debate in this House and in the other place and why a Minister has to have regard to all of that consultation and discussion before coming back with a designated national policy statement. That is a key crunch point for the Bill.

I absolutely believe that politicians need to be able to argue their case to say what they think is in the best long-term interests of this country and to have that subjected to scrutiny and challenge in a democratic system. I fundamentally believe that identifying those interests up front in the national policy statement, set against the framework of the independent commission, provides a far more transparent degree of accountability than leaving Ministers to wait until the very end of the

process, when they then have to seek to intervene. That is far less effective and less transparent than what is proposed.

Mr. Curry: The right hon. Lady accepts the inconvenience of living in a democracy. However much people might subscribe to the need to do something in the national interest, the fact remains that in moving from the principle to the specifics, they might well decide that they do not want something on the basis of their own interest—and they are entirely right to do so. If the national interest is to be overriding, what is the purpose of the consultation? However well handled, transparent and honest the consultation by an undertaker, in how many circumstances does the Secretary of State think it will be overturned in practice because the locals do not like something, even though the national interest determines that they should be for it?

Hazel Blears: I think the right hon. Gentleman would acknowledge that I have never regarded democracy as an inconvenience. I regard it as an absolutely vital and fundamental building block of our society. That is why I have stood for office both locally and nationally. I think it is incumbent on politicians to be prepared to make the argument. Sometimes it is not popular, but sometimes we have to do things that cause a great deal of distress and concern to people, because we also must think about balancing the interests of the locality with the national interest. In many ways, that is the job that we are all sent here to do. That is why I absolutely believe that the national policy statement stage, which will be open and transparent for the first time, will provide people with the opportunity to have a say about the country's needs for aviation, nuclear power and other controversial issues.

I am conscious of the need to balance the different interests, but also of the need to take a decision, so I should like to highlight those areas where I hope to provide further safeguards in the system. That said, we can balance the interests and sit on the fence for ever, but at the end of the day, decisions need to be made.

Mr. Nick Raynsford (Greenwich and Woolwich) (Lab): In replying to the right hon. Member for Skipton and Ripon (Mr. Curry), my right hon. Friend rightly identified the importance of a democratic response. Will she also recognise that there can be tension between a nationally expressed democratic view and a local democratic view? Renewable energy and the promotion of wind farms provide a perfect example. There is overwhelming national support for more effort to extend renewables, but we have found through hard experience that it is extremely difficult to obtain local consent for the installation of wind farms in many parts of the country. It is precisely because of the need for the wider national view to be taken into account, and not always to be subordinate to interests that can often be hostile for local and parochial reasons, that the framework in the Bill is so necessary.

3.30 pm

Hazel Blears: I am delighted to endorse that contribution from my right hon. Friend, who, as a former Minister in this field, has had to make some pretty difficult decisions on occasion. The areas—and there are a couple of them—where wind farms have proved popular have been areas where local people have recognised that they can reduce their fuel bills dramatically.

Mr. Curry: Will the Secretary of State give way?

Hazel Blears: I want to make a little more progress.

Mr. Curry: The Secretary of State promised to let me intervene again.

Hazel Blears: Did I promise? Goodness me. Well, I am not a person who would ever break a promise. I am delighted to give way to the right hon. Gentleman.

Mr. Curry: I would certainly never accuse the right hon. Lady of that.

The right hon. Member for Greenwich and Woolwich (Mr. Raynsford) is right to suggest that planning is essentially about mediation, but mediation sometimes fails when differences are irreconcilable, as they might be in relation to wind farms in my constituency or, for that matter, the right hon. Gentleman's constituency in part of the Thames area. However important are the consultation processes that help to smooth the way to the achievement of a national consensus, subjecting the national policy statements to a vote in this Chamber would give them the imprimatur of the democratic Assembly of this country. Will the Secretary of State confirm that that will not happen?

Hazel Blears: I do not propose to rehearse the debate held on the first day of Report. The matter was well ventilated then, and following a vote in the House it was decided not to proceed in that way. In those terms, democracy has spoken.

The right hon. Gentleman would be the first to acknowledge that these are issues concerning policy. I believe that we are going further than any other legislation of which I am aware by enabling that policy to be subject to debate and proper scrutiny, including Select Committee scrutiny, in a way that has never been possible in the past. I ask the right hon. Gentleman, who is a fair person, to reflect on how far we are shifting the Bill to try to strike the right balance and provide mediation in the right way in very difficult circumstances.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): Will the Secretary of State give way?

Hazel Blears: I will make a little more progress, if I may.

Mr. Clifton-Brown: It is on that point.

Hazel Blears: It may be on that point, but I am going to make some more progress.

We consider speed and efficiency to be important, but that is not our sole objective. We also think that our proposals will lead to better-quality decisions. The big, nationally significant infrastructure projects are sometimes uniquely complex, and also involve major technical questions. The Heathrow application involved seven different consent regimes and 37 different planning applications. It was incredibly technical and complex. We need to ensure that the members of the independent

[Hazel Blears]

planning commission have enough relevant expertise and knowledge to get to grips with some of the issues, and also that they have a background in community engagement and understanding of issues that are important at local level. We do not want them simply to be technical people, removed from matters that local people consider important.

Sir Paul Beresford: Will the Secretary of State give way?

Hazel Blears: I will, for the third time.

Sir Paul Beresford. The Secretary of State is very kind.

I understand that the national frameworks for aviation will be site-specific. Am I right in thinking that decisions affecting people living near Heathrow, or Gatwick in my case, will be made before responsibility is transferred from here to the new quango?

Hazel Blears: The hon. Gentleman is anticipating my remarks. Perhaps I should press on in order to reassure him on that point.

The third reason for our proposals is that there will be more clarity and transparency in regard to the different roles involved. At present Ministers could be the people who determined the policy, the promoters of a scheme and, at the end of the process, those who made the decisions. I do not think that that is a good arrangement. Having this clarity by setting the policy up front through a national policy statement and then having the IPC look at individual decisions—and then in some cases for there to be a small ministerial intervention—is a good bit of architecture in terms of achieving the checks and balances referred to. There will be a clear separation.

The second set of amendments addresses where a decision might be taken by the IPC but then be subject to confirmation by the Secretary of State within six months. Some people think that provides an alternative approach to the IPC simply being a recommending body. I do not think that that is so, because requiring the Secretary of State to confirm IPC decisions means in effect that Ministers are taking the decisions themselves. In order to get to the point of being able to decide whether to confirm a decision, it is necessary to review everything that has gone on, so there is still the position—*[Interruption.]* Well, I am glad we have consensus on that. I do not need to go into the terminology and tautology of those amendments. They would add to uncertainty, and they might be even worse than the original set of amendments, which would have turned the IPC into a recommending body. That would undermine transparency as well. We will, therefore, oppose those amendments.

On improving accountability, there will be clear policy statements and a power of intervention. That is already in the Bill. My discussions with Members have led me to believe that many people have not understood that the Bill as currently drafted includes the power for Ministers to intervene in certain circumstances, not only on national security and defence, but, for example, where the national policy statement does not cover a specific issue. The Minister can either decide to review the national policy statement or to take the decision. Again, where circumstances change or there is new evidence, the Minister can say, "The NPS doesn't bite, and therefore I intend to make the decision." That is important, because the terms on which our debate has been conducted have almost been that there is absolutely no point at which Ministers can intervene at all, and I want to make it clear that that is not the case.

The Bill also includes provisions that make the IPC accountable, and that make it give reasons for its decisions and ensure that they are clear. I know, however, that people still have concerns; there has been vigorous debate in Committee. I therefore propose some changes to address those concerns, which I want to put on the record. I have had extensive discussions with Members—certainly from the Labour Benches—and they have expressed their views constructively, and determinedly, because they feel that these issues are important to themselves and their constituents.

First, I make a commitment that the national policy statements that cover nuclear power stations and airport development—the two most contentious forms of development covered by the Bill—will be location-specific. The national policy statements will not only cover the national need but will also say that development is likely to take place in certain areas, and it is unlikely to take place in other areas where, simply, it would not be suitable. As far as we can, we will make those location-specific. That is important, as it further constrains the ability of the IPC to take these decisions without reference to a politically determined framework that has been the subject of debate and scrutiny by the Select Committee and of public involvement.

Mr. Paul Truswell (Pudsey) (Lab): As national policy statements may well turn out to be very prescriptive, by the time individual inquiries start at local level, local people might find that the die is already cast on many of the issues covered by them. Will my right hon. Friend therefore spell out in greater detail the extent of public consultation on national policy statements—the length of time and the process that will be followed?

Hazel Blears: My hon. Friend will know that the phrase in the Bill is quite open regarding the consultation that should take place. I am happy to confirm that it will include consultation with the public. That will vary with each NPS, as some will be on big issues that are locationally specific, so different people are likely to be interested, while others will be more general and will not raise people's concerns. The question is whether the consultation is appropriate and proportionate, and gives people who are concerned the right to have a say. There is the absolute intention on the Government's part to ensure that the country has a debate about these big national issues. Whether Opposition parties like it or not, they have to be faced. If this country is to have an energy supply, the right transport network and aviation, those issues need to be pursued. We cannot put our heads in the sand: we must have that debate with the people.

Mr. Clifton-Brown: Will the Secretary of State give way?

Hazel Blears: I shall press on, because otherwise hon. Members will not get a chance to debate the issues.

I shall go through the changes that I intend to make. The NPSs on aviation and nuclear power will be locationally specific. Secondly

Mr. Clifton-Brown: The Secretary of State said something really important: will she give way?

Hazel Blears: I said "secondly", and I am going to get through my list, which is also important.

Secondly, the Government have already proposed that the chair of the IPC should be subject to pre-appointment scrutiny by a Select Committee. The Government have now agreed to extend that pre-appointment scrutiny to the deputy chairs of the IPC. I know that that was a concern of my hon. Friend the Member for Liverpool, Riverside (Mrs. Ellman), who is at this moment chairing her Select Committee, and I am delighted to be able to address it.

Thirdly, there will be a requirement for the IPC to provide the Select Committee with reports on particular subjects that concern the Committee. Fourthly, the Government have agreed that the relevant Select Committees should be able to call the chair of the IPC before them to explain not just the overall performance of the organisation but particular aspects of decisions. I hope that it will be acknowledged that that is a significant shift in terms of accountability.

Finally, and most importantly, I can give a commitment that the Government will carry out a review of how the IPC is working two years after its establishment. The Government have also agreed to table amendments in the other place so that if that review reveals problems, they can in future extend the grounds on which Ministers can intervene to remove decisions from the IPC and take the decisions themselves. This new amendment will ensure that if this system is not working, Ministers have a safety valve to widen the basis on which they can take decisions in future. That is a significant addition to the Bill and this is a very strong package of measures that, taken together, will strengthen democratic accountability. Labour Members have pressed hard for better democratic accountability in the new system and I am grateful for their constructive engagement.

Mr. Clifton-Brown: Will the Secretary of State give way now?

Hazel Blears: Oh, I'll give way to the hon. Gentleman.

Mr. Clifton-Brown: I do not know why the Secretary of State gives way in such a churlish fashion.

The right hon. Lady has just made the important statement to the House that aviation and nuclear decisions will be site-specific. That effectively freezes in aspic from this moment onwards decisions on those sites until the national policy statements are made. Can she tell the House how long she expects the statements to take so that applications on aviation or nuclear sites can be considered by the IPC?

Hazel Blears: I am afraid that the hon. Gentleman is perhaps not fully aware of the provisions of the Bill. The process through which the IPC will take decisions does not come into effect until there are designated national policy statements that have to go through the process. Until that point is reached, the existing planning system will continue to operate. If he looks carefully at the Bill, he will see that there is provision for the transition process that existing statements must undergo to become designated national policy statements. I suggest that he study the Bill in a little more detail, because it sets out the position.

John McDonnell: Will my right hon. Friend give way?

Hazel Blears: I have spoken for 50 minutes so far and I am conscious that hon. Members need time to debate, but I shall give way.

3.45 pm

John McDonnell: The Secretary of State has just said that she has made a significant announcement about the two-year review. May we have some clarity about how that review will be undertaken, who will undertake it, where it will report, whether it will be reported to the House, and whether any recommendations for further legislation will be voted on in the House as a result?

Hazel Blears: My hon. Friend raises a range of detailed issues. My announcement today was that there will be a review that will be supported by a regulation-making power, which will mean that we do not need primary legislation if we decide at that point that we have to widen the intervention power. I am sure that there will be plenty of opportunity to debate the detail of that issue, but as I have said, we will bring forward those proposals in the other place as the Bill goes through. That is a strong package for democratic accountability.

Sir Paul Beresford: Will the Secretary of State give way?

Hazel Blears: No. If I agree to give way to the hon. Gentleman, who is always charming and never churlish, I will get in trouble from the hon. Member for Cotswold, so I am afraid that I cannot do that at the moment.

I want to deal with the public's right to be heard, because it has been the subject of various amendments, too. I have been very disappointed by some of the campaigning outside the House, which has led the public to believe that the provisions in the Bill will somehow squeeze out the public's right to be involved. Nothing could be further from the truth.

Under the new system, the public will have at least three opportunities to get involved. They will be able to get involved with the formulation of the national policy statement and with the issues of what the country needs and where it should be on aviation, power and all those big subjects. They will be involved when a promoter brings forward an application, which is a wholly new right that does not exist under the current system, and they will be consulted about the application before it is even considered. They will have a third right to be heard during the examination in public, and they will be able to make representations and to be represented if that is what they want.

Several hon. Members *rose*

Hazel Blears: I shall give way in a moment. I am just going through the three points. The public will be involved in the national policy statement, before the application is brought forward and at the examination in public. There will be a possible fourth area of involvement when a specific issue is considered by the independent planning commission, and there will be a right to be heard. I defy any Member of the House to say that that is not a significant package of public involvement in the British planning system.

Mr. Llwyd: As a lawyer, the Secretary of State will realise that the best test of any evidence is cross-examination. The commission will decide whether an objector has the right to cross-examine a proposer. That will be absolutely at the discretion of the commission—and that is dubious and worrying. I ask the Government to reconsider. I see that there are four stages, but why leave the veto in?

Hazel Blears: I do not accept that it is a veto, and neither do I agree with the hon. Gentleman. Yes, I am a lawyer, and I have seen many cases in which cross-examination has not necessarily been used simply to test evidence. In inquiries that take three, four or five years and are dominated by highly skilled but also highly paid lawyers, the cross-examination of individuals can often be intimidating and an extremely distressing experience. I have no objection to an inquisitorial system that seeks out the truth. I do not accept that in every circumstance cross-examination is the best way to get to that truth. The hon. Gentleman will know that the Bill does not oust cross-examination. It can take place, but I do not accept the hon. Gentleman's premise that cross-examination is always the best way to get to that information.

Mr. Llwyd: There is a veto if the commission decides that cross-examination is not appropriate. In Committee, the Minister for Local Government made the point that the commission will have overall control of that inquisitorial process, as judges do nowadays. It will decide how things are managed, and it will intervene at times to prevent a long drawn-out affair and unnecessary cross-examination. I cannot understand the Government's thinking.

Hazel Blears: Equally, I cannot understand the hon. Gentleman's concerns. It is always appropriate to set rules about how inquiries should be conducted, with guidelines as to how matters should be explored, and what the time scales should be. I do not accept that cross-examination is the holy grail when it comes to testing evidence and arriving at the truth. He will know that legal systems around the world take a different, more inquisitorial approach. The aim with planning inquiries is to balance various parties' interests, and the commission's ability to ask questions in an inquisitorial process may well lead to better results and information than could be achieved otherwise. The trouble with the sort of predetermined process that is the alternative is that people dance around trying to make the best argument, but do not uncover the truth and the best evidence. I counsel the hon. Gentleman against that.

Lynne Featherstone (Hornsey and Wood Green) (LD): Will the Secretary of State give way?

Hazel Blears: I intend to finish shortly, but I will give way to the hon. Lady, as she has not intervened before. Before I do, though, I want to say that the new proposals, taken as a whole, give people the right to be heard. I am very conscious that it is often the well-organised pressure groups that can make representations to current planning inquiries. I have no problem with that, and it is right that they should be able to do so, but ordinary people and communities often find it difficult to be represented and to sustain cross-examination. For that reason, this year I have virtually doubled the amount of money going to Planning Aid, which aims to help people who do not normally have a voice. I have set out significantly increased indicative budgets for the next two years, and I want to see whether there is anything more that I can do as well. These are very important issues, about which people are genuinely concerned. I want the small voices to be heard, because very often they are squeezed out of our system. Democracy means that the less powerful people get a say, as well as the powerful organisations and groups.

I give way to the hon. Member for Hornsey and Wood Green (Lynne Featherstone).

Lynne Featherstone: I thank the Secretary of State, who is being very generous. Are there any criteria or guidelines on how the new consultation rights can make a difference to a proposal? Many consultations make no difference, and I am worried that people will feel that this is just a tick-box exercise, and not something that can deliver a different outcome.

Hazel Blears: The hon. Lady makes an important point. The Bill contains provisions ensuring that the IPC must give due weight to the various representations that are made. Clearly, experience from other forms of decision making shows that phrases such as "giving due weight" or "having regard to" have specific connotations. There is quite a body of evidence on the weight that should be given to the various criteria, so we should be able to deal with the problem that she has identified. The consultation process is not new; if people want to mount a challenge because their views have not been taken into account, they will know the sort of criteria and weighting that should have been applied. As I said, we can issue guidance about the kind of consultation that ought to take place, and I do not think that the hon. Lady should be too concerned.

Finally, I turn to new clause 42, in the name of my hon. Friend the Member for Sheffield, Attercliffe. It would require the IPC to invite affected local authorities to produce reports on the views of their residents, the impact of a proposal on a community and its interaction with the local development plan. The legal formulation says that the commission "must have regard" to the local impact report, and that is a pretty strong way of making sure that elected local authorities have a bigger say on behalf of their communities. I entirely accept that this is a question of democracy. I want to make sure that we build in as many checks and balances as possible, but at the same time ensure that decisions are made speedily and efficiently. Local authorities will also be statutory parties to the examination. The arguments about the need for a formal role for local government have been very strong indeed, and I very much welcome new clause 42, and the supporting amendments Nos. 349 and 355.

I urge hon. Members to reject amendment No. 327, tabled by the hon. Member for North Cornwall (Dan Rogerson), which suggests that local authorities should be compelled to produce a report and that the IPC should pay for it. First, I am not in the business of compelling local authorities. I am trying to devolve more to them and give them more power, so I think that local authorities should do it for themselves. Also, the amendment does not make it clear to whom that report should go. The amendment on that matter tabled by my hon. Friend the Member for Sheffield, Attercliffe is much to be preferred. I am sure that the hon. Member for North Cornwall will be disappointed with that.

The final matter that I wish to deal with is whether a special parliamentary procedure should apply if the IPC wants to amend legislation. The hon. Member for Beckenham (Mrs. Lait) will know that the provisions on that matter are related to the amendment of some fairly elderly legislation that is often about railways and ports, and in many cases is more than 100 years old. Some of it is hybrid legislation, and on occasion the IPC may need to modify it as part of the single consents regime, which is a real prize that we want to get from the Bill. I want to ensure that it can do that.

I do not think that we should have a special parliamentary procedure, which would be cumbersome and very difficult to administer. I suspect that beneath the relevant amendments lies the fact that the hon. Lady wants to reinstate either ministerial or parliamentary decision making instead of decision making by the IPC. The amendments are an intriguing way to seek to do that. None the less, on that basis I urge hon. Members to reject them.

I want to make it clear that we shall accept new clauses 40 to 42 and amendments Nos. 340 to 355, tabled by my hon. Friend the Member for Sheffield, Attercliffe.

I have spoken for far too long, and probably taken far too many interventions. I hope that I have helped Members to see the overall thrust of the Bill, and I genuinely think that we need to make significant progress on getting a better system to take forward our proposals.

I have just had sight of a letter that National Grid has sent the Leader of the Opposition about its concerns about the Opposition's position on the Bill. It is significant because it states:

"Improving the way the UK gives planning approval for this infrastructure is now absolutely crucial to delivery of a secure, greener, energy economy for the UK. My fellow energy company Chief Executives and I therefore regard timely passage of the Planning Bill as essential."

The letter asks all parties to ensure that we can proceed, for the benefit of the environment, and states:

"Without a much smoother planning process we believe many of the aspirations you set out so clear in your Blue/Green Charter will not be achieved and all of us may find the UK in an ever more vulnerable situation."

I ask hon. Members to think extremely carefully about that.

As I have said, we shall support certain amendments, including amendments Nos. 340 to 355. I am grateful to hon. Members for their patience. I look forward to the debate and hope to be able to respond to any other matters that Members might raise.

Mrs. Jacqui Lait (Beckenham) (Con): I had assumed, Madam Deputy Speaker, that we would follow the order in which Members' amendments were so charmingly read out by your predecessor in the Chair, but I rise with great interest after an hour and a minute. I shall try to be brief, because I know that many Members wish to be heard and that we are very short of time because of the programme motion.

I shall address the amendments in roughly the same order as the Secretary of State and will consider the Government amendments first. She will be delighted to know that I do not have much objection to the amendments on national defence and security. I was pleased to learn that the suggestions of my hon. Friend the Member for Bromley and Chislehurst (Robert Neill) on the commencement of development have been taken up, and I commend the Government for listening to us on at least one matter. If my memory serves, he also brought up the issue of changes in the details of an application during the Committee stage, so we can achieve something.

I congratulate the hon. Member for Sheffield, Attercliffe (Mr. Betts) on the acceptance of new clause 39, and I hope that he thinks that it is worth it in the long run. On special parliamentary procedures, the right hon. Lady is absolutely correct that we are most concerned about the lack of democracy in the infrastructure planning commission. I will speak to amendment No. 5 and various consequential amendments, which would bolster the special parliamentary procedure. I will also speak briefly to amendments Nos. 55 and 292.

4 pm

There has been quite a lot of discussion about the role of national policy statements. I do not wish to be ruled out of order, given that, as the right hon. Lady rightly reminded us, there has been a vote on that in the House. However, I hope that she notes that we stick to the view that national policy statements should be subject to a substantive vote in Parliament to ensure that the British people know that Parliament has spoken and the view given is not just that of the Government. Of course, that process would allow Ministers to retain the right of decision making. I assume that everyone in the House has been taking an interest in planning, so they will know that delays in the planning system are not entirely down to Ministers being unable to make up their minds. One of the reasons there has not been much progress on infrastructure over the past 10 years could be laid at that door.

We are replacing a tortuous and cumbersome system. However, I hope that I have made it clear on Second Reading, in Committee and on Report how we could deliver decisions on infrastructure more quickly and effectively without quite such a dramatic change—without completely pulling up the plants and chucking them away. If a national policy statement is passed by the House, Ministers will be quite capable of making decisions on infrastructure developments, even though those decisions can be difficult and Ministers might not wish to stand up to defend them. We do not need an unelected and unaccountable quango to do that for us.

The right hon. Lady did not repeat the argument that the Secretary of State's role is quasi-judicial, which the Minister for Local Government cited regularly in Committee. We accept that, but the British public's

perception regards the Secretary of State as the backstop of democratic accountability. One of the reasons Ministers are in post is so that they can take tough decisions, and if the British public do not like those decisions, they can readily make a decision about them at the next election. I was glad that the right hon. Lady put it on record that Parliament will not have a substantive vote on the national policy statement because there is a misapprehension outside the Chamber that it will have such a vote.

We are sad that the hon. Member for Sheffield, Attercliffe, who fought a good fight in Committee for retaining democracy in the planning system, has done a deal. When the concessions that he has received are analysed, they do not amount to—

Mr. Llwyd: A row of beans.

Mrs. Lait: "A mess of potage" is the other phrase that comes to mind.

I gently point out to the hon. Member for Sheffield, Attercliffe that a review of the functioning of the IPC after two years of its operations will certainly take place after the next general election. We could achieve what he stood for in Committee, because after the general election, we will review the IPC out of existence. I should also put it on record that any person who applied to be a member of the IPC would have a very short contract. So I hope that the hon. Gentleman feels that we can achieve his purpose for him, and that it was therefore a concession that he could easily make.

Mr. Clive Betts (Sheffield, Attercliffe) (Lab): I am listening with interest to the hon. Lady. Will she explain precisely what the policy of the Conservatives would be if they were to get into government after the next election? If they were to abolish the IPC, what would they put in its place? Would they go back to the existing system, with all its delays, which every business organisation in the country has opposed and rejected? Exactly what would they put in its place? They could not abolish it without putting something back.

Mrs. Lait: The hon. Gentleman must have been the bane of the Whip's life in Committee, because I seem to remember that he attended every single sitting. We went through this matter in great detail in Committee, but, because we have only 55 minutes left for this debate under the programme motion, I recommend that he go back and read the record of proceedings. He will then be able to see how we proposed to improve the delivery of infrastructure development; it is all set out in the record.

The other thing that the hon. Gentleman has kindly achieved is the introduction of location-specific national policy statements for nuclear power stations and airports. The Secretary of State said that those were the two most controversial points, but I look forward to her introducing the national policy statement on hazardous waste very soon. However, we now have location-specific NPSs for nuclear power stations and airports, which, by definition, will effectively give outline planning permission to those developments. The hon. Gentleman will remember that we discussed that matter in detail in Committee.

The problem with the Government's proposals, and the lack of democracy involved in the proposed system, is that they lay the system open to the possibility of judicial review. Many people sincerely believe that the new system will deliver infrastructure more speedily, but I am afraid that they are likely to get an awful wake-up call. Many of the well-funded organisations who can afford to take court cases to judicial review have advised us that they will do so. So I congratulate the hon. Gentleman on his achievements, and I hope that he thinks that it was all worth while.

However, we will push forward with amendment No. 5. I apologise for all the consequential amendments involved. Their presence just shows that we have very diligent people working on the Bill with us. I would also point out that if the hon. Member for Selby (Mr. Grogan) wishes to stick to his principles, I will have no problem with that. I could not place a cigarette paper—do we still talk about cigarette papers?—between his amendment and ours, and we would be happy to support his.

We have been talking about the principles behind the IPC, and the difficulties that we foresee for it. However, we have always supported speedier infrastructure planning. We also believe wholeheartedly in the single consent regime; we just wish that it would go a bit further. We had that discussion in Committee, however, and it is not worth re-opening it here, although I am sure that the Lords will do so.

I hope that the Secretary of State understands the point behind amendment No. 292. If she does not, I apologise for not making myself clear enough. The amendment seeks to remove the right of the IPC to take into consideration everything that is "relevant and interesting". The original Town and Country Planning Act 1947 stated that "material considerations" had to be borne in mind when reaching decisions. I have been told by my legal friends that the definition of "material consideration" was not agreed until 1970, some 23 years later. Given that the term "relevant and interesting" is possibly even looser than "material consideration", it is not difficult to envisage yet more legal cases to define "relevant and interesting". I urge the Secretary of State to bear it in mind that if the whole issue of "material consideration" is opened up, her wish, and our wish, for a speedier system of delivering infrastructure will almost certainly be challenged in the courts for years to come. I hope that the Secretary of State will table amendments when the Bill reaches the Lords. I make that point in the best interests of planning—I hope that she does not believe that we are playing a party political role—because "relevant and interesting" may be mired in the courts for many more years than she envisages.

Mr. Clifton-Brown: I note that my hon. Friend has tabled a number of amendments on the role of the decision maker. The issue is whether the Secretary of State or the IPC makes the final decision. As the Secretary of State has made clear, the Bill prescribes certain circumstances in which she can take the final decision, but does my hon. Friend think that an application for judicial review will be almost inevitable every time the Secretary of State declines to take that decision, which will slow down the big infrastructure projects that we are seeking to speed up?

Mrs. Lait: My hon. Friend makes my point for me. It is not difficult to work out that, at every stage of the process, there will be a judicial review challenge. It is a sadness for me that we in this House are working

towards passing a Bill in which the flaws are apparent whenever we make a new point. I wish that Ministers would take that on board, because none of us wants big infrastructure decisions stuck in the system in the way that they have been for the past 10 years in particular.

The Secretary of State and the Minister for Local Government, who dealt with this in Committee, have made a great deal of the consultation that should be undertaken by applicants for development. The hon. Member for Sheffield, Attercliffe has obtained an agreement, to which I have no objection, that local authorities will oversee the consultation, but that does not go far enough. Any applicant for any development—we are discussing infrastructure in the context of this Bill—should have not only consulted but resolved as many as issues as possible before submitting the application. If the hon. Gentleman thinks back, he will realise that I made that point, which is one of the ways to speed up the system, in Committee.

Many of the objections to a planning application can be resolved before they even go to inquiry. These days, the duty to consult is regarded with the deepest scepticism by the people who should participate in the consultation, largely because of the top-down planning system that the Government have imposed through housing targets. People respond to consultations in good faith, but—this is true of a planning application that I have seen in the past 10 days—the decision by the Planning Inspectorate is entirely based on the particular district council not meeting its housing targets. That decision had nothing to do with the merit of the appeal or the views of local people; it was made just because the top-down housing targets had not been met. I am sorry, but consultation is now a dirty word among people who are trying to participate in the development of their communities. We have to go further than that, and I am sorry that this draconian Government do not wish to do so.

4.15 pm

Mr. David Drew (Stroud) (Lab/Co-op): Will the hon. Lady comment on something that I have difficulty understanding? Where under the national policy statement has there been mention of something site-specific? Does she think that there will have to be a further period of consultation if and when a promoter of a particular site comes forward, or does she think that, once the NPS is in place, that will be taken to have been part of the previous consultation? Will the hon. Lady help me with that?

Mrs. Lait: I find the hon. Gentleman's point challenging and it is part of the difficulty of having a site-specific NPS; the Government have agreed to the site-specific NPS. I hope, however, that the communities involved in such an NPS would take part in the consultation on the details at that stage. But when it came to any application to an inquiry, I hope that they would also take part in that inquiry entirely on local planning issues. That is what we need if the planning system is to be speeded up.

At present, all the planning inquiries are held up because of the long debate about the policy; that is why having a national policy statement can, by itself, take out a large chunk of time. Whoever is chairing the inquiry should ensure that it focuses entirely on local planning issues. That is how I hope it would work, but currently the Government are trying to implement it. I go no further than that.

Mr. Betts: Will the hon. Lady give way?

Mrs. Lait: Of course. I keep mentioning the hon. Gentleman; it is only fair that I should give way to him.

Mr. Betts: I entirely agree that there should be as much consultation as possible before the application is formally lodged, because it is easiest to resolve problems at that stage. The hon. Lady must therefore surely welcome the whole of chapter 2 of the Bill; it provides a comprehensive approach to pre-application scrutiny.

Mrs. Lait: The hon. Gentleman is missing the point; the Bill just talks about consultation. I may be splitting hairs and I may not understand English terribly well, but to me, consultation does not mean resolution. It means only that we have to talk, not that we have to resolve. That is the key. He may well remember the debate that we had in Committee, although I do not want to repeat it because too many other people want to speak. It was about how various planning applications have been dealt with by pre-application, and how everything had been essentially resolved before it went to the inquiry.

Mr. Llwyd: The hon. Lady will remember the pre-legislative scrutiny stage of the Bill. We consulted many professional bodies. Did we take any of that consultation on board?

Mrs. Lait: We took quite a bit of it on board, actually.

Mr. Llwyd: Were there any changes to the Bill?

Mrs. Lait: Oh well, that is different.

Mr. Llwyd: Ah!

Mrs. Lait: But we certainly took it on board and based a number of our amendments precisely on the information given to us at that stage. Indeed, the hon. Gentleman may remember that we picked up one or two suggestions that the Minister talked about during the pre-legislative scrutiny.

Finally, I turn to the issue of the right to be heard. I am not a lawyer, but the one thing of which I am very conscious as a guardian of the liberties of the British people is the right to cross-examination. Sadly, the right to be heard is being used in the sense of people being able to speak in an open forum, not in the sense of the right to cross-examination. The right to cross-examination does not mean that everybody has to cross-examine all the time under all circumstances. However, we exist in a system of common law in which the right to cross-examination stems from mediaeval times. Even to suggest that we take that right away from the British people is to challenge one of the fundamental tenets of the British constitution. I find it breathtaking that, on issues of this importance to local communities, it should be thought that they cannot cross-examine the people who have proposals to develop in their area. I do not wish to import that into our legal system. I therefore hope that

[Mrs. Lait]

the Government will come forward with a guarantee in the Lords that those who wish to cross-examine can do so.

If the hon. Member for Selby presses his amendment, I will suggest to my right hon. and hon. Friends that we support it; otherwise, I hope to press our amendment No. 5.

DEFERRED DIVISION

Madam Deputy Speaker (Sylvia Heal): I now have to announce the result of a Division deferred from a previous day.

On the motion on diplomatic and consular protection of Union citizens in third countries, the Ayes were 330, the Noes were 131, so the motion was agreed to.

[This Division Lists are published at the end of today's debates.]

Planning Bill

Question again proposed.

Madam Deputy Speaker: I remind hon. Members that there are approximately 40 minutes of this debate left. Perhaps they would bear that in mind when making their contributions.

Mr. Betts: From Second Reading onwards, I have spent a lot of time considering various aspects of the Bill. I have made it clear that I support its main intention, which is to provide a more expeditious way of dealing with planning applications for major infrastructure projects. At the same time, I have expressed several concerns about the initial proposals and have sought to try to improve the Bill rather than to oppose it. I have accepted the need for these matters to be dealt with expeditiously and tried to find a way of ensuring that that is done while bringing more accountability and scrutiny into the process. I must say bluntly to the hon. Member for Beckenham (Mrs. Lait) that I have heard her say that she is in favour of finding a more expeditious method, but I have not heard her propose anything that would deliver it.

It is all right for us in this House to pass resolutions and legislation committing ourselves to dealing with climate change, putting forward appropriate targets and perhaps even seeking to improve them, but the reality is that if we do not have a mechanism for ensuring that applications for nuclear power stations and wind farms get through in a relatively short period, subject to all the proper scrutiny that is needed, we will never meet any of those targets.

I have had discussions with right hon. and hon. Friends about the final say in these matters and whether it should be a recommendation or a confirmation process for the IPC, and I have tabled amendment No. 60 and other consequential amendments. It is a difficult issue. My right hon. and hon. Friends have advanced arguments, which we also had in Committee, about whether this is a judge and jury process and whether it creates too much unpredictability. I do not accept either of those arguments. By their very nature, planning applications are unpredictable; otherwise, there would be no point in going through the process of considering them.

However, I have to accept that there are two areas of concern. First, there will be an additional delay in applications, perhaps of a year or more. I have sat with colleagues and looked at the empirical evidence for that. I would say to hon. Friends who have tabled other amendments—for principled and proper reasons; I respect them for that—that I am not sure that merely stipulating a fixed time in which Ministers would have to reach a conclusion is necessarily a satisfactory way of dealing with this. Ministers might well need more time, and if they are not given it, we could end up with a set of different problems.

I accept that the existence of policy statements constrains, in political terms, the planning decisions made, whoever makes them. Therefore, I welcome what the Minister promised on the first day of Report—that the policy statements will be subject to parliamentary scrutiny. Secondly, I welcome the location-specific promise given for the policy statements on nuclear power and airports. At that stage, with parliamentary scrutiny, and with

Ministers taking decisions, real political decisions will be made, not quasi-judicial decisions on where developments happen. That is quite important.

I welcome the process improvements that have been agreed, particularly the commitment to accept new clause 42 and related amendments, which I will want to put to the vote, on the role of local authorities. The commission will have to have a statutory regard to the report produced by authorities that considers views of constituents and an application's relevance to and relationship with the authority's local development framework. Those measures raise local government to a different level in the consultation, and it is important that the body of elected representatives in an area should have that elevated role. I welcome support for that amendment.

I welcome support for the right of individuals to be heard where compulsory purchase orders affect them, and the acceptance of new clauses 40 and 41, and related amendments.

Mr. Llwyd: How does the hon. Gentleman's new clause 41 differ from the ordinary right to take a matter to the Lands Tribunal?

Mr. Betts: I will not respond to that in technical terms. My understanding is that there is currently a deficiency that would not allow people to have that right, which is covered by the new clause. I would have thought that such a change was fairly uncontentious. As I understand it, it would give people the same rights as they have to a public hearing on applications that go to the IPC. There has been a lot of misunderstanding on this matter, and I hope that Ministers will be able to make it absolutely clear that any individual who expresses an interest in an application that goes to the IPC will be able to ask for and get a public hearing, and that none of those matters will be dealt with by written representations in those circumstances.

I explored the matter of potential delay with my right hon. Friends, and we come back to the proposals of the hon. Member for Beckenham concerning Ministers' confirmation. I suggested that Ministers could take all the decisions from the IPC and, where there was no contention or they had no concerns, they could fast-track them, but there may be other issues that Ministers might want to take longer to consider. The problem is that if Ministers decided that they had no particular concerns, they would still have to go through a long-winded process of assuring themselves that they did not have concerns. If they did not, a fast-track process might be subject to judicial review, with all the problems that that can bring about.

It might be possible to introduce additional criteria meaning that Ministers could consider particularly contentious applications, but as my right hon. Friend the Secretary of State explained, the Bill lists criteria such as cases where there are concerns of national security, where there is no national policy statement or where a policy statement is out of date, or becomes out of date before the application or during the process of considering it. In all those circumstances, Ministers can intervene. If there are other circumstances in which ministerial intervention might be appropriate, I would like to hear about them, because I am prepared to consider them, but I thought that it might be best to consider what comes out of the practical application of the process. If, during the first two years, there are clear examples of where it would be more appropriate to refer a matter to Ministers, criteria can be developed at the end of the two-year review. This House sometimes has an obligation to be proactive in such matters. My right hon. Friend has said that there will be pre-appointment scrutiny of the chair and vice-chair. Regular reports will be provided to Select Committees, and Select Committees currently request such reports.

There is also a crucial point, which I raised, about accountability. Ministers can be brought to the Chamber to explain decisions about applications and now the chairman of the commission can be brought before any Select Committee. Indeed, the commissioners who make decisions can also be requested to appear before a Committee with the chairman to explain their reasons. If the House is proactive, it will build for itself a body of evidence about how the process is working and whether there are problems, and thus contribute to the two-year review. That is a challenge for us.

Sir Paul Beresford: What does the hon. Gentleman expect to happen if, in interviewing the chairman and the Minister, the Select Committee decides that they are wrong, post decision?

Mr. Betts: In the end, we can learn from the process whether we should change it and the policy statements in any way. The policy statements will form the basis of the decisions. If the commission has made a decision outwith the policy statement, it is automatically judicially reviewable. Perhaps my right hon. Friend the Secretary of State will confirm that we should make it clear that decisions must be based on the policy statements. If we would be more comfortable referring some matters to Ministers, that can be fed into the two-year review.

4.30 pm

The hon. Member for Mole Valley (Sir Paul Beresford) knows that, even in the current circumstances, when a Secretary of State makes a decision on the recommendation of a planning inspector, although the Secretary of State can be brought to the House to explain the decision, the House cannot change it. The position of the House will therefore be no different from that under current town and country planning legislation.

There is a problem with mission creep, which perhaps my right hon. Friend could examine. We set off thinking that there might be 10 to 20 applications a year to the commission. We have now been told that the figure might be 45. Much of that is due to Highways Agency schemes and a view in the Department for Transport that every such scheme should go to the commission. We should reconsider that. Perhaps some Highways Agency schemes of a more local nature could be referred to local authorities or groups of local authorities. That would reduce the need for the commission to consider them all.

I accept that final decision making is difficult. I have tried to consider it in the context of the need for expeditious decision making and better scrutiny and accountability. I know that some hon. Members of all parties feel that we have not gone far enough, and I hope that we will make some progress. The Secretary of State's proposals will improve the Bill and I am pleased

that she has agreed to support some of my amendments. I would like clarification of one or two points, and then I am more than happy not to push amendment No. 60 to a vote and to support the measure, with my right hon. Friend's assurances.

Dan Rogerson: We are discussing the most contentious aspects of the Bill, as the Secretary of State clearly pointed out. I am delighted that she is here to discuss the measure and to present those aspects this afternoon. I pay tribute to her for doing that, because the Minister for Local Government has handled the measure up to now.

There is consensus in three corners of the House about one fundamental point, which was raised on Second Reading, in Committee and this afternoon: reform of the planning system to speed up and ensure that decisions are made effectively on major national infrastructure projects is required. Some aspects of the measure set out to do that. There is also agreement that national policy statements are a step forward and will help in that process and that a single consent process is a step in the right direction. Indeed, there is agreement on many aspects.

However, the Government have failed to provide an answer about who makes the final decision. It is not fair to say that we can have all those other things without a democratically elected person making the final decision. I believe that that flies in the face of the purpose of the Bill and the Government's comments about local determination. Local member review is about strengthening the hand of locally elected representatives to make the final decision after officers have considered it in the first instance. Most hon. Members would support that.

Amendment No. 339, which the hon. Member for Selby (Mr. Grogan) tabled, amendment No. 5, which Conservative Front Benchers tabled, and amendment No. 68, which I tabled, would all do something similar. Although we accept that the planning system needs reform and that the Bill contains many helpful steps, the final decision must rest with someone who is accountable, not an appointed quango. Therefore, in common with the hon. Member for Beckenham (Mrs. Lait), I am happy to say that my hon. Friends and I will support the hon. Member for Selby (Mr. Grogan) if he chooses to push his amendment to a vote. Obviously I say that on the basis that he will have the opportunity to do so. Indeed, if he does not press his amendment, let me signal my intention to do so for him, should that prove necessary.

There are a number of other highly significant amendments in the group. I will try to rattle through them as quickly as I can. Essentially, we must get accountability back into the proposals. Our amendment No. 310, which seeks to limit to 40 the number of applications that the IPC can consider, is an attempt to probe the Minister for Local Government. He said in evidence to the Committee that

> "we can be pretty confident that, unless the proposals in the Bill for what should qualify as infrastructure projects for the IPC changes significantly, the sort of figure that we are talking about – 40 or 45 on average a year – is what the IPC would be expected to deal with." [*Official Report, Planning Public Bill Committee*, 10 January 2008; c. 148, Q362.]

However, in a subsequent parliamentary answer to me, that figure crept up to a firmer 45, plus an unspecified "larger number of less complex cases". [*Official Report*, 31 March 2008; Vol. 474, c. 712W.]

Hon. Members who have been following proceedings on the Bill closely will know that we have returned to the idea of mission creep again and again. To me, that larger number of less complex cases is highly suspicious. Our amendment No. 310 seeks to hold the Government to what we have been told all the way through. I am not convinced that the IPC is the right way to proceed, but if it is, we should at least be able to hold the Government to the assurances that they have given us up to now.

Amendment No. 327 seeks to make the new development consent process contingent on local priorities, although the Secretary of State was keen to point out that a number of the amendments are concerned with existing guidelines and policies. In common with others who have tabled amendments on that basis, I feel that all those processes and duly agreed-upon procedures and policies should be taken into account by the IPC. I therefore disagree with her that such an obligation should not be imposed on the IPC. Any wins that have been had by the local community and by those concerned with environmental considerations or whatever else it might be should not be lost at that point.

Many of my constituents, and I am sure those of other hon. Members, have expressed considerable support for amendment No. 66, which the hon. Member for Pudsey (Mr. Truswell) has tabled, which would ensure that people have the right to have their voices heard directly. That is an important issue that other hon. Members raised repeatedly in Committee, as we have heard this afternoon.

New clause 7 seemed to cause the Secretary of State some concern. It deals with independent third-party oversight of consultation and does not really need much more explanation than the hon. Member for Hayes and Harlington (John McDonnell) gave in an intervention, when he asked what confidence people would have in a consultation process carried out by the proposer of a scheme. That is a fundamental flaw in the process. We are talking about a consultation aimed at improving an application, so that when it reaches determination and a more formal inquiry process, a lot of the issues will have been dealt with. However, I am still not convinced that a local community can be confident that the proposer of a scheme will undertake that consultation in such a way that it truly reflects the concerns that have been raised, especially where they fundamentally disagree with what the proposer is trying to construct.

Previously on Report, we sadly lost the chance to strengthen and improve the Bill with regard to mitigating climate change and adapting to its effects. Hon. Members have tabled amendments to make those points again about the key wins that we have already had on planning policy. We must hold the Government to that. Our amendments Nos. 69 and 70 focus on those issues.

I am particularly keen that we discuss an issue that the hon. Member for Beckenham raised through her amendment No. 40, which applies to clause 110. The provision will cause much concern to people outside the House, as it will allow the IPC to set aside legislation that has been agreed in the House if it is in some way inconvenient to the determination that it is making. I think that that is fundamentally wrong. If changes to primary legislation are necessary, this House should

take the decision on them: it should not be taken by an unelected quango, which is gifted that power under the clause. That is utterly wrong.

There are a number of other flaws worth exploring. I am confident that many of the amendments in the group—sadly, we will not have the opportunity to vote on many of them this afternoon—would greatly improve the Bill. Let me respond to the hon. Member for Sheffield, Attercliffe (Mr. Betts), for whom I have a great deal of respect. Time and again in Committee, he stood up to make the case for improving the Bill. Sadly, in Committee as now, he decided not to press his amendments to the vote, so I was not surprised when he chose not to do so again this evening. His powers of analysis are on the record, but his negotiating skills may leave a little to be desired in the light of the concessions that the Secretary of State outlined earlier.

Certain schemes such as nuclear sites and airport expansions would be considered under the national policy statement site-specific procedure. We have already heard about that: it has clearly been the Government's intention throughout the proceedings. I am sure that Members with constituencies near Heathrow will be concerned that decisions might be taken even further away from local people, who will not realise how crucial it is for them to get involved in the NPS. They will probably be waiting for a local or specific application, not understanding that they need to make their voices heard over the NPS. I doubt whether retrospectively bringing in the IPC chairman to answer questions from Select Committees, will provide much reassurance to people who have had a scheme imposed on their local community.

I am afraid that I am not convinced by what the Secretary of State said, grateful though I am that she has presented herself to the House this afternoon to try to justify the Bill. As I have already said, my party finds accord with many of the Bill's provisions, but we are certainly opposed on the issue of the IPC taking the final decision on matters of such importance. We shall therefore support the amendment proposed by the hon. Member for Selby.

Mr. John Grogan (Selby) (Lab): I am grateful for the chance to say a few words in support of amendment No. 339. The Secretary of State, for whom I have great regard, described the amendments proposed by my hon. Friend the Member for Sheffield, Attercliffe (Mr. Betts), for whom I have equal regard, as being really useful. I cannot pretend that she will necessarily see my amendment in the same light, but I want to address my remarks specifically to her in order to highlight the two specific merits of the amendment. We on the Back Benches like to listen and learn from what is said by those on the Front Benches; never let it be said that we do not try to do that.

First, I have heard the words "business" and "certainty" mentioned all the way through these debates, and I believe that my amendment, unlike the Government's confused amendments and explanations of the Bill, gives business the certainty that it requires in promoting big infrastructure investments. As has been pointed out, the amendments proposed by my hon. Friend the Member for Sheffield, Attercliffe will create great uncertainty. In two years' time, a review will be conducted, so perhaps the whole system will change. The Secretary of State listed all the criteria whereby Ministers may take decisions under the proposed system. On "Newsnight" last night, the BBC's political correspondent suggested that decisions on all nuclear power stations, for example, could be considered under the national security criteria. Massive confusion is being created, whereas my amendment, specifying a definite six-month period for Ministers to take decisions, would be welcomed by many businesses. When I rang many business people this morning, I found that they were alarmed by the confusion apparent in the Government's proposals.

Secondly, there is the issue of democracy and ministerial accountability. As my right hon. Friend suggests, tough and controversial decisions are being made. It is all the more important for such decisions to have, and be seen to have, democratic legitimacy if there is not to be a series of protests up and down the country that would slow down the vital national infrastructure projects to which the Government are referring.

4.45 pm

I have reviewed the morning newspapers—just for myself: I was not invited to do so on any radio or television programmes, more's the pity—and it is clear that my right hon. Friend the Secretary of State has no support. Every leader writer in every newspaper, from the *Morning Star* to the *Financial Times*, was against her this morning. *The Guardian* said that the "final call" should be "taken by a Minister". The *Financial Times* said

> "Ministers cannot duck having the final say."

It is interesting to note that some of the bodies that the Secretary of State is calling in aid are beginning to evaporate, or are becoming a bit flaky. John Cridland, deputy director general of the CBI, said on Radio 5 Live this morning that he thought it might be quite a good idea to have a vote in Parliament on the national policy statements. If only we had known that two weeks ago! I was persuaded to abstain, such is my loyalty to the Government, but had I known that the CBI thought that it was a good idea, I would have changed my mind.

The Town and Country Planning Association has also issued a statement. It is not just the Minister who receives last-minute statements, by the way: they come to Back Benchers as well. The association has told us that it

> "believes that the use of land is justifiably a political as well as a technical question and therefore that ultimately accountability must lie with elected Ministers."

That is a very clear statement.

I read all the pamphlets written by my right hon. Friend the Secretary of State. I take them on holiday and analyse them. She is very strong on democracy. She has brought a great many focus groups to the country, along with a great many scrutiny committees and a great deal of consultation. However, she needs to firm up a little on votes, ministerial accountability, the need for people to stand up and be counted, and the need for others to be able to criticise them for vital decisions, whether on nuclear power stations or airports.

The cult of experts has its limits. Everyone mentions the Monetary Policy Committee, but it has a pretty narrow remit—money supply. We could mention the

committee that chooses the sites for super-casinos, perhaps a less happy experience for the Government. The Government pray in aid the Competition Commission, which, interestingly, has dispensed with all public interest decisions, rightly confining itself to decisions on technical economic matters relating to competition.

That brings me to the phrase "quasi-judicial". It is said that Ministers merely make quasi-judicial decisions, and are very constrained. As other Members have pointed out, there is a public interest element here. That is why an average of 20 applications a year are turned down: 20 times a year the Government do not approve the recommendations of the Planning Inspectorate. A couple of applications in recent years have been the type that we are discussing today. One was for a gas storage plant, and the other involved a port. On occasion the public interest is weighed up, and Ministers find the experts wanting.

Let us examine what our great judges have said about the matter. I am sure that, as a lawyer, my right hon. Friend will be well aware of the judgment in R (on the application of Alconbury) v. Secretary of State for the Environment, Transport and the Regions (2001 UKHL 23). Lord Nolan said:

"In the relatively small and populous island which we occupy, the decisions made by the Secretary of State will often have acute social, economic and environmental implications. A degree of central control is essential to the orderly use and development of town and country. Parliament has entrusted the requisite degree of control to the Secretary of State, and it is to Parliament which he"

—or she—

"must account for his exercise of it. To substitute for the Secretary of State an independent and impartial body with no central electoral accountability would not only be a recipe for chaos: it would be profoundly undemocratic."

There are many more statements like that, but I do not have time to quote them now.

When my right hon. Friend delayed tonight's vote for two weeks of intensive discussions—I am very disappointed, incidentally, that my hon. Friend the Member for Sheffield, Attercliffe did not invite me to meet the Prime Minister on Monday evening; I missed out on that—she said that she wanted the decision to be made in the House of Commons. I am sure that it is just happy coincidence that there is a by-election in Henley tomorrow and some Members will not be here to take part in tonight's vote, but I hope that the right decision will be made in another place. It is interesting that Sir Jeremy Beecham, the Labour leader on the Local Government Association—and another man who has written to us at the last minute—says his group profoundly disagrees with some aspects of the IPC, but that it wants to sort it out in the Lords. We in this House should make a clear statement tonight that we are not happy on the grounds of certainty for business and of democracy. I shall ask for permission to press to a vote amendment No. 339, and also amendment No. 66, which I have not had a chance to talk about. This House should stand up and be counted tonight.

Mr. Curry: We should be grateful to the Secretary of State for coming before the House to argue her case, and she has done so with her usual enthusiasm and consideration. There were times, however, when she reminded me somewhat of Napoleon. Her categorical assertion of the primacy of the national interest, which must override any other consideration, was very powerfully put, and in many ways she is right, in that the issues we face call for bold decision making. The question is how we reconcile the need to take decisions in the national interest with the requirement that ownership should be felt at the level of those people who will pay the price, because in all planning decisions some people pay the bills and others reap the benefits. We must find a way of reconciling that, and find a process that people feel is reasonable.

A lot will depend on how the mechanism the Secretary of State has outlined will work in practice. It will be up to this House and its Committees to get hold of this mechanism by a prominent part of the anatomy and shake it, and to assert from the very beginning that it intends to play a major role and to call to account in practice, and not just theoretically. We talk a great deal about accountability; we sometimes fail in our own duties to assert it, but we have the power to do so.

One of my concerns is that we will have yet another quango. It is a curious fact that in England and Wales more people serve on quangos than serve as elected councillors. The "quangocracy" has taken over from the democracy to a significant extent in our life. The Government have been prolific in creating quangos, and here is yet another very important one.

Planning is an intensely political activity. People sometimes blithely say, "Politicians interfere in the planning process", as if planning were some eternal, infernal or esoteric machine that ought not to be interfered upon by the sort of people who get themselves elected and stoop to that rather dismal task. It is intensely political; it is about mediation—about mediating between individuals. That is what happens when someone wants to build a conservatory or plant a leylandii hedge. It is about mediating between the individual and the community, and between the community and the nation. Planning decisions can overturn people's lives, not merely the value of their properties. The amenities people enjoy shape their lives fundamentally. It is important that their voice is heard, and that they should feel it is heard. It is easy for us to say, "We have provided a lot of consultation", but if people do not feel it is real—if they feel it is a formal mechanism that sweeps them up but that nobody listens—they will be seriously disaffected by the entire process.

Therefore, this is about people, not stakeholders. There must be clear lines of accountability, because at the end of the day the public have to be able to kick somebody, and they have to be able to kick somebody who feels the pain. On the whole, quangos do not feel the pain, so the kicking can be futile. Politicians do feel the pain, however, for the obvious reason that from time to time that pain can have fairly cataclysmic results for us. It is a mistake to talk about a policy of principle as being the same as the acceptance of the conclusions to that in the specific.

We do not yet know much about the commission. During the progress of the Housing and Regeneration Bill the name of the new boss was announced at a very early stage, but its passage was rather more rapid than that of this Bill; this has been the most stuttering Bill I can remember in a long time. There has been a huge gap between when it came out of Committee and the first attempt at the Report stage, and then a huge gap before the second attempt at the Report stage. It almost has the feel of being fatally wounded before it gets anywhere near the completion of its passage. Personally, if we are to have this body, I would rather that it had independent

people with analytical skills on it than make an attempt to represent every single interest group. I hope that we will never hear the word "stakeholders" used in reference to the people manning the committee. That would be entirely the wrong approach.

The Secretary of State made two specific concessions. First, she talked about nuclear and airport decisions being locationally specific. However, she talked in terms of having a shortlist of places—areas that might be eligible and areas that would not be. I just want to know how specific the location will be, because that was not clear from her remarks. I cannot conceive, for example, that a decision to build a new runway should not be one for the Cabinet to make. Given its huge implications, such a decision should not be taken any lower than Cabinet level. Secondly, the Secretary of State mentioned the review after two years. I am glad about that, but I wonder just how many cases the commission will have adjudicated on by 3 June 2010.

We all want more speed in the planning process, but I wonder whether the Bill will improve matters. From the promoters' pre-application consultation process, by the time an application has worked through the system, with all the opportunities for judicial review, I wonder whether we will have done anything more than introduce a system that will take just as long but has had some of the democratic accountability—on which people depend to a significant extent—removed, in an area on which people are pretty disaffected already.

Mr. Truswell: I speak in support of amendment No. 66, which I tabled. On Second Reading, I said that I would subject the Bill to a simple test: if my constituents face a major infrastructure planning application, how far would the process allow them to play a significant role in the decision on it. The process by which the IPC will undertake inquiries is grossly inferior to the current system. The measures proposed by my right hon. Friend the Secretary of State would have been a magnificent addition to what already exists: they are not a substitute for it.

Removing the right of interested parties to test the evidence through cross-examination is a retrograde step. The other proposals in the Bill, such as the open floor session, do not compensate for the removal of the essential right to cross-examine. The open floor session does not include a right to ask questions, to produce witnesses or more formally cross-examine the applicant. It downgrades the right to be heard to little more than a right to sound off. Communities will not be satisfied with the limitations of the measure and the result may be more direct action, as we have seen in the past, or judicial review.

The Bill provides opportunity for pre-application consultation that does not exist in the current system, but my experience—and that of the hon. Member for Beckenham (Mrs. Lait)—is that such consultation is largely meaningless, because it is organised by the developer, who is not an independent arbiter of such matters. To be credible, consultation should and must be organised by publicly accountable bodies with a transparent process.

Despite all the research that I have done, there is little evidence that the present opportunities for public involvement through oral hearings and cross-examination are responsible for inordinate delays. The terminal 5 inquiry is often mentioned in aid of such arguments, but much of that delay was down to the applicants' lack of preparation, the number of documents submitted, the several regimes under which the application was heard, and the time taken to reach a decision once the inquiry was over. The present system has been caricatured as a barristers' bun fight and we have heard talk of nimbyism and well-resourced non-governmental organisations. However—I think that the right hon. Member for Skipton and Ripon (Mr. Curry) nearly touched on this—it all comes down to what Winston Churchill once said about democracy being the worst form of government apart from all the rest. I believe that the measures that the Secretary of State is seeking to introduce to replace the current situation are simply a case of throwing the baby out of the bathwater, and so I shall want to press amendment No. 66 to a vote.

Hazel Blears: I shall be very brief, because I spoke at length in the earlier part of the day

It being Five o'clock, MADAM DEPUTY SPEAKER *proceeded to put forthwith the Question already proposed from the Chair, pursuant to Orders [2 June and this day].*

Clause read a Second time, and added to the Bill.

MADAM DEPUTY SPEAKER *then proceeded to put forthwith the Questions necessary for the disposal of the business to be concluded at that hour.*

New Clause 12

EFFECT OF INTERVENTION

(1) This section applies if the Secretary of State gives a direction under section 103(1) in relation to an application.

(2) The Secretary of State has the functions of

(a) examining the application, and

(b) deciding the application.

(3) The Secretary of State may discharge the function of examining the application by

(a) directing the Commission to examine such matters as may be specified by the Secretary of State;

(b) conducting an examination of any matters in relation to which a direction under paragraph (a) is not given.

(4) Schedule [Examination of applications by Secretary of State] makes provision in relation to the Secretary of State's function of examining an application under this section.

(5) An examination under subsection (3)(a) is to be conducted in accordance with paragraph 1 of Schedule [Examination of applications by Secretary of State].

(6) An examination under subsection (3)(b) is to be conducted in accordance with paragraph 2 of Schedule [Examination of applications by Secretary of State].

(7) Rules under paragraph 3 of Schedule [Examination of applications by Secretary of State] must provide for a deadline for the completion by the Secretary of State of

(a) the examination of the application under subsection (2)(a);

(b) the examination of any matters under subsection (3)(b).

(8) The Secretary of State's examination of the application is a statutory inquiry for the purposes of Schedule 7 to the Tribunals, Courts and Enforcement Act 2007 (functions etc. of Administrative Justice and Tribunals Council).

(9) Subsection (5) of section 250 of the Local Government Act 1972 (provisions about costs applying where Minister causes a local inquiry to be held) applies in relation to the Secretary of State's examination of the application as it applies in relation to an inquiry under that section, but with references to the Minister causing the inquiry to be held being read as references to the Secretary of State.

This is subject to subsection (10).

(10) Subsections (6) to (8) of section 210 of the Local Government (Scotland) Act 1973 (provisions about expenses applying where Minister causes a local inquiry to be held) apply in relation to the Secretary of State's examination of the application in so far as relating to a hearing held in Scotland as they apply in relation to an inquiry under that section, but with references to the Minister causing the inquiry to be held being read as references to the Secretary of State.

(11) In subsection (10) "hearing" means—

(a) any meeting or hearing that the Secretary of State causes to be held for the purposes of the Secretary of State's examination of the application, or

(b) a site visit.'. *[John Healey.]*

Brought up, read the First time, and added to the Bill.

New Clause 13

DEVELOPMENT FOR WHICH DEVELOPMENT CONSENT MAY BE GRANTED

'(1) Development consent may be granted for development which is—

(a) development for which development consent is required, or

(b) associated development.

(2) "Associated development" means development which—

(a) is associated with the development within subsection (1)(a) (or any part of it),

(b) is not the construction or extension of one or more dwellings, and

(c) is within subsection (3) or (3).

(3) Development is within this subsection if it is to be carried out wholly in one or more of the following areas—

(a) England;

(b) waters adjacent to England up to the seaward limits of the territorial sea;

(c) in the case of development in the field of energy, a Renewable Energy Zone, except any part of a Renewable Energy Zone in relation to which the Scottish Ministers have functions.

(4) Development is within this subsection if—

(a) it is to be carried out wholly in Wales,

(b) it is the carrying out or construction of surface works, boreholes or pipes, and

(c) the development within subsection (1)(a)with which it is associated is development within section 16(3).

(5) To the extent that development consent is granted for associated development, section 31 applies to the development as it applies to development for which development consent is required.

(6) In deciding whether development is associated development, a Panel or the Council must have regard to any guidance issued by the Secretary of State.'. *[John Healey.]*

Brought up, read the First time, and added to the Bill.

New Clause 39

LEGAL CHALLENGES RELATING TO NUISANCE ETC.

'No proceedings, whether criminal or civil, in nuisance and no civil proceedings in respect of the escape of things from land, other than proceedings for breach of statutory duty, may be brought in relation to development, works or operations authorised by an order granting development consent.'. *[Mr. Betts.]*

Brought up, read the First time, and added to the Bill.

New Clause 40

NOTICE OF PERSONS INTERESTED IN LAND TO WHICH COMPULSORY ACQUISITION REQUEST RELATES

'(1) This section applies where—

(a) the Commission has accepted an application for an order granting development consent, and

(b) the application includes a request for an order granting development consent to authorise compulsory acquisition of land or of an interest in or right over land (a "compulsory acquisition request").

(2) The applicant must give to the Commission a notice specifying the names, and such other information as may be prescribed, of each affected person.

(3) Notice under subsection (2) must be given in such form and manner as may be prescribed.

(4) A person is an "affected person" for the purposes of this section if the applicant, after making diligent inquiry, knows that the person is interested in the land to which the compulsory acquisition request relates or any part of that land.'. *[Mr. Betts.]*

Brought up, read the First time, and added to the Bill.

New Clause 41

COMPULSORY ACQUISITION HEARINGS

'(1) This section applies where the application includes a request for an order granting development consent to authorise compulsory acquisition of land or of an interest in or right over land (a "compulsory acquisition request").

(2) The Examining authority must fix, and cause each affected person to be informed of, the deadline by which an affected person must notify the Commission that the person wishes a compulsory acquisition hearing to be held.

(3) If the Commission receives notification from at least one affected person before the deadline, the Examining authority must cause a compulsory acquisition hearing to be held.

(4) At a compulsory acquisition hearing, the following are entitled (subject to the Examining authority's powers of control over the conduct of the hearing) to make oral representations about the compulsory acquisition request—

(a) the applicant;

(b) each affected person.

(5) A person is an "affected person" for the purposes of this section if the person's name has been given to the Commission in a notice under section [Notice of persons interested in land to which compulsory acquisition request relates].'. *[Mr. Betts.]*

Brought up, read the First time, and added to the Bill.

New Clause 42

LOCAL IMPACT REPORTS

'(1) Subsection (2) applies where the Commission—

(a) has accepted an application for an order granting development consent, and

(b) has received—

(i) a certificate under section 55(2) in relation to the application, and

(ii) where section [Notice of persons interested in land to which compulsory acquisition request relates] applies, a notice under that section in relation to the application.

(2) The Commission must give notice in writing to each of the following, inviting them to submit a local impact report to it—

(a) each authority which, in relation to the application, is a relevant local authority within the meaning given by section 95(5), and

(b) the Greater London Authority if the land to which the application relates, or any part of it, is in Greater London.

(3) A "local impact report" is a report in writing giving details of the likely impact of the proposed development in the authority's area (or any part of that area).

(4) "The proposed development" is the development for which the application seeks development consent.

(5) A notice under subsection (2) must specify the deadline for receipt by the Commission of the local impact report.

(6) The deadline is the deadline for completion of the examination of the application by a Panel or a single Commissioner (see section).'.—*[Mr. Betts.]*

Brought up, read the First time, and added to the Bill.

Clause 1

THE INFRASTRUCTURE PLANNING COMMISSION

Amendment proposed: No. 339, page 1, line 7 at end insert—

'(2A) Decisions taken by the Commission as part of any function conferred on it shall be subject to confirmation by the Secretary of State.

(2B) The Secretary of State must decide whether or not to confirm any such decision by the end of the period of six months beginning with the day after the day on which the Secretary of State received the decision.'.—*[Mr. Grogan.]*

Question put, That the amendment be made:—

The House proceeded to a Division.

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. I ask the Serjeant at Arms to investigate the delay in the No Lobby.

The House having divided: Ayes 260, Noes 303.

Division No. 232] **[5.2 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Ancram, rh Mr. Michael
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baker, Norman
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Barrett, John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brady, Mr. Graham
Brake, Tom
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Bruce, rh Malcolm
Burgon, Colin
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Cable, Dr. Vincent
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Challen, Colin
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Corbyn, Jeremy
Cormack, Sir Patrick
Cousins, Jim
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davey, Mr. Edward
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Davies, Philip
Djanogly, Mr. Jonathan
Dodds, Mr. Nigel
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Drew, Mr. David
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Field, Mr. Mark
Flynn, Paul
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Christopher
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gilan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Grieve, Mr. Dominic
Grogan, Mr. John
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hermon, Lady
Hoban, Mr. Mark
Hoey, Kate
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Howard, rh Mr. Michael
Howarth, David
Howarth, Mr. Gerald
Hughes, Simon
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jones, Mr. David
Kawczynski, Daniel
Keetch, Mr. Paul
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
Main, Anne
Malins, Mr. Humfrey
Marshall-Andrews, Mr. Robert
Mates, rh Mr. Michael
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McCrea, Dr. William
McDonnell, John
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Meacher, rh Mr. Michael
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Oaten, Mr. Mark
Opik, Lembit
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Prentice, Mr. Gordon
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Rogerson, Dan
Rosindell, Andrew
Rowen, Paul
Ruffley, Mr. David
Russell, Bob
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard

Short, rh Clare
Simmonds, Mark
Simpson, Alan
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, David
Taylor, Mr. Ian
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Timpson, Mr. Edward
Tredinnick, David
Truswell, Mr. Paul
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Sir Peter
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Wareing, Mr. Robert N.
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Williams, Hywel
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Wood, Mike
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Kelvin Hopkins and
Mr. Crispin Blunt

NOES

Abbott, Ms Diane
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, rh Mr. Gordon
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, rh Andy
Butler, Ms Dawn
Byrne, Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Cawsey, Mr. Ian
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cooper, rh Yvette
Creagh, Mary
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Healey, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoon, rh Mr. Geoffrey
Hope, Phil
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McFadden, Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morgan, Julie
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward

Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stuart, Ms Gisela
Tami, Mark
Taylor, Ms Dari
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, rh Keith
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Mr. Frank Roy and Steve McCabe

Question accordingly negatived.

Mr. Deputy Speaker: Order. May I say to the House that this is programmed business, and that the amount of time taken to complete that Division was intolerable in the circumstances? I hope that hon. Members will move more quickly through the Division Lobby, should the House decide upon another Division.

I understand that amendments Nos. 340 to 355, tabled in the name of the hon. Member for Sheffield, Attercliffe (Mr. Betts), have been accepted by the Government. I am therefore prepared to select them for separate Division. We will deal first with amendments Nos. 340 and 341.

Clause 56

INITIAL CHOICE OF PANEL OR SINGLE COMMISSIONER

Amendments made: No. 340, in page 33, line 3, after "received", insert "(i)".

No. 341, in page 33, line 4, after "application", insert ", and

(ii) where section [*Notice of persons interested in land to which compulsory acquisition request relates*] applies, a notice under that section in relation to the application." *[Mr. Betts.]*

Clause 85

WRITTEN REPRESENTATIONS

Amendment proposed: No. 66, in page 44, line 5, at end insert

", subject to the right of interested parties to make oral representations.". *[Mr. Truswell.]*

Question put, That the amendment be made:—

The House divided: Ayes 262, Noes 306.

Division No. 233] **[5.23 pm**

AYES

Abbott, Ms Diane
Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Ancram, rh Mr. Michael
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baker, Norman
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Barrett, John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brady, Mr. Graham
Brake, Tom
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Bruce, rh Malcolm
Burgon, Colin
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Cable, Dr. Vincent
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Challen, Colin
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Corbyn, Jeremy
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davey, Mr. Edward
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Davies, Philip
Djanogly, Mr. Jonathan
Dodds, Mr. Nigel
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Drew, Mr. David
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Field, Mr. Mark
Flynn, Paul
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Christopher
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Grieve, Mr. Dominic
Grogan, Mr. John
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David

Heathcoat-Amory, rh Mr David
Hemming, John
Hendry, Charles
Herbert, Nick
Hermon, Lady
Hoban, Mr. Mark
Hoey, Kate
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Howard, rh Mr. Michael
Howarth, David
Howarth, Mr. Gerald
Hughes, Simon
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jones, Mr. David
Kawczynski, Daniel
Keetch, Mr. Paul
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
Main, Anne
Malins, Mr. Humfrey
Marshall-Andrews, Mr. Robert
Mates, rh Mr. Michael
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McCrea, Dr. William
McDonnell, John
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Meacher, rh Mr. Michael
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Oaten, Mr. Mark
Opik, Lembit
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Prentice, Mr. Gordon
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Rogerson, Dan
Rosindell, Andrew
Rowen, Paul
Ruffley, Mr. David
Russell, Bob
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Short, rh Clare
Simmonds, Mark
Simpson, Alan
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Timpson, Mr. Edward
Tredinnick, David
Truswell, Mr. Paul
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Sir Peter
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Wareing, Mr. Robert N.
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Williams, Hywel
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Wintertgn, Sir Nicholas
Wood, Mike
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Kelvin Hopkins and Mr. Adrian Sanders

NOES

Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, rh Mr. Gordon
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, rh Andy
Butler, Ms Dawn
Byrne, Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Cawsey, Mr. Ian
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cooper, rh Yvette
Cousins, Jim
Creagh, Mary
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gibson, Dr. Ian
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Healey, John
Henderson, Mr. Doug

Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoon, rh Mr. Geoffrey
Hope, Phil
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McFadden, Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morgan, Julie
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheridan, Jim
Simon, Mr. Siôn
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dan
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, rh Keith
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Steve McCabe and
Mr. Frank Roy

Question accordingly negatived.

Mr. Edward Davey (Kingston and Surbiton) (LD): On a point of order, Mr. Deputy Speaker.

Mr. Deputy Speaker: If the hon. Gentleman could wait until we have completed these votes, we can deal with it then.

WRITTEN REPRESENTATIONS

Amendment made: No. 342, page 44, line 7, after '86', insert ', *[Compulsory acquisition hearings]*'. *[John Healey.]*

Clause 88

HEARINGS: GENERAL PROVISIONS

Amendments made: No. 343, page 45, line 1, after '86(2)', insert

(as to a compulsory acquisition hearing (see section [Compulsory acquisition hearings])).

No. 344, page 45, line 10, leave out 'an interested party' and insert 'another person'.

No. 345, page 45, line 15, after '86(3)', insert ', *[Compulsory acquisition hearings]*(4)'.

No. 346, page 45, line 16, leave out 'an interested party' and insert 'another person'.

No. 347, page 45, line 23, after '86(3)', insert ', *[Compulsory acquisition hearings]*(4)'.

No. 348, page 45, line 29, leave out 'an interested party' and insert 'another person'.

No. 350, page 45, line 32, leave out 'an interested party' and insert 'a person'.

No. 351, page 45, line 32, leave out 'party's' and insert 'person's'.

No. 352, page 45, line 35, after '86(3)', insert ', *[Compulsory acquisition hearings]*(4)'. *[John Healey.]*

Clause 89

HEARINGS: DISRUPTION, SUPERVISION AND COSTS

Amendment made: No. 353, page 46, line 8, at end insert—

'(ba) a compulsory acquisition hearing (see section [*Compulsory acquisition hearings*].' *[John Healey.]*

Clause 97

DECISIONS OF PANEL AND COUNCIL

Amendment made: No. 349, page 49, line 22, at end insert—

'(aa) any local impact report (within the meaning given by section [*Local impact reports*](3)) submitted to the Commission before the deadline specified in a notice under section [*Local impact reports*](2).' *[John Healey.]*

Clause 98

DECISIONS OF SECRETARY OF STATE

Amendment made: No. 355, page 50, line 7, at end insert—

'(za) any local impact report (within the meaning given by section [*Local impact reports*](3)) submitted to the Commission before the deadline specified in a notice under section [*Local impact reports*](2).' *[John Healey.]*

Clause 100

TIMETABLE FOR DECISIONS

Amendments made: No. 103, page 50, line 30, after 'decision-maker', insert

'by virtue of section 96(1)'

No. 104, page 50, line 32, at end insert—

'(d) in a case where the Secretary of State is the decision-maker by virtue of section [*Effect of intervention*](2)(b), the deadline for the completion of the Secretary of State's examination of the application under section [*Effect of intervention*](2)(a).' *[John Healey.]*

Clause 102

WHEN POWER TO INTERVENE ARISES

Amendment made: No. 105, in page 51, line 38, after 'applies', insert 'by virtue of this section'. *[John Healey.]*

Amendment made: No. 354, in page 52, line 2, after '55(2)', insert

', and (where section [*Notice of persons interested in land to which compulsory acquisition request relates*] applies, a notice under that section,'. *[Mr. Betts.]*

Amendments made: No. 106, page 52, line 3, leave out 'either the condition in subsection (2) or'.

No. 107, page 52, line 5, leave out subsection (2). *[John Healey.]*

Clause 103

POWER OF SECRETARY OF STATE TO INTERVENE

Amendments made: No. 108, page 52, line 30, after '(4)', insert

'In a case where this section applies by virtue of section 102,'

No. 109, page 52, line 31, leave out '102(2) or (3)' and insert '102(3)'. *[John Healey.]*

Clause 104

EFFECT OF INTERVENTION BY SECRETARY OF STATE

Amendment made: No. 110, page 52, line 32, leave out Clause 104. *[John Healey.]*

Clause 105

GRANT OR REFUSAL OF DEVELOPMENT CONSENT

Amendments made: No. 111, page 53, line 28, at end insert—

'(1A) The Secretary of State may by regulations make provision regulating the procedure to be followed if the decision-maker proposes to make an order granting development consent on terms which are materially different to those proposed in the application.'.

No. 112, page 53, line 29, leave out subsections (2) to (7). *[John Healey.]*

Clause 130

WHEN DEVELOPMENT BEGINS

Amendments made: No. 161, page 67, line 23, after 'in', insert

', or carried out for the purposes of,'

No. 162, page 67, line 25, leave out from 'means' to end of line 37 and insert

'any operation except an operation of a prescribed description.'. *[John Healey.]*

Clause 131

BENEFIT OF DEVELOPMENT CONSENT ORDERS

Amendments made: No. 163, page 67, line 42, after 'to', insert 'subsection (3) and'.

No. 164, page 67, line 42, at end insert—

'(3) To the extent that the development for which development consent is granted is development within section 16(3), the order granting the consent has effect for the benefit of a person for the time being interested in the land only if the person is a gas transporter.

(4) "Gas transporter" has the same meaning as in Part 1 of the Gas Act 1986 (see section 7(1) of that Act).'. *[John Healey.]*

Mr. Deputy Speaker: I should inform the House at this stage that Government new schedule 1, which is marshalled next on the amendment paper, comes under the heading of remaining proceedings in the programme motion made earlier today, and so will be decided at 7 pm.

Mr. Davey: On a point of order, Mr. Deputy Speaker. I wonder whether your attention has been brought to the news that the knighthood that was recommended to Robert Mugabe, President of Zimbabwe, in 1994 by the last Conservative Government is to be withdrawn. Could you advise the House on how we can send a message of thanks and congratulations on this wise decision by Her Majesty the Queen, not least because of early-day motion 1406, signed by 99 Members of this House and tabled by my hon. Friend the Member for Hereford (Mr. Keetch)?

Mr. Deputy Speaker: I think that the hon. Gentleman has found an effective way of announcing that to the House, and I have no doubt that ways can be found, certainly not under the guise of a point of order, for this matter to be pursued or otherwise discussed.

Mr. Graham Stuart: On a point of order, Mr. Deputy Speaker. A year ago today, my constituency was devastated by floods, and a year on, the Pitt report has been produced. Back Benchers, and those on the Opposition Front Bench, did not receive copies of that report until today, whereas members of the press received copies yesterday. Is that an appropriate way for information to be distributed? I know that Mr. Speaker has taken action on statements, to ensure that Members receive information from Ministers at least at the same time as members of the press.

Mr. Deputy Speaker: I cannot make an immediate comment on that, but I am sure that Mr. Speaker will note what the hon. Gentleman has said. If he believes that further action is required, he will no doubt take that appropriate action.

New Clause 30

POWER TO DECLINE TO DETERMINE APPLICATIONS: AMENDMENTS

'Schedule [*Power to decline to determine applications: amendments*] (power to decline to determine applications: amendments) has effect.'. *[Caroline Flint.]*

Brought up, and read the First time.

The Minister for Housing (Caroline Flint): I beg to move, That the clause be read a Second time.

Mr. Deputy Speaker: With this it will be convenient to discuss the following:

New clause 2—*Evidence on applications, appeals and inquiries*

'After section 323 of the Town and Country Planning Act 1990 there is inserted

"323A Evidence on applications, appeals and inquiries

(1) If an applicant for planning permission or any director, servant, agent or person on the applicant's behalf, for the purpose of procuring a grant of planning permission

(a) knowingly or recklessly makes a statement which is false or misleading in a material particular;

(b) with intent to deceive, uses any document which is false or misleading in a material particular; or

(c) with intent to deceive, withholds any material information,

he shall be guilty of an offence.

(2) If any person, for the purpose of procuring a particular decision on an appeal, application which it has been directed should be referred to the Secretary of State or on proceedings for the confirmation of an order by the Secretary of State, under this Act

(a) knowingly or recklessly makes a statement which is false or misleading in a material particular;

(b) with intent to deceive, uses any document which is false or misleading in a material particular; or

(c) with intent to deceive, withholds any material information,

he shall be guilty of an offence.

(3) A person guilty of an offence under subsection (1) or (2) shall be liable

(a) on summary conviction, to a fine not exceeding the statutory maximum; or

(b) on conviction on indictment, to imprisonment for a term not exceeding two years, or a fine, or both.

(4) Any person giving expert evidence, whether orally or in writing, to an inquiry or hearing held under this Act shall make a declaration that the evidence they give shall be their professional opinion.'".

New clause 3—*Amendment of the Town and Country Planning Act 1990*

'(1) The Town and Country Planning Act 1990 (c. 8) is amended as follows.

(2) After section 71A insert

"71B Telecommunications masts: precautionary principle statement

(1) Every application for planning permission for telecommunications masts and associated apparatus shall be accompanied by a precautionary principle statement ("the statement").

(2) A local planning authority on receipt of an application for planning permission for telecommunications masts and associated apparatus, and on the receipt of a notice of appeal, shall

(a) make copies of the statement available for inspection, and

(b) indicate how representations can be made in respect of the statement,

in such manner as may be prescribed by regulations.

(3) A local planning authority in considering an application for planning permission for telecommunications masts and associated apparatus, or the Secretary of State on an appeal against a determination or non-determination, shall not make a decision until it, or he, has first taken into account the information contained within the statement and any representations received in respect of that information.

(4) Where the statement indicates that there is a threat of damage to health or the environment, it shall not be a ground for granting planning permission that there is a lack of full scientific certainty about the extent of the threat of damage to health or the environment.

71C Telecommunications masts: beam of greatest intensity certificate

(1) Every application for planning permission for telecommunications masts and associated apparatus shall be accompanied by a certificate ("the certificate") which sets out

(a) the area and maximum range of the beam of greatest intensity,

(b) the minimum and maximum distances at ground level of the beam of greatest intensity,

(c) an explanation of the way in which the intensity of radiation falls off with distance from an antennae and of the level of the intensity of radiofrequency radiation,

(d) an indication of where the beam of greatest intensity falls and the nearest and farthest distance from the antenna to these points.

(2) A local planning authority on receipt of an application for planning permission for telecommunications masts and associated apparatus, and on the receipt of a notice of appeals shall

(a) make copies of the certificate available for inspection, and

(b) indicate how representations can be made,

in such manner as may be prescribed by regulations.

(3) Where a beam of greatest intensity falls on any part of any premises or land occupied by or consisting of an educational or medical facility, or of residential property, planning permission shall not be granted before first taking into account the information contained within the certificate, and any representations received in respect of that information.

(4) For the purposes of section 71B and this section—

"beam of greatest intensity" means where the greatest exposure to the radiofrequency radiation signal occurs;

"educational facility" means any premises used for the education of children and young adults, whether such education is full or part time, and includes a nursery school;

"electronic communications code" means the code set out in Schedule 2 to the Telecommunications Act 1984;

"exempted apparatus" means—

(a) a public call box, or

(b) an antenna which cannot be used for receiving a signal transmitted from a telecommunications mast, and

(c) radio equipment which cannot be used in connection with a telecommunications mast;

"medical facility" means any premises used for medical treatment or care;

"precautionary principle statement" means a statement accompanying an application for planning permission for telecommunications masts and associated apparatus which describes the effect upon the environment or human health which might arise from the installation or use of the telecommunications masts and associated apparatus;

"telecommunications masts and associated apparatus" has the same meaning as the term "electronic communications apparatus" in the electronic communications code, except that the definition of that term does not include exempted apparatus.".

New clause 4—*Amendment of the Town and Country Planning (General Permitted Development) Order 1995, etc.*—

'(1) The Town and Country Planning (General Permitted Development) Order 1995 (S.I. 1995/418) is amended in accordance with subsections (2) to (6).

(2) In Article 1(2) (interpretation), at the appropriate place in alphabetical order, insert—

""electronic communications code" means the code set out in Schedule 2 to the Telecommunications Act 1984;

"exempted apparatus" means—

(a) a public call box, or

(b) an antenna which cannot be used for receiving a signal transmitted from a telecommunications mast, and

(c) radio equipment which cannot be used in connection with a telecommunications mast;

"telecommunications masts and associated apparatus" has the same meaning as the term "electronic communications apparatus" in the electronic communications code except that the definition of that term does not include exempted apparatus."

(3) In Part 2 of Schedule 2 (minor operations) at end insert—

"Class D

Permitted development

D Development which consists of—

(a) the use of land by or on behalf of an electronic communications code operator for a period not exceeding 3 months to provide access for and station temporary moveable telecommunications masts and associated apparatus, which is required for the sole purpose of temporarily replacing unserviceable telecommunications masts and associated apparatus; or

(b) the replacement of telecommunications masts and associated apparatus, including associated equipment and structures and the provision of means of access, which is required for the operation of the Electronic Communications Code Operator's system where such existing telecommunications masts and associated apparatus has become unserviceable.

Development not permitted

D1 Development is not permitted by Class D if the telecommunications masts and associated apparatus are not of the same type and capacity as the unserviceable masts and associated apparatus they are to replace.

Interpretation of Class D

D2 For the purposes of Class D "moveable telecommunications masts and associated apparatus" means masts and apparatus attached to a vehicle, trailer or moveable structure.".

(4) In Part 17 of Schedule 2 (development by statutory undertakers), in paragraph A1 (development not permitted), after subparagraph (c) insert "or

(d) telecommunications masts and associated apparatus."

(5) Part 24 of Schedule 2 (development by electronic communications code operators) is revoked.

(6) Part 25 of Schedule 2 (other telecommunications development) is revoked.

(7) The Town and Country Planning (General Permitted Development) (Amendment) (England) Order 2001 (S.I. 2001/2718) is revoked.

(8) The Town and Country Planning (General Permitted Development) (Amendment) (Wales) Order 2002 (S.I. 2002/1878) is revoked.'.

New clause 36—*Appeals against enforcement notices*—

'(1) Section 174 of the Town and Country Planning Act 1990 is amended as follows.

(2) In subsection (2) omit paragraph (a).'.

New clause 38—*Development of plant or machinery by railway undertakers*—

'In Schedule 2, Part 17, Section A.1(c)(i) of The Town and Country Planning (General Permitted Development) Order 1995 after second 'building', insert ', plant or machinery'.'.

Amendment No. 300, in clause 149, page 77, line 7, leave out 'the regional development agency for its region' and insert

'a local authority for an area within its region (whether singly or jointly with other local authorities)'.

Amendment No. 311, page 77, leave out lines 10 to 21.

Amendment No. 301, page 77, line 12, leave out 'the regional development agency for the region' and insert

'a local authority for an area within the region (whether singly or jointly with other local authorities)'.

Amendment No. 302, page 77, line 18, leave out 'the regional development agency for the region' and insert

'a local authority for an area within the region (whether singly or jointly with other local authorities)'.

Amendment No. 303, page 77, line 23, leave out 'regional development agency' and insert 'local authority'.

Amendment No. 304, page 77, line 25 , leave out 'regional development agency' and insert 'local authority'.

Amendment No. 312, page 77, leave out lines 29 and 30.

Amendment No. 305, page 77, line 31, leave out 'regional development agency' and insert 'local authority'.

Amendment No. 306, page 77, line 36, leave out 'regional development agency' and insert 'local authority'.

Amendment No. 313, page 77, leave out lines 38 to 40.

Amendment No. 307, page 77, line 39, leave out 'regional development agency' and insert 'local authority'.

Amendment No. 308, page 78, leave out lines 1 to 28.

Amendment No. 290, in clause 155, page 84, line 2, at end insert—

'(7) A local planning authority may arrange for the discharge of their functions under this section by a panel of elected members drawn from other local planning authorities.'.

Amendment No. 2, page 84, line 37, at end insert—

'(2A) In section 78 (appeals to the Secretary of State against planning decisions and failure to take such decisions) after subsection (2) insert—

"(2A) Where a local planning authority approves an application for planning permission and—

(a) the planning application does not accord with the provisions of the development plan in force in the area in which the land to which the application relates is situated;

(b) the planning application is one in which the local authority has an interest as defined in section 316;

(c) the planning application falls within the definition of "major applications", as defined by a person appointed by the Secretary of State for that purpose;

(d) the planning application is accompanied by an Environmental Impact Assessment; or

(e) the planning officer has recommended refusal of planning permission,

certain persons as specified in subsection (2B) below may by notice appeal to the Secretary of State.

(2B) Persons who may by notice appeal to the Secretary of State against the approval of planning permission in the circumstances specified in subsection (2A) above are—

(a) any persons who have lodged a formal objection to the planning application in writing to the planning authority for the area in which the land to which the application relates is situated;

(b) other persons at the discretion of a person appointed by the Secretary of State for that purpose ".

(2B) In section 79—

(a) in subsection (2), leave out "either" and after "planning authority" insert "or the applicant (where different from the appellant)";

(b) in subsection (6), after "the determination", insert "(except for appeals as defined in section 78(2A) and where the appellant is as defined in section 78(2B))".'.

Government amendments Nos. 190 to 193

Amendment No. 329, in clause 161 page 93, line 34, after '(3B)', insert 'Subject to subsection (3C),'.

Amendment No. 323, page 93, line 36, after second 'development', insert

'within the curtilage of a dwelling house'.

Government amendment No. 194

Amendment No. 330, page 94, line 4, at end add—

'(3C) For the purposes of subsection (3B) the Secretary of State may by order prescribe the development orders, or the classes of development described as permitted development in those orders, to which that subsection applies.'.

Government amendments Nos. 195 to 198

Government new schedule 5—*'Power to decline to determine applications: amendments.*

Government amendment No. 275

Government amendments Nos. 280 to 286

Caroline Flint: We now turn to matters pertaining to part 9 of the Bill, including a number of measures that we hope will streamline and speed up the planning system. I understand that those policies were generally welcomed in Committee, although a number of hon. Members had queries about how some things might work in practice. We propose six sets of Government amendments that will make the provisions clearer and easier to use. I will try, in a thematic way, to cover the issues raised and the way in which we deal with them in our amendments, and to respond to the amendments tabled by the Opposition and by some of my hon. Friends.

First, clause 149 enables the regional assembly to delegate its regional planning functions to the regional development agency. The clause is effective only where the regional assembly chooses to use it and the RDA agrees. Moreover, it enables only delegation, not transfer of planning functions. I know that concerns were expressed in Committee, and have been expressed since, that we may be accused of pre-empting the new legislation required to implement the sub-national review proposals. That is absolutely not the case. I would like to make it absolutely clear that the clause leaves unchanged the ultimate responsibility for regional planning to regional assemblies, whose membership is predominantly drawn from elected local government.

Amendments Nos. 300 to 308 would replace references to the regional development agency with

"a local authority for an area within its region (whether singly or jointly)".

First, regional assemblies can already delegate planning work to local authorities so there is no need for legislation to that effect. Secondly, those changes would mean that they were not allowed to delegate to the RDA, even if they wanted to, because RDAs are currently precluded from doing such work.

Amendments Nos. 311 to 313, tabled by my hon. Friend the Member for Sheffield, Attercliffe (Mr. Betts), would mean that a regional assembly could delegate its work to the RDA, but if the Secretary of State were undertaking the same functions, she would not be able to do so. Under planning legislation there is a reserve power for the Secretary of State to act as the regional planning body. This is, of course, a last resort to be used if there were a very serious problem, such as the collapse of the regional assembly. In such a case, the Secretary of State may want to involve the RDA and the amendments would prevent that from happening.

Mr. Betts: I am listening carefully to my right hon. Friend on this matter. I tabled amendments just to express concern and raise the issue. Is she saying that those transfers would be encouraged on a voluntary and agreeable basis, and that the power is one of absolute last resort, which the Secretary of State would use only in those circumstances?

Caroline Flint: Absolutely. That is a very clear explanation of what we are saying. The power is one of last resort. We will not take planning powers away from regional assemblies in advance of new legislation, and we will make sure that the Secretary of State undertakes the role of a regional planning body only as a last resort. Only if the regional assembly were to cease to function, or refuse to carry out its duties, which I hope is highly unlikely, might we need to resort to delegating, but not transferring, powers to the RDA.

Lembit Öpik (Montgomeryshire) (LD): While I am reassured that the current Minister would regard the transference and exercise of those powers by a Minister as an act of last resort, we know from experience that assurances given at the Dispatch Box are not tantamount to guarantees out in the country. What reassurance can we have that a less benign Minister—someone who prefers to centralise such decisions more than she would—would not use that power to centralise decision making and sweep away local democracy?

Caroline Flint: Clause 149 makes it clear that the delegation of planning functions to the regional development agency could happen only when the regional assembly chooses to use that power and the RDA agrees. That should be enough. I hope that those assurances are sufficient to enable hon. Members to decide not to press their amendments.

5.45 pm

Clause 161 covers compensation for removal of permitted development rights. Government amendment No. 194 would reform local planning authorities' liability for compensation for the removal of permitted development rights. It would allow for a maximum amount of time to be set out in secondary legislation between notice being given of a proposed restriction of permitted development rights and its coming into force. Only by giving such notice can the right of compensation be removed. We have already set out a minimum time between notice of a proposed restriction being given and its coming into force to ensure that residents have adequate notice of changes. However, we will consult on the maximum time limit in any secondary legislation to avoid cases in which the time limit was so long that residents would forget about the changes.

The amendment also makes it clear that when developments commence before notice is given, or during the notice period, and they can be lawfully completed, no compensation is payable. The right hon. Member for Skipton and Ripon (Mr. Curry) has tabled amendments Nos. 323, 329 and 330, and I understand his reasons for doing that. Amendment No. 323 would apply clause 161 only to householder development. Amendments Nos. 329 and 330 would apply it only to classes of development that were specified in secondary legislation.

I recognise that the amendments imply concerns that clause 161 might have adverse consequences, resulting, for example, in farmers being prevented from carrying out seasonal duties such as providing land for camping, caravanning and so on. The National Farmers Union has made representations on that. We are equally keen to ensure that businesses retain the ability to carry out works without the need to apply for planning permission, when that is appropriate. However, it is important to get the detail right and we want to ensure that any changes do not have adverse consequences. That will mean more work with stakeholders. As a result of that, I expect us to revert to the subject in another place, and I am happy to meet the right hon. Gentleman to discuss it further. On that basis, I ask him not to press his amendments.

Mr. Curry: I am grateful to the Minister for responding so positively. I look forward to those discussions, and on that basis, it will not be necessary to press the amendments.

Caroline Flint: I am sorry that the right hon. Gentleman has decided to take that course of action. We are trying to work constructively.

Mr. Curry: The Minister did not hear what I said. I said that I was grateful to her, that I looked forward to discussing the matter with her and that, in the light of that constructive approach, it would not be necessary to press the amendments.

Caroline Flint: Thank you very much. I have been praised twice on the record; that is not too bad. I thank the right hon. Gentleman for his support.

Local member review bodies have created huge debate in local authorities and among those in the planning profession. Several hon. Members have supported the principle of local member review bodies, for which clauses 155 to 158 provide, while pointing out that it is important to sort out how they work in practice. We have discussed the provisions extensively with local government and planning professionals to explore that. I have also received several representations about what is workable. We need to consider whether, given the large number of planning reforms that we are asking local planning authorities to implement, it is also right to ask them to focus on the initiative.

Although I recognise that amendment No. 290 seeks to be helpful, it would be contrary to the principle of local accountability on which our proposals are based. It would allow local planning authorities to discharge their local member review body functions through panels of elected members drawn entirely from other local authorities. On that basis, I hope that the amendment will not be pressed to a vote.

Government amendments Nos. 190, 191 and 192 are minor technical amendments to ensure that, when delegated cases are exceptionally determined by a committee or sub-committee of a local authority in the first instance, the right of appeal to the Secretary of State remains. Amendment No. 190 inserts the necessary provisions for planning applications under section 78 of the Town and Country Planning Act 1990.

Amendments Nos. 191 and 192 insert parallel provisions in relation to applications for lawful use or development certificates and in relation to applications for listed

building consent. As I have said, there remain a number of important matters to work through on that proposal, and we may have something further to say when the Bill reaches another place.

Turning to development consents, I should like to deal with three sets of largely technical amendments, the purpose of which is to make the development control system run more smoothly. Clause 159 deals with repeat applications and twin tracking. Government new clause 30, Government new schedule 5 and Government amendment No. 193 replace clause 159 and enhance the provision already in the Bill. They do so, first, by ensuring that the provisions dealing with repeat applications and twin tracking cover cases where an application is deemed to have been made by way of an enforcement appeal, and, secondly, in the case of twin tracking, by ensuring that applications made on the same day are covered.

Government amendment No. 195 modifies the provisions in clause 162, which concerns non-material changes to a planning permission. Government amendment No. 195 has the effect that where an applicant has an interest in some but not all of the land to which a planning permission relates, the power can be exercised only in relation to that part of the land in which he or she has an interest.

The third set of technical amendments relates to clause 163(3), which concerns challenges to decisions called in by the Secretary of State on applications under development orders. Government amendments Nos. 196 and 286 relate to the current drafting of subsection (3), which contains the words "Secretary of State". That wording potentially causes a problem for Welsh Ministers, since it might be contested that the term "Secretary of State" does not include Welsh Ministers. Our amendments fix that problem by removing the words "Secretary of State".

Let me turn to the issues relating to trees. Government amendments Nos. 197, 198, 275, and 280 to 285 are all related to clause 164, which, together with clause 165, I hope will simplify and bring uniformity to the existing system for making and maintaining tree preservation orders. The provisions in those clauses were generally well received in Committee. I hope that the amendments make further small but helpful improvements. In particular, they allow for regulations to permit a local planning authority to impose a time limit on consents for work to protected trees. Currently, consent given for pruning or felling protected trees lasts in perpetuity. However, where approved work has been delayed by several years, it may no longer be appropriate to undertake the work.

Those amendments also allow for regulations to make provisions ensuring that trees planted as replacements for those that are felled with consent are automatically protected, unless that provision is waived by the local planning authority. In addition, those amendments will ensure that it is an offence not only to carry out unauthorised tree works to protected trees, but to commission a third party to carry out the work on someone's behalf.

Let me turn to some non-Bill-related measures. There are six amendments that we do not feel relate to the Government's agenda in part 9: Amendments Nos. 2 and new clauses 2, 3, 4, 36 and 38. I hope to persuade hon. Members that those amendments should not be pressed. Let me deal first with amendment No. 2, tabled by my hon. Friend the Member for Stroud (Mr. Drew), which concerns third-party rights of appeal. Amendment No. 2 would establish a third party right of appeal against decisions on planning applications. Of course interested parties have the opportunity to have their say on planning cases, but we do not think a third party right of appeal is desirable.

First, a third party right of appeal would dramatically increase the work load on the appeal system and cause significant delays in issuing decisions, and could also be used perversely to delay many otherwise acceptable developments. In addition, third parties have an opportunity to make their views known through representations at the application stage, via elected councillors, who have a responsibility to act in the general public interest. We in the Department are already working on a review of the planning application process and are also considering ways in which we can make community engagement far more constructive in planning applications at the local level.

Lembit Öpik: The Minister will be aware that, in effect, developers currently have two opportunities to appeal against planning conditions, first at the application stage and again, retrospectively, once the cement is dry. Many people who are uncomfortable about the power of developers feel that they are not on a level playing field. Given what the Minister has just said, which I find reassuring, what can she say to those citizens who feel that developers have it more their way?

Caroline Flint: The hon. Gentleman is right to make a case about how development is viewed. One of the problems we face is that planning is often seen as bureaucratic and distant, while development is seen as bad. None of those descriptions is a reality, but there is more we could do on that front. It is important for local authorities to get on with their local development frameworks because that is one way to engage communities in their wider vision for their neighbourhoods.

The local development framework is a very important document when it comes to assessing future planning applications. That is why we are adopting a number of different activities to improve the basis on which local authorities take decisions on planning applications. They should be based on the vision that communities have, what they need for infrastructure and everything else. Authorities should also look for more imaginative ways of involving communities at the local development framework stage, but also in different ways during the planning process. We often hear the voices of those in communities who are against, but we do not necessarily hear the voices of those who are for, particularly those who do not have a roof over their heads, for example. We are trying to work through some of that, but with all due respect to my hon. Friend the Member for Stroud, I am not sure that the amendment provides the right answer, so I hope that he will withdraw it.

Mr. Drew: In a sense, I understand that we should be looking at the Town and Country Planning Act 1990, but I wanted to look further into how communities can advance their views. I agree with the Minister about the local development framework. The problem is that as those frameworks evolve, communities do not often get

[Mr. David Drew]

the opportunity—and they certainly lack the voice—to make the necessary representations. If the Minister would like to talk to me some time about the possibility of a community enhancement Bill, we could look further into how to give communities the voice they need.

Caroline Flint: I thank my hon. Friend for that intervention. We recently relaunched planning policy statement 25, which relates to local development frameworks. We also provide online some of the best examples of how local authorities have gone about developing those frameworks, and we refresh that information every six months. That should enable communities and those working in planning departments to have a look at the best approaches. We have also streamlined some of the arrangements by reassuring local authorities that they do not need as many of the documents as they think they need for the local development frameworks. What we want is a clear expression of the vision. We want to ensure that it is easy to develop and easy to convey, while allowing input from the local community.

Andrew George (St. Ives) (LD): Notwithstanding the Minister's comments in dismissing the amendment on third party rights of appeal, does she not accept that many communities need further checks and balances, particularly where an application contravenes a planning policy but is nevertheless passed, where it works on the margins of local planning policy, or where, as in my constituency, the regional development agency has been involved in instructing a developer to apply for a certain number of houses, knowing full well that the RDA will have a role in determining the outcome of the application later in the process? Surely in those circumstances, it would be appropriate to have a more transparent mechanism by which the local community could have a third party right of appeal?

Caroline Flint: As I have said, I am not convinced of the argument that we need such a mechanism, but there is a lot more that we could do to make earlier parts of the planning process more inclusive and more accessible. There is a statutory obligation on local planning authorities to produce a statement of community involvement and policies for public involvement in planning functions in section 18 of the Planning and Compulsory Purchase Act 2004. If the hon. Gentleman would like to write to me about some of his concerns, I will try to share with him some of our ideas for improving community engagement.

I would like to correct myself; I have issued so much new guidance recently. PPS25, which we updated the other week, deals with floods; it is PPS12 that relates to the local development frameworks.

New clause 2, tabled by the hon. Member for Newbury (Mr. Benyon), would make it a criminal offence to give false information on planning applications and appeals. We do not have evidence that that is a widespread problem. With very few exceptions, such as when information is sensitive, all documentation relating to a planning application or appeal is made public, and can therefore be challenged. The Planning Inspectorate already has plans to require witnesses to endorse claims that their evidence is true and represents their professional opinion. It can also take evidence under oath to establish the facts, although that is rarely considered necessary.

6 pm

Mr. Richard Benyon (Newbury) (Con): I tabled the new clause following representations made to me by a constituent who was the victim of a planning application on a neighbouring site that had been made on the basis of what he believed to be false information. On investigation, I saw that there was no sanction in law to deal with cases in which an individual obtains planning permission by giving false information on an application. I tabled the new clause as a probing amendment, as it were, to test the Government and establish whether they knew that the problem existed. I should be grateful for an assurance from the Minister that she would be prepared to discuss the matter further.

Caroline Flint: Obviously, when individual cases occur we should be mindful of them. As I have said, according to the Planning Inspectorate there is no evidence that the problem is widespread, and public documents presented during the process are open to challenge. We fear that routinely checking the accuracy of documentation relating to the large number of applications that are submitted would hinder the speed and efficiency of both the application and the appeal stage.

The current system is generally trusted, and its decisions are respected. For us to change it, we would require substantial evidence that it was being extensively abused. I accept that the case raised by the hon. Gentleman on behalf of his constituent is important, but I can tell him that the fraudulent obtaining of planning permission is a ground for judicial review, so there is some recourse to the law for individuals.

Mr. Benyon: I do not want to prolong this conversation, because I want to allow other Members to talk about the community infrastructure levy. I shall not be pressing the new clause to a vote.

Caroline Flint: I thank the hon. Gentleman for his constructive approach.

New clauses 3 and 4 deal with health and permitted development rights in connection with telecommunications. Our policy on health in relation to telecommunications is clear: the planning system is not the place for determining health safeguards. That view is clearly stated in planning policy guidance note 8 on telecommunications, and supported by the National Radiological Protection Board.

All telecommunications masts should comply with the international guidelines on radiation set by the International Commission on Non-Ionizing Radiation Protection. We believe that those guidelines provide the necessary level of protection for the public, and that submission of a "precautionary principle" or "beam of greatest intensity" statement is not necessary.

New clause 4 would revoke a range of permitted development rights relating to telecommunications masts and associated equipment. We believe that our planning policy in that regard strikes a balance between allowing local residents to have their say in development proposals and ensuring that our telecommunications network remains fit for purpose. We are currently reviewing the permitted

development rights relating to electronic communications code operators, and if we decide that change is needed we will consult publicly on any options. New clause 4 would circumvent any public consultation and full consideration of an important planning issue.

New clause 36, tabled by the hon. Members for North Cornwall (Dan Rogerson) and for Carshalton and Wallington (Tom Brake), would remove ground (a), one of the seven grounds for making an appeal against an enforcement notice. I understand that the hon. Members' concern is focused on those who carry out development in breach of the conditions of a planning permission and appeal on ground (a) when subsequently served with an enforcement notice.

If a breach of condition is the sole reason for taking enforcement action, the local planning authority can serve a breach of condition notice against which there can be no appeal. If the breach is not remedied within the specified period, the developer has committed an offence and is liable to prosecution. I therefore believe that local planning authorities have sufficient powers to deal with this issue, and that the removal of ground (a) would cause unnecessary administrative difficulties for the parties concerned. I hope I have reassured the hon. Members that the current system is the most efficient way of dealing with the issue.

Moving on to the development of plant or machinery by railway undertakers, new clause 38 would remove permitted development rights for statutory undertakers to undertake essential maintenance and development work without first obtaining planning permission. Permitted development rights for statutory undertakers are well established and rightly allow a large number of routine but essential works to proceed without the need for planning permission. It would not be right to restrict these rights generally, but there may be problems in specific cases. Statutory undertakers should publicise any plans for permitted development if they consider that it might affect amenity or environment. That would give an opportunity for the local planning authority to consider whether to make an article 4 direction requiring the statutory undertaker to apply for planning permission. I believe that these arrangements generally work well. If the hon. Member for North Cornwall has evidence that that is not the case, I will be happy to discuss it further, but at present I think we should retain the current position.

Dan Rogerson: We are rapidly running out of time in our consideration of the Bill, and we now come to a second significant group of amendments, but before I start addressing it let me welcome the Minister to our deliberations. I think she is the fifth Minister with whom I have now debated aspects of this Bill, so clearly the entire departmental team feels it is worthy of their time and attention.

First, let me address the amendment of my hon. Friend the Member for Hazel Grove (Andrew Stunell). The Minister recently referred to telecommunications masts, and I am sure that my hon. Friend will want to expand on the topic, so all I will say is that he has campaigned on it for a long time. I dispute the Minister's comments on the balance being right, however; many of our constituents feel that it is not quite right, and that there are insufficient opportunities for people to contest decisions about telecommunications masts, and in terms not only of health, but of other matters such as their visual impact.

My hon. Friend the Member for Carshalton and Wallington (Tom Brake) and I have tabled amendments to improve the planning system, particularly in enforcement; again, the Minister recently discussed that. Planning conditions can make a huge difference to a community's tolerance of whether a particular application is acceptable. Often, our constituents can be dissatisfied about an application winning approval, but hard-won conditions mean that they at least feel that their views have been taken on board as part of the process. However, if a developer then goes on to flout those conditions, as happens all too often, it serves to undermine people's faith in the planning system—their faith that their views can effect change and are taken into account. One of our amendments seeks to remove one of the opportunities developers have to apply retrospectively for the lifting of a condition that had been made when the planning application was considered. That would encourage people to believe that their views are being taken into account.

New clause 38 addresses permitted development rights for railways. I should note that I informed the right hon. Member for Streatham (Keith Hill) that I would refer to an issue that was raised with me by some of his constituents, and that he is aware that we will discuss it. The Minister was kind enough to say that if there are specific problems around permitted development rights, she will look into them, and I will pass on the information that has been passed to me. This particular case involves Southern railway having built a substantial plant to clean trains. It is not a minor plant at the edge of a station, as some Members might think, but a substantial building that cause problems of noise and light pollution to local residents, and they feel that it is the sort of structure that should have been covered by a planning application. I accept that there is a strong case for permitted development rights for smaller additions to ensure that institutions such as railways can operate effectively without having to make a planning application for every minor change. However, the local community would clearly feel that it should have its views taken into account in the case of a significant building.

I am pleased that the hon. Member for Beckenham (Mrs. Lait) has, as ever, done considerable work in tabling amendments, especially on the proposed planning powers for regional development agencies. As my hon. Friend the Member for Montgomeryshire (Lembit Öpik)—who is no longer in his place—said, some suspicion may remain, despite the Minister's helpful reassurances, that we may be seeing a centralisation of power and an undermining of the democratic accountability of local authorities and their ability to take planning decisions. I have made the case in the past that RDAs are the correct repository for some of those powers. I appreciate the problems, and the Government have announced that regional assemblies are not long for this world. That situation needs to be resolved, but RDAs were set up with clear and limited objectives, and it is perhaps asking too much of them to take on these powers as well.

Julia Goldsworthy (Falmouth and Camborne) (LD): Does my hon. Friend share my chief concern that the RDAs, which report to the Department for Business,

[Julia Goldsworthy]

Enterprise and Regulatory Reform, have a primary focus on economic development, rather than the wider issues of sustainability and housing development, so their priorities will differ from those of other organisations? Does he also share my concern that there are currently no satisfactory accountability processes for RDAs? In theory, that takes place through the regional Ministers, but although they are in place, there is no way to hold the RDAs to account.

Dan Rogerson: I agree with my hon. Friend, and her point is reminiscent of a debate we had in earlier consideration of the Bill, when the hon. Member for Stroud (Mr. Drew) was keen to ensure that the IPC took account of environmental and sustainability concerns to a greater degree than had been guaranteed by the Government's amendments. Bodies that are established by the Government with a narrow set of objectives will naturally seek to meet those objectives and they may well not therefore prioritise other aspects such as sustainability.

Local member review has been controversial in some areas and we have been lobbied on the issue. I remain convinced that it is a helpful move in the right direction, and I hope that it will be defended. That would encourage people to believe that accountability is indeed being strengthened.

The right hon. Member for Skipton and Ripon (Mr. Curry), who is no longer in his place, has withdrawn his amendment after reassurance from the Minister. Despite what I had to say about permitted development rights in another context, most of the issues about which the right hon. Gentleman was concerned are slightly different from those that I described, such as the case of a major light industrial building in an urban area. I am pleased that the Minister is continuing to negotiate on those issues and that we can reach a resolution that will satisfy those in the farming industry that their rights are being protected.

I am pleased that the issues around RDAs are being aired because they are a cause for concern to many people in the House and outside. I also look forward to hearing from my hon. Friend the Member for Hazel Grove—if he is fortunate enough to catch your eye, Mr. Deputy Speaker—on the issue of telecommunications masts.

Keith Hill (Streatham) (Lab): I rise to speak to new clause 38, which was tabled by the hon. Member for North Cornwall (Dan Rogerson). As he said, it seeks to respond to a railway development by the side of Streatham Hill station in my constituency that has blighted the lives of many of my constituents who live in Sternhold avenue. I am grateful to the hon. Gentleman for giving me notice of his intention to refer to my constituency in the debate.

The problem for my constituents arises from the construction in 2005-06 of five new platforms, three 300 m long canopies and eight new lighting columns at the railway sidings that immediately abut the rear garden walls of the homes in Sternhold avenue. Not only is there now cleaning and maintenance activity throughout the day and night at the sidings, but the sheer presence and visual impact of the columns and canopies is horrendous. The local topography means that the sidings stand on higher ground than the adjacent houses, so the canopies tower over the homes up to a height of 7.5 m, and at a distance from some homes of only 12 m. For all those poor residents, it is like having a highly modernistic airport terminal building at the bottom of their garden.

6.15 pm

The visual impact of the development means that it dominates the lives of residents and probably also reduces property values, yet the development was carried out under permitted rights without consultation and with limited scope for challenge by the local authority. Whether it was correctly carried out under permitted development rights is a matter of contention, although I suppose that it is arguable that, in drafting the new clause as an amendment to the law, the local Lib Dem councillors and the Lib Dem Front Benchers are tacitly acknowledging that the case was a permitted development and that the law needs to be changed.

Unfortunately, of course, since the law does not work retrospectively, there would be no benefit to my Sternhold avenue constituents if the new clause were passed. Although I welcome the opportunity to raise this shocking matter in the House on behalf of my constituents, I am not sure that anyone would be helped by the new clause. As the hon. Member for North Cornwall said, its purpose is to require railway undertakings to seek planning permission when they want to install plant and machinery on operational land. However, the issue for my constituents is not the construction of plant and machinery on railway land, but the closeness of the development to their homes. That is why new clause 38 does not meet the case.

I have looked in detail at the operation of the general permitted development order—indeed, I had responsibilities on it some time ago when I had the honour and privilege to be the nation's Planning Minister. On the whole, the GPDO works well as it is applied to the railways. When the working of the GPDO was last reviewed in the Lichfield report of 2003, only 5 per cent. of responding local authorities reported problems with class A of part 17, which is what we are dealing with. Only 2 per cent. considered class A's permitted development rights to be too loosely defined.

Railway undertakings make about 1,000 applications under the GPDO each year, many of which involve plant and machinery. I accept that it would be an unreasonable obstacle to the efficient working of the railway and a big new burden on local planners if all proposals to construct plant and machinery were subject to planning consent. I repeat the fact that the problem for my constituents is not the presence of plant and machinery on operational land but the proximity of the development.

Mr. Clifton-Brown: Is this not almost déjà vu for the right hon. Gentleman? He dealt with the Planning and Compulsory Purchase Act 2004 for the Government when I was the Opposition spokesman, and he will recall that that Act exempted Crown exemptions, so that the Crown now has to apply for planning permission. Does he not think that these utilities should be treated in the same way so that when large infrastructure is involved—such as the example from his constituency—they ought to have to seek planning permission?

Keith Hill: I am grateful to the hon. Gentleman for that trip down memory lane. He is right to say that we had many exchanges on these matters. Although I contend that it would be inappropriate for every item of plant or machinery to be subject to planning consent, the point that I want to draw to the attention of my right hon. Friend the Minister is that the Lichfield report anticipated that there may be circumstances in which a condition ought to be applied for the development of large infrastructure on railway land.

The Lichfield review of the GPDO suggests in two places that there is a need to consider introducing a distance restriction on developments that might involve night-time activity and visual impacts near residential areas. Paragraph 30 of chapter 21 of the report deals with part 17 of the GPDO, which discusses a failed attempt by a local authority to resist a particular railway development. The report says:

"Whilst it is not clear that this is other than isolated case, it suggests the need to consider whether some restriction of Class A development should apply within a specified distance of residential properties".

The following paragraph recommends that further consideration be given to clarifying whether buildings related to the washing and maintenance of railway vehicles should not be defined as an industrial process, as is the case with the Scottish GPDO. Interestingly, the report goes on to say:

"This would have some potential for adverse impacts on residential amenity, although this may perhaps be addressed by a condition requiring a minimum distance, e.g. 50 metres, from residential premises."

In 2003, when the Lichfield report was prepared, it seemed that there could be a problem with intrusive railway developments close to people's homes. Today, in 2008, the Sternhold avenue case shows that such a problem exists: it would therefore be helpful if my right hon. Friend the Minister would undertake to consider amending the GPDO along the lines suggested by Lichfield and bringing forward appropriate secondary legislation in due course.

Caroline Flint: I thank my right hon. Friend for his contribution. I do not want to say too much about the situation in the London borough of Lambeth, as I understand that it is considering further action. I am aware of the Lichfield report but, as he has acknowledged, it is not clear whether the problem is widespread. I should be happy to meet him if he thinks that there is more evidence of a wider problem to do with the development's proximity to housing, but part of the balance that I have to strike depends on determining how big the problem is. To coin a phrase, we do not need a sledgehammer to crack a nut.

Keith Hill: I am very grateful to my right hon. Friend for that generous offer. It will certainly please my constituents, and I shall certainly avail myself of it, but in her initial statement she referred to the possible use of article 4 directions by local planning authorities to resist undesirable developments of the sort that I have described. She will know that that is not possible under part 11 of the GPDO. In the end, the Sternhold avenue development that has caused so much distress to my constituents was in fact carried out under part 11, and not part 17—the subject of new clause 38.

Like all the permitted development powers, part 11 of the GPDO confers pretty sweeping powers on railway undertakings—for example, it excludes any requirement for an environmental impact assessment. However, there is a requirement for prior approval, albeit limited to grounds of injury to amenity or better siting being possible. In dealing with that part of the GPDO, chapter 15 paragraph 15 of the Lichfield report notes: "Investigation of case studies where part 11 rights have been used failed to find any examples of adverse impacts arising which could not be controlled by local planning authorities".

It is therefore perfectly clear that local authorities have been able to prevent unreasonable developments. I very much regret that, back in 2002 and later, Lambeth council—at that period under a Liberal Democrat administration—did not use those grounds at least to put the proposals under vigorous scrutiny. At least local residents would then have become aware of the threat at an early stage. It was a missed opportunity, just as the opportunity was missed to take the enforcement action against Southern railway for which those same Lib Dem councillors are now campaigning. With respect to the hon. Member for North Cornwall, new clause 38 seems rather like a case of locking the stable door after the horse has bolted.

Dan Rogerson: The right hon. Gentleman has highlighted the fact that he was the Minister at the time when the application went through. He has also highlighted the role of Liberal Democrat councillors, but did he consider at the time that the GPDO needed amending? Could he have intervened to do so, not as the constituency MP but as the Minister, on behalf of all local areas that could have experienced a similar situation?

Keith Hill: That is a very reasonable intervention. To be entirely accurate, the development somewhat post-dated my tenure as the nation's Planning Minister. As my remarks have indicated, I did consider carefully the record and history of the GPDO, which we are debating. My feeling was that we were waiting for the council to report on whether the development was permitted, but that at some stage I would want to make a recommendation about the distance factor. I am grateful to the hon. Gentleman for giving me the opportunity to do that.

New clause 38 is about the development of plant or machinery by railway undertakers, and I wish to say a word about the role and responsibilities of precisely the undertakers in the case that I have mentioned—Southern railway and Network Rail. It is all very well for railway undertakers to argue "caveat emptor" when people choose to live next to the railway, but Southern railway and Network Rail deliberately used part 11 of the order, which minimised the opportunities for local consultation and representation. There was no requirement of prior notice to local residents and only the most cursory notification of the commencement of works. The first that most residents knew of what was in store was a matter of weeks before building work began.

I want railway operators to think more about the impact of their activities, which have been the subject of this brief exchange. I cannot conceive of the fact that rail managers, engineers or architects would want to live next door to such a monstrous intrusion into people's lives. Yes, the GPDO gives enormous leeway to the railway undertaker, but as usual—I know that my right

[Keith Hill]

hon. Friend the Minister will understand this point—freedom has to be matched with responsibility. In the case that I have mentioned, I do not believe that it was.

Southern railway and Network Rail behaved abominably, but they have the chance to redeem their good name and reputation. The quality of life of my constituents would be greatly improved if the canopy nearest their homes were to be removed. I therefore hope that Southern railway and Network Rail will enter into negotiations with officers and members of Lambeth council as a matter of urgency to remove the canopy nearest the residential properties in Sternhold avenue in my constituency.

Mrs. Lait: It is a pleasure to have caught your eye, Mr. Deputy Speaker, having had an opportunity to listen to the points raised in the debate. I hope that the right hon. Member for Streatham (Keith Hill) will forgive me if I do not follow him in covering the detail of his constituency interest. I am conscious that we are exceedingly short of time and that a number of Members wish to contribute, so I shall be as brief as I can.

I start by thanking the Minister for taking on board a number of the points that were made in Committee and in subsequent lobbying. I am glad, too, that my right hon. Friend the Member for Skipton and Ripon (Mr. Curry) has persuaded the Minister that things can be done about permitted development rights for the agriculture industry. I suspect that her colleagues in the Lords may well see the issue covered by new clause 2 re-emerging there, so that we can get further clarification.

I say to the hon. Member for North Cornwall (Dan Rogerson), with whom I shared many happy hours in Committee, that his new clause 4 on mobile phone masts comes close to a position on which we fought the last election. We believe that mobile phone masts should be brought into the mainstream planning system. That is part of the reason we have supported single consent regimes throughout the passage of the Bill. It was also why I tabled amendments to try to bring all the remaining bits of the electricity, pipelines and gas Acts under one planning regime in the Department for Communities and Local Government.

6.30 pm

I will focus on the amendments that my hon. Friends and I have tabled, starting with amendment No. 300 and the consequential amendments that would be necessary to allow their lordships to consider a logical Bill. The Minister made a fair fist of explaining why the proposals were incorporated into the Bill late in the Committee stage. However, we do not like in any way, shape or form the policy of the remote regional assemblies passing their responsibility for planning to regional development agencies in due course. The Housing and Regeneration Bill, which is nearly an Act, hands over responsibility for housing to the RDAs, and we object to that, too. We do not think that the proposals in this Bill are appropriate because they begin the handover. The ethos of the Bill is one of the Government taking away accountability from the planning system as far as they possibly can. Removing accountability from even the remote regional assemblies by handing responsibility to unelected and unaccountable regional development agencies is entirely wrong.

It occurs to me that I should have declared an interest. As I have said many times, my husband is the deputy chairman of the South East England Development Agency. However, he is there as an elected member. That does not mean that I resile from our position that RDAs should not have responsibility for housing and planning. They are entirely the wrong bodies for those functions. Housing and planning affect our constituents directly and they are already disaffected by the planning system—*[Interruption.]* I welcome hearing a contribution from the Minister for Local Government, whom we have missed. He has been overruled by his lady seniors. Would he like to repeat that comment? I thought that I heard a sotto voce intervention that applied to my husband, but if he does not wish to repeat it, I shall await it on a different occasion. It is lovely to see him back and I hope that he will be able to make a contribution at some point, given that he has worked so hard on the Bill.

A regional development agency is not the place in which housing and planning powers should be placed, given that they affect our constituents directly. RDAs are unelected and unaccountable. The regional Ministers are next to invisible. As the hon. Member for Falmouth and Camborne (Julia Goldsworthy) pointed out, RDAs are not expert and do not have the staff. I recognise that they could hire staff, but that would entirely change their ethos. Their memberships have no expertise in housing and planning, but are focused entirely on economic regeneration. It would be completely inappropriate to hand any planning powers to such a body, so we are opposed to the Government's proposals in principle. The organisations that should have the powers are local authorities, which is why we have tabled amendments to that effect.

In amendment No. 290, which relates to local member review bodies, we are very generously trying to help the Government out of a hole of their own making. We believe that it is appropriate for local authorities with planning responsibilities to be able to review the decisions of their planning ministers on issues that are devolved to officers. Anyone with experience on a planning committee in a local authority will know that they are more than capable of sending officers back to review a decision, and to challenge it if they believe that that would be in the interests of their constituents.

I have here a letter from the Minister for Housing, who has come to the House today to talk about the Bill for the first time. The letter is addressed to representatives of the Royal Institute of British Architects, the Royal Institution of Chartered Surveyors and the Royal Town Planning Institute, and it says that the planning decisions made by the local member review bodies would involve only

"the most straightforward applications, such as small householder developments, changes of use, advertisements and shop fronts".

My copy of the letter is not quite clear, but I think that it was sent in April.

The Minister said that she had had further discussions with the various organisations to try to persuade them of the rightness of this proposal. However, a briefing that I have received from the Royal Town Planning Institute, dated 30 May, states:

"Proposals for Local Member Review Bodies to hear planning appeals need to be scrapped. These plans will sweep away the right of residents to appeal to 'an independent and impartial body".

Clearly, the Minister's persuasive powers have not worked, or at least they had not worked on 30 May with the RTPI. Perhaps things have changed since then, but I do not think so, given the briefings that I have received.

However, because we believe that it is for local members to make these decisions, we have come up with amendment No. 290, in order to get the Government out of this hole that they have dug for themselves. It proposes that councillors from surrounding local authorities could be invited to sit on the review bodies. As with any of our amendments that the Government are prepared to accept, I am more than happy to offer to amend this one to ensure that it is appropriate. The Minister thought that its wording meant that potentially every member of the review body could come from outside the local authority in question. If she wishes us to amend our amendment, I will be happy to offer to do so. None the less, I would be grateful if consideration could be given to the proposal, because it would deal with the concern that has been expressed by the various bodies involved.

Working on the basis that we would like to see the changes that I have outlined, I want to ensure that other Members have an opportunity to express their views. We will consider whether to press our amendments to a vote in due course.

Mr. Drew: I rise to speak to amendment No. 2, which stands in my name. Its contents are not a million miles away from the proposals put forward by the hon. Member for North Cornwall (Dan Rogerson) in Committee, and I should state from the outset that I do not intend to seek the leave of the House to press it to a vote, because I have heard what my right hon. Friend the Minister has said. I shall be interested to see what the proposed community empowerment, housing and economic regeneration Bill will do to enhance the opportunity of communities to get their point of view across in relation to aspects of the planning process. It might be one of the laws of politics that Oppositions like third party rights of appeal, and that Governments certainly do not, but I still think that there is merit in making the case that the planning process is not accessible, and certainly does not give a voice, to all communities.

Two obvious examples are pertinent to my constituency. First, when councillors on a local authority with planning powers support a particular application but people in the area concerned, which may include the parish or town council, are against it, the people have no voice once the decision has been taken. As has been said, the developer has two bites of the cherry in pursuing an application. Indeed, they may have many more bites, because they can keep resubmitting an application until they get consent, whereas those who oppose such an application have one chance—they have no chance if their councillors choose not to listen to their point of view. Secondly, sometimes people live very close to a particular application that is in a different local authority area. It is not unknown for a local authority as a whole to be against an application, but if the people in the community happen to be on the wrong side of the border, it means that there is no opportunity to make their voices heard. Those are two straightforward examples where a third party right of appeal would be of some benefit.

I know that people will always say that such an approach would not be practical and would be difficult to introduce. However, Australia and the Republic of Ireland, to which the hon. Member for North Cornwall referred in Committee, use such an approach, so there is good practice out there. We have a problem in this country when it comes to allowing the people to have a voice, even though they may choose to use their voice in a respectable way to exercise their democratic opinion.

I look forward to hearing what the Under-Secretary of State for Communities and Local Government, my hon. Friend the Member for Gloucester (Mr. Dhanda), has to say. The issue will not go away, because some of us will not let it go away, but this is not the appropriate moment to pursue it. I hope that the Lords will consider the issue and that the next Bill provides proper democratic accountability and an opportunity for people to make their voices heard.

Andrew Stunell (Hazel Grove) (LD): New clauses 3 and 4 did not arrive out of thin air for this debate. They are substantially the same provisions as those included in private Members' Bills promoted by the hon. Member for West Suffolk (Mr. Spring) in 2004, by me in 2005 and by the right hon. Member for Skipton and Ripon (Mr. Curry) in 2006. Those three Bills were all talked out in one way or another, and we are close to that today, so I hope that you will agree to test the opinion of the House on those new clauses at the appropriate moment, Madam Deputy Speaker, because the House should have an opportunity to say whether the system should be reformed. Those three Bills were supported by members of not only the three biggest parties but fourth parties, too.

We all have cases involving mobile phone masts in our in-trays. When the House previously considered the matter, the now Minister for Borders and Immigration was saying in his literature that Labour would

"do everything we can to ensure that there are no more phone masts near schools and hospitals".

I am not sure whether that is still his view.

I want to make it clear to the Minister that the dissatisfaction is based not on party, but on hon. Members' understanding of the concerns of their communities. The problem is that telecommunications masts were exempted from planning control in 1984. The huge elephant in the room is that the previous Chancellor of the Exchequer received some £30 billion for licence fees. That means that it is difficult for the Government to agree to tighten things up, because some of those people might want their money back.

There is a problem. I understand the broader national policy context. However, it cannot be right that if I wanted to erect a 15 m high conservatory I would have to apply for planning permission—I would, of course, be refused—but if I wanted to erect a 15 m high mobile phone mast, I would not need planning permission and could not be refused.

6.45 pm

Lembit Öpik: The difference is that although a 15 m high conservatory may be aesthetically displeasing, it does not transmit radio waves. Does my hon. Friend

[Lembit Öpik]

agree that as long as the science is still equivocal, local people have the right to expect a greater say in these matters? He may be interested in the fact that Alan Blood, one of my constituents, has written a play about the issue of radio transmission masts, which may not always be welcome in the local community.

Andrew Stunell: My hon. Friend is reflecting a fear that many of our constituents have. I do not want to base the whole of my argument on health considerations. Let us be clear: we will get more radiation from our mobile phones than from any mast, and 60 million of us have mobile phones—so we are in a bit of trouble.

Alun Michael (Cardiff, South and Penarth) (Lab/Co-op): As the hon. Gentleman said, the radiation from a mobile phone is much greater than that from a mast. On occasions, the lack of a mast can mean that there is an even greater signal in the earpiece as the phone searches for a mast to which to connect. Therefore, counter-intuitively, sometimes it would be better for there to be more masts or for masts to be closer to schools than to have increased signals as a result of that searching. Our consideration of constituents' fears has to be evidence-based.

Andrew Stunell: That brings me neatly on to the argument put forward by Sir William Stewart in his report. He mentioned the precautionary principle and recommended that children under the age of six should not have access to mobile phones for the precise reason that the right hon. Gentleman has mentioned. That is why my proposals in new clauses 3 and 4 refer to the need to validate what radiation is coming from masts that are close to schools, health facilities and nurseries.

There are straightforward solutions, and—this point has also been made in previous debates—this is not an attempt to shut down the mobile phone industry. The industry has 60 million users and is a very important part of our national infrastructure. However, petrol stations and supermarkets are also such a part, and they go through a planning process; it is flawed in some ways, but they nevertheless go through it. If one looks north of Hadrian's wall, one sees that the Scots have amended their planning rules so that mobile phone masts are subject to those controls. As far as I am aware, the mobile phone industry and mobile phone users in Scotland have not lost out as a result.

Mr. Clifton-Brown: Does the hon. Gentleman agree that part of the solution may be to encourage mobile phone companies to go on to roaming so that there could be more mast sharing? Hopefully, that would reduce the need for so many masts.

Andrew Stunell: I am beginning to wonder whether I circulated my speech notes before the debate, because the hon. Gentleman has certainly got close to what I was going to say. One of the things that the Minister may say, if she has any time, is that mobile phone companies are very responsible and that they have 10 commitments. They are 10 commitments, but they are certainly not 10 commandments; even if they were, commandments tend to be broken quite often. The hon. Member for Lewisham, West (Jim Dowd) introduced a Bill, as a Labour Member, to try to make those commitments into commandments, but he did not succeed. The phone companies have an exceptionally strong record on arrogance and oppression.

Susan Kramer: Does my hon. Friend agree that if mobile phone masts were subject to the planning regime, the companies would be far more likely to co-operate and we would be likely to have fewer masts—and in sensible locations, without competition for separate locations?

Andrew Stunell: I would like to think so; it is certainly true that in every realm of life, including what goes on in this building, if people have the power to do something, they go and do it—just because. That is what the phone companies sometimes do in local communities.

My case is not an attack on individual companies or on the industry; it is a straightforward case. The mobile phone industry no longer needs the start-up protection that it was given in 1984. It has 60 million customers, for goodness' sake, and 40,000 transmission stations—base stations, as they are called. We now need to reflect on the fact that our local communities need the assurance that local planning authorities and their local representatives have an effective say in how the mobile phone industry impacts on the local environment. It is surely a matter of public policy that at least a nod should be given towards the recommendations of Sir William Stewart's inquiry and the precautionary principle. The new clauses would require additional statutory assurances that where masts are close to sensitive locations they must have that validation. It would not be a ban or a moratorium but a formal process of validation of radiation levels in those places, somewhat similar to an MOT test for a car. At present, no car can go on the road unless it has type approval, but we do not see that as good enough for individual cars, which need to have MOTs.

Mr. Llwyd: I fully support what the hon. Gentleman is saying. Is he aware of last weekend's reports in *The Sunday Times* of a link between the huge number of suicides in the Bridgend area and telephone masts—reports that proved to be rather interesting and frightening reading?

Andrew Stunell: I thank the hon. Gentleman for his support, but I would prefer not to get engaged in the point that he makes.

New clauses 3 and 4 would allow the House to bring the mobile phone industry back under public scrutiny. There can hardly be a Member in the House for whom this has not been a significant concern in their constituencies since they were elected, however long ago that was. Support for the new clauses would be a signal that we are serious about protecting and representing our local communities. They have all-party support—I was delighted to hear what the hon. Member for Beckenham (Mrs. Lait) said on behalf of the Conservatives—and I hope that there will be an opportunity to test the view of the House later.

Mr. Clifton-Brown: I am grateful to be able to speak in this debate. Time is marching on quickly, so I just want to make one or two brief points on this large

group of amendments with which the Minister dealt in great detail, which was extremely helpful to the House.

I support the new clauses tabled by the hon. Member for Hazel Grove (Andrew Stunell), who made a cogent case, although I am not sure that he quite understood my comments. I think that it is now technologically possible, via roaming, which happens much more extensively on the continent than it does here, for more mobile phone companies to share masts, which would mean that fewer would be required. However, that does not obviate his point that we still need to bring them within the planning system and they need to have a health check before they are erected.

I support the argument put by my hon. Friend the Member for Beckenham (Mrs. Lait), because I have argued strongly that planning powers should not be given to the regional assemblies. To give those powers to the regional development agencies is an even worse proposal, because they are less democratic than the regional assemblies. The regional assemblies have indirectly elected members, but regional development agencies have no democratic accountability whatsoever. Much of my constituency, which is in the south-west region, is nearer to the Scottish border than it is to Penzance, yet the regional development agency insists on having its offices in Exeter, which is one of the furthest points away from it. The idea that it should control housing numbers in my constituency is completely unacceptable to my constituents.

As I said to the right hon. Member for Streatham (Keith Hill), I have a sense of déjà vu about several of the issues that have been discussed today. He will recall that repeat planning applications came up in our previous debates in 2004, and I welcome those parts of the Bill, and the amendments, that deal with repeat and concurrent planning applications. I have taken part in previous debates on permitted development rights, and I listened carefully to the right hon. Member for Streatham, who was right to say that the development in his constituency was carried out under paragraph 17, not paragraph 11, of the general development procedure order, where article 4 would have applied. The Secretary of State talked about using article 4 directives, but as she will know, as she has become such an expert in planning, local authorities are wary of issuing such directives because they have to pay compensation if they do so and permission is passed. They are wary of using that mechanism, and the right hon. Member for Streatham will remember that we had discussions about the difficulties of using such directives in the case of Gypsies.

I would like to talk briefly about local member review bodies, because there is a serious question about their membership. If they are to work properly—and they could be a good idea—they must seen to be properly objective by our constituents. If people's rights to appeal are taken away in lieu of those local member review bodies, the composition of those bodies should reflect a fair membership that is truly objective, professional and able to act instead of the Planning Inspectorate.

Finally, I would like to say something about permitted development rights and the amendment tabled by my right hon. Friend the Member for Skipton and Ripon (Mr. Curry). It is absolutely right that the Minister has agreed to meet members of the National Farmers Union—I declare an interest as a farmer and a chartered surveyor. If farmers' permitted development rights for erecting smaller agricultural buildings are taken away, that will be a cause of concern. Larger agricultural buildings and buildings near public rights of way have to have planning permission under the existing regime so it is only rights relating to small buildings in very rural locations that will be affected by the provisions. I am grateful to the Minister's agreement to meet my right hon. Friend, and I hope that productive discussions will stem from that.

There are a host of other issues that I could discuss, but time is moving on. I regret that we do not have more time to discuss them, and I regret the fact that we will not get to the clauses on the community infrastructure levy. That is a huge discredit to the Government, because we ought to be discussing that very important part of the Bill today.

Question put and agreed to.

Clause read a Second time, and added to the Bill.

New Clause 31

POWER TO MAKE PROVISION IN RELATION TO WALES

'(1) The Welsh Ministers may by order make provision

(a) which has an effect in relation to Wales that corresponds to the effect an England-only provision has in relation to England,

(b) conferring power on the Welsh Ministers to do anything in relation to Wales that corresponds to anything the Secretary of State has power to do by virtue of an England-only provision.

(2) The England-only provisions are

section 152 (correction of errors in decisions);

section 155 (determination of planning applications by officers);

section 156 (determination of applications for certificates of lawful use or development by officers);

section 157 (validity of decisions made on reviews);

section 158 (determination of listed building applications by officers);

section 161 (removal of right to compensation where notice given of withdrawal of planning permission);

section 162 (power to make non-material changes to planning permission);

section 166(1) and Schedule 4 (use of land: power to override easements and other rights);

section 167 (applications and appeals by statutory undertakers);

section 168 and Schedule 5 (determination of procedure for certain proceedings);

paragraphs 2(3) and (4) and 3(3) of Schedule [Power to decline to determine applications: amendments].

(3) Before an England-only provision is brought into force

(a) the reference in subsection (1)(a) to the effect an England-only provision has is to be read as a reference to the effect the provision would have, if it were in force;

(b) the reference in subsection (1)(b) to anything the Secretary of State has power to do by virtue of an England-only provision is to be read as a reference to anything the Secretary of State would have power to do by virtue of the provision, if it were in force.

(4) The Welsh Ministers may by order make provision for the purpose of reversing the effect of any provision made in exercise of the power conferred by subsection (1).

(5) The Secretary of State may make an order in consequence of an order under subsection (1) for the purpose of ensuring that an England-only provision continues to have (or will when brought into force have) the effect in relation to England that it would have had if the order under subsection (1) had not been made.

(6) An order under this section may amend, repeal, revoke or otherwise modify a provision of

(a) an Act, or

(b) an instrument made under an Act.

(7) The powers of the Welsh Ministers to make orders under this section are exercisable by statutory instrument.

(8) Those powers include

(a) power to make different provision for different purposes (including different areas);

(b) power to make incidental, consequential, supplementary, transitional or transitory provision or savings.

(9) No order may be made by the Welsh Ministers under this section unless a draft of the instrument containing the order has been laid before, and approved by resolution of, the National Assembly for Wales.' *[Mr. Dhanda]*

Brought up, and read the First time.

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Parmjit Dhanda): I beg to move, That the clause be read a Second time.

Madam Deputy Speaker (Sylvia Heal): With this it will be convenient to discuss the following: Government new clause 32 *Wales: transitional provision in relation to blighted land.*

Government amendment No. 199.

Amendment No. 298, in page 106 in clause 173, leave out lines 16 to 31.

Amendment No. 299, in page 106 leave out lines 34 to 38.

Government amendments Nos. 247, 248, 260, 265 and 267.

Mr. Dhanda: Let me deal with a group of clauses that were discussed in Committee about Welsh powers, Welsh blight, the Welsh commissioners and their representation and Opposition amendments, which would, in our view, restrict National Assembly for Wales legislative competence.

Lembit Öpik: On a point of order, Madam Deputy Speaker. There was a programme motion earlier and we thought that we would run out of time. Is it in order for us to discuss all the important matters in the Bill that relate to the entire nation of Wales in less than two minutes?

Madam Deputy Speaker: I am bound by the order to which the House agreed earlier today.

Mr. Dhanda: I am sure that the hon. Member for Montgomeryshire (Lembit Öpik) would have been a welcome member of the Committee. The hon. Member for Meirionnydd Nant Conwy (Mr. Llwyd) served on it and made a good contribution to its deliberations. We have taken on board some of his comments and I know that he agrees that some Opposition amendments, namely Nos. 298 and 299, are a bad idea. We want consistency, with some of the town and country planning measures for England replicated for Wales. The amendments would provide for that.

Amendments Nos. 199, 247, 248 and 260 would enable Welsh Ministers to apply by order several miscellaneous reforms to the land use planning system, which are currently included in the Bill on an England-only basis. The Welsh Assembly Government believe that there could be merit in introducing the reforms in Wales. It is therefore appropriate for the Bill to recognise that and allow an opportunity for the reforms to be made in Wales. An order-making power is the most effective way in which to achieve that.

It being Seven o'clock, MADAM DEPUTY SPEAKER *proceeded to put forthwith the Question already proposed from the Chair, pursuant to Orders [2 June and this day].*

Clause read a Second time, and added to the Bill.

MADAM DEPUTY SPEAKER *then proceeded to put forthwith the Questions necessary for the disposal of the business to be concluded at that hour.*

New Clause 32

WALES: TRANSITIONAL PROVISION IN RELATION TO BLIGHTED LAND

'(1) During the transitional period the repeal by PCPA 2004 of paragraphs 1 to 4 of Schedule 13 to TCPA 1990 in relation to Wales is subject to subsection (2).

(2) That repeal does not affect anything which is required or permitted to be done for the purposes of Chapter 2 of Part 6 of TCPA 1990 (interests affected by planning proposals: blight) in relation to land falling within any of paragraphs 1, 2, 3 and 4 of Schedule 13 to TCPA 1990.

(3) The transitional period is the period during which

(a) in the case of land falling within paragraph 1 of Schedule 13 to TCPA 1990, a structure plan continues to be or to be comprised in the development plan for an area in Wales by virtue of Part 3 of Schedule 5 to the Local Government (Wales) Act 1994 and Part 1A of Schedule 2 to TCPA 1990;

(b) in the case of land falling within paragraph 2 of Schedule 13 to TCPA 1990, a local plan continues to be or to be comprised in the development plan for an area in Wales by virtue of Part 3 of Schedule 5 to the Local Government (Wales) Act 1994 and Part 1A of Schedule 2 to TCPA 1990;

(c) in the case of land falling within paragraphs 3 or 4 of Schedule 13 to TCPA 1990, a unitary development plan continues to form part of the development plan for an area in Wales by virtue of article 3(1) and (2) of the PCPA No.6 Order 2005.

(4) In this section "PCPA No.6 Order 2005" means the Planning and Compulsory Purchase Act 2004 (Commencement No.6, Transitional Provisions and Savings) Order 2005 (S.I. 2005/2847).

(5) This section is deemed to have come into force on the same day as the repeal of paragraphs 1 to 4 of Schedule 13 to TCPA 1990 came into force in relation to Wales (see Article 2(e) and (g) of the PCPA No.6 Order 2005).' *[Mr. Dhanda]*

Brought up, read the First time, and added to the Bill.

New Clause 3

AMENDMENT OF THE TOWN AND COUNTRY PLANNING ACT 1990

'(1) The Town and Country Planning Act 1990 (c. 8) is amended as follows.

(2) After section 71A insert

"71B Telecommunications masts: precautionary principle statement

(1) Every application for planning permission for telecommunications masts and associated apparatus shall be accompanied by a precautionary principle statement ("the statement").

(2) A local planning authority on receipt of an application for planning permission for telecommunications masts and associated apparatus, and on the receipt of a notice of appeal, shall

(a) make copies of the statement available for inspection, and

(b) indicate how representations can be made in respect of the statement,

in such manner as may be prescribed by regulations.

(3) A local planning authority in considering an application for planning permission for telecommunications masts and associated apparatus, or the Secretary of State on an appeal against a determination or non-determination, shall not make a decision until it, or he, has first taken into account the information contained within the statement and any representations received in respect of that information.

(4) Where the statement indicates that there is a threat of damage to health or the environment, it shall not be a ground for granting planning permission that there is a lack of full scientific certainty about the extent of the threat of damage to health or the environment.

71C Telecommunications masts: beam of greatest intensity certificate

(1) Every application for planning permission for telecommunications masts and associated apparatus shall be accompanied by a certificate ("the certificate") which sets out

(a) the area and maximum range of the beam of greatest intensity,

(b) the minimum and maximum distances at ground level of the beam of greatest intensity,

(c) an explanation of the way in which the intensity of radiation falls off with distance from an antennae and of the level of the intensity of radiofrequency radiation,

(d) an indication of where the beam of greatest intensity falls and the nearest and farthest distance from the antenna to these points.

(2) A local planning authority on receipt of an application for planning permission for telecommunications masts and associated apparatus, and on the receipt of a notice of appeals shall

(a) make copies of the certificate available for inspection, and

(b) indicate how representations can be made,

in such manner as may be prescribed by regulations.

(3) Where a beam of greatest intensity falls on any part of any premises or land occupied by or consisting of an educational or medical facility, or of residential property, planning permission shall not be granted before first taking into account the information contained within the certificate, and any representations received in respect of that information.

(4) For the purposes of section 71B and this section

"beam of greatest intensity" means where the greatest exposure to the radiofrequency radiation signal occurs;

"educational facility" means any premises used for the education of children and young adults, whether such education is full or part time, and includes a nursery school;

"electronic communications code" means the code set out in Schedule 2 to the Telecommunications Act 1984;

"exempted apparatus" means

(a) a public call box, or

(b) an antenna which cannot be used for receiving a signal transmitted from a telecommunications mast, and

(c) radio equipment which cannot be used in connection with a telecommunications mast;

"medical facility" means any premises used for medical treatment or care;

"precautionary principle statement" means a statement accompanying an application for planning permission for telecommunications masts and associated apparatus which describes the effect upon the environment or human health which might arise from the installation or use of the telecommunications masts and associated apparatus;

"telecommunications masts and associated apparatus" has the same meaning as the term "electronic communications apparatus" in the electronic communications code, except that the definition of that term does not include exempted apparatus.".'. *[Andrew Stunell.]*

Brought up, and read the First time.

Question put, That the clause be read a Second time:

The House divided. Ayes 57, Noes 310.

Division No. 234] **[7.01 pm**

AYES

Alexander, Danny
Baker, Norman
Barrett, John
Beith, rh Sir Alan
Bottomley, Peter
Breed, Mr. Colin
Brooke, Annette
Browne, Mr. Jeremy
Burstow, Mr. Paul
Cable, Dr. Vincent
Carmichael, Mr. Alistair
Corbyn, Jeremy
Davey, Mr. Edward
Farron, Tim
Foster, Mr. Don
George, Andrew
Gidley, Sandra
Goldsworthy, Julia
Harvey, Nick
Heath, Mr. David
Hemming, John
Holmes, Paul
Horwood, Martin
Howarth, David
Hughes, Simon
Huhne, Chris
Hunter, Mark
Keetch, Mr. Paul
Kramer, Susan
Lamb, Norman
Laws, Mr. David
Leech, Mr. John
Llwyd, Mr. Elfyn
McCrea, Dr. William
McDonnell, John
Moore, Mr. Michael
Price, Adam
Pugh, Dr. John
Reid, Mr. Alan
Rennie, Willie
Rogerson, Dan
Rowen, Paul
Russell, Bob
Sanders, Mr. Adrian
Smith, Sir Robert
Spink, Bob
Stunell, Andrew
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Webb, Steve
Williams, Hywel
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Younger-Ross, Richard

Tellers for the Ayes:
Mr. Roger Williams and Lembit Öpik

NOES

Abbott, Ms Diane
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin

Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byrne, Mr. Liam
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cooper, rh Yvette
Cousins, Jim
Creagh, Mary
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Healey, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McFadden, Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morgan, Julie
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Salter, Martin
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, rh Keith
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Wilson, Phil
Wilson, Sammy

Winnick, Mr. David
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Steve McCabe and
Mr. Frank Roy

Question accordingly negatived.

Clause 149

DELEGATION OF FUNCTIONS OF REGIONAL PLANNING BODIES

Amendment proposed: No. 300, page 77, line 7, leave out 'the regional development agency for its region' and insert 'a local authority for an area within its region (whether singly or jointly with other local authorities)'.—*[Mrs. Lait.]*

Question put, That the amendment be made:—

The House divided: Ayes 213, Noes 303.

Division No. 235] **[7.16 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Bone, Mr. Peter
Boswell, Mr. Tim
Brady, Mr. Graham
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Cable, Dr. Vincent
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Davies, David T.C. *(Monmouth)*
Davies, Philip
Djanogly, Mr. Jonathan
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fallon, Mr. Michael
Featherstone, Lynne
Field, Mr. Mark
Flynn, Paul
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Christopher
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Green, Damian
Greening, Justine
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Harvey, Nick
Hayes, Mr. John
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hendry, Charles
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Horam, Mr. John
Horwood, Martin
Howarth, David
Howarth, Mr. Gerald
Hughes, Simon
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jones, Mr. David
Kawczynski, Daniel
Keetch, Mr. Paul
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Main, Anne
Maples, Mr. John
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McCrea, Dr. William
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Öpik, Lembit
Ottaway, Richard
Paice, Mr. James
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Rogerson, Dan
Rosindell, Andrew
Rowen, Paul
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Taylor, Mr. Ian
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Timpson, Mr. Edward
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Sir Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Williams, Hywel
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Mr. Crispin Blunt and
Mr. Richard Benyon

NOES

Abbott, Ms Diane
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte

Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blears, rh Hazel
Blizzard, Mr. Bob
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, Mr. Russell
Browne, rh Des
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Butler, Ms Dawn
Byrne, Mr. Liam
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Creagh, Mary
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Follett, Barbara
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Healey, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Irranca-Davies, Huw
Jackson, Glenda
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McDonnell, John
McFadden, Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morgan, Julie
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Salter, Martin
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, rh Keith
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Wilson, Phil

Winnick, Mr. David
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Mr. Frank Roy and Steve McCabe

Question accordingly negatived.

Clause 155

DETERMINATION OF PLANNING APPLICATIONS BY OFFICERS

Amendment made: No. 190, page 85, line 2, at end insert—

'(za) the local planning authority, or a committee or sub-committee of the authority, have decided to determine the application themselves (by virtue of section 75A(6)),'.—*[John Healey.]*

Clause 156

DETERMINATION OF APPLICATIONS FOR CERTIFICATES OF LAWFUL USE OR DEVELOPMENT BY OFFICERS

Amendment made: No. 191, page 88, line 22, at end insert—

'(za) the local planning authority, or a committee or sub-committee of the authority, have decided to determine the application themselves (by virtue of section 193A(6)),'.—*[John Healey.]*

Clause 158

DETERMINATION OF LISTED BUILDING APPLICATIONS BY OFFICERS

Amendment made: No. 192, page 92, line 34, at end insert—

'(za) the local planning authority, or a committee or sub-committee of the authority, have decided to determine the application themselves (by virtue of section 19A(6)),'.—*[John Healey.]*

Clause 159

POWER TO DECLINE TO DETERMINE SUBSEQUENT APPLICATION

Amendment made: No. 193, page 93, line 12, leave out Clause 159.—*[John Healey.]*

Clause 161

REMOVAL OF RIGHT TO COMPENSATION WHERE NOTICE GIVEN OF WITHDRAWAL OF PLANNING PERMISSION

Amendment made: No. 194, page 93, line 40, leave out from 'order,' to end of line 4 on page 94 and insert—

'(b) notice of the revocation, amendment or directions was published in the prescribed manner not less than 12 months or more than the prescribed period before the revocation, amendment or directions (as the case may be) took effect, and

(c) either—

(i) the development authorised by the order had not started before the notice was published, or

(ii) the order includes provision in pursuance of section 61D permitting the development to be completed after the permission is withdrawn.'".—*[John Healey.]*

Clause 162

POWER TO MAKE NON-MATERIAL CHANGES TO PLANNING PERMISSION

Amendment made: No. 195, page 94, line 24, at end insert—

'(5A) Subsection (5B) applies in relation to an application under subsection (4) made by or on behalf of a person with an interest in some, but not all, of the land to which the planning permission relates.

(5B) The application may be made only in respect of so much of the planning permission as affects the land in which the person has an interest.'.—*[John Healey.]*

Clause 163

VALIDITY OF ORDERS, DECISIONS AND DIRECTIONS

Amendment made: No. 196, page 95, line 11, leave out from '(a)' to end of line 12 and insert 'omit "for planning permission".'.—*[John Healey.]*

Clause 164

TREE PRESERVATION ORDERS

Amendments made: No. 197, page 97, line 13, at end insert—

'(c) conditions limiting the duration of the consent.'.

No. 198, page 97, line 21, at end insert—

'(4A) In relation to any tree planted in pursuance of a condition within subsection (4)(a), tree preservation regulations may make provision—

(a) for the tree preservation order concerned to apply to the tree;

(b) authorising the person imposing the condition to specify that the tree preservation order concerned is not to apply to the tree.

(4B) "The tree preservation order concerned" is the order in force in relation to the tree in respect of which consent is given under tree preservation regulations.'.—*[John Healey.]*

Clause 166

USE OF LAND: POWER TO OVERRIDE EASEMENTS AND OTHER RIGHTS

Amendment made: No. 199, page 99, line 19, at end insert—

'(2) The Welsh Ministers may by order amend Schedule 4 to the Welsh Development Agency Act 1975 for the purpose of authorising the use in accordance with planning permission of land acquired under section 21A of that Act, even if the use involves—

(a) interference with an interest or right to which paragraph 6 of that Schedule applies, or

(b) a breach of a restriction as to the user of land arising by virtue of a contract.

(3) The power to make an order under subsection (2) is exercisable by statutory instrument.

(4) The power includes—

(a) power to make different provision for different purposes (including different areas);

(b) power to make incidental, consequential, supplementary, transitional or transitory provision or savings.

(5) No order may be made under subsection (2) unless a draft of the instrument containing the order has been laid before, and approved by resolution of, the National Assembly for Wales.'. *[John Healey.]*

New Clause 33

COMMUNITY INFRASTRUCTURE LEVY: PROCEDURE

'(1) CIL regulations may include provision about procedures to be followed in connection with CIL.

(2) In particular, the regulations may make provision about

(a) procedures to be followed by a charging authority proposing to begin charging CIL;

(b) procedures to be followed by a charging authority proposing to stop charging CIL;

(c) consultation;

(d) the publication or other treatment of reports;

(e) timing and methods of publication;

(f) making documents available for inspection;

(g) providing copies of documents (with or without charge);

(h) the form and content of documents;

(i) giving notice;

(j) serving notices or other documents;

(k) examinations to be held in public in the course of setting or revising rates or other criteria or of preparing lists;

(l) the terms and conditions of appointment of independent persons;

(m) remuneration and expenses of independent persons (which may be required to be paid by the Secretary of State or by a charging authority);

(n) other costs in connection with examinations;

(o) reimbursement of expenditure incurred by the Secretary of State (including provision for enforcement);

(p) apportionment of costs;

(q) combining procedures in connection with CIL with procedures for another purpose of a charging authority (including a purpose of that authority in another capacity).

(3) A provision of this Part conferring express power to make procedural provision in a specified context includes, in particular, power to make provision about the matters specified in subsection (2).

(4) Sections 187 to 189 do not apply to this Part (but CIL regulations may make similar provision).'. *[Mr. Watts.]*

Brought up, read the First time, and added to the Bill.

New Clause 34

COMMUNITY INFRASTRUCTURE LEVY: REPEALS

'The following provisions of the Planning and Compulsory Purchase Act 2004 (c. 5) shall cease to have effect

(a) sections 46 to 48 (planning contribution), and

(b) paragraph 5 of Schedule 6 (repeal of sections 106 to 106B of the Town and Country Planning Act 1990 (c. 8) (planning obligations)).'. *[Mr. Watts.]*

Brought up, read the First time, and added to the Bill.

Clause 175

CHARGING AUTHORITIES

Amendments made: No. 200, page 107, line 26, leave out from 'specify' to end of line 27 and insert

'the authorities which may charge CIL, each of which must be'.

No. 201, page 107, line 28, at end insert

'or Part 2 of the PCPA 2004),'.

No. 202, page 107, line 33, at end insert ', or'.

No. 203, page 107, line 34, leave out from 'London,' to end of line 35.—*[Mr. Watts.]*

Clause 177

AMOUNT

Amendments made: No. 204, page 109, line 21, at end insert—

'(da) to have regard, to the extent and in the manner specified by the regulations, to other actual or expected sources of funding for infrastructure;'.

No. 205, in page 109, line 45, after 'for', insert

'differential rates, which may include provision for supplementary charges, increased rates or'.—*[Mr. Watts.]*

Clause 178

APPLICATION

Amendments made: No. 206, page 110, line 2, leave out 'collects' and insert 'charges'.

No. 207, page 111, line 1, leave out 'the' and insert 'actual or expected'.—*[Mr. Watts.]*

Clause 179

COLLECTION

Amendment made: No. 208, page 111, line 25, at end insert—

'(7) Regulations under this section may make provision about the source of payments in respect of Crown interests.'.—*[Mr. Watts.]*

Clause 180

ENFORCEMENT

Amendments made: No. 209, page 111, line 29, leave out 'and the regulations may,' and insert—

'(2A) The regulations may,'.

No. 210, page 111, line 36, at end insert—

'(ea) conferring a power of entry onto land;

(eb) requiring the provision of information;'.

No. 211, page 111, line 39, after 'information', insert 'or failure to provide information'.

No. 212, page 111, line 40, at end insert—

'(fa) conferring power to prosecute an offence;'.

No. 213, page 111, line 42, at end insert—

'(h) conferring jurisdiction on a court to grant injunctive or other relief to enforce a provision of the regulations (including a provision included in reliance on this section).'.

No. 214, page 112, line 3, at end insert—

'(4) Regulations under this section creating a criminal offence may not provide for—

(a) a maximum fine exceeding £20,000 on summary conviction,

(b) a maximum term of imprisonment exceeding 6 months on summary conviction, or

(c) a maximum term of imprisonment exceeding 2 years on conviction on indictment.

(5) The Secretary of State may by order amend subsection (4) to reflect commencement of section 283 of the Criminal Justice Act 2003.'.

No. 215, page 112, line 3, at end insert—

'(4) In this Part a reference to administrative expenses in connection with CIL includes a reference to enforcement expenses.'. —*[Mr. Watts.]*

Clause 182

CIL REGULATIONS: GENERAL

Amendment made: No. 216, in page 112, line 34, leave out from 'include' to 'amending' in line 35 and insert

'provision of a kind permitted by section 190(3)(b) (and incidental, supplemental or consequential provision may include provision disapplying, modifying the effect of or'. —*[Mr. Watts.]*

Clause 183

RELATIONSHIP WITH OTHER POWERS

Amendments made: No. 217, page 113, line 4, after 'charging', insert 'or other'.

No. 218, page 113, line 5, leave out 'charging'.

No. 219, page 113, line 11, after 'effectiveness', insert ', or increasing the use,'.—*[Mr. Watts.]*

New Clause 28

GRANTS FOR ADVICE AND ASSISTANCE: ENGLAND AND WALES

'In section 304A(1) of TCPA 1990 (grants for assisting the provision of advice and assistance in connection with planning matters), after paragraph (b) insert

"(ba) the Planning Act 2008;"'. —*[Mr. Watts.]*

Brought up, read the First time, and added to the Bill.

New Clause 35

APPLICATION TO PARLIAMENT

'This Act has effect despite any rule of law relating to Parliament or the law and practice of Parliament.'.—*[Mr. Watts.]*

Brought up, read the First time, and added to the Bill.

Clause 50

RIGHTS OF ENTRY

Amendments made: No. 93, page 28, line 28, after 'it', insert 'or right over it'.

No. 94, page 28, line 34, after 'land', insert

'or an interest in it or right over it'. —*[Mr. Watts.]*

Clause 82

EXAMINING AUTHORITY TO CONTROL EXAMINATION OF APPLICATION

Amendment made: No. 95, page 43, line 9, after 'land', insert

'or of an interest in or right over land'. —*[Mr. Watts.]*

Clause 88

HEARINGS: GENERAL PROVISIONS

Amendment made: No. 96, page 45, line 41, after 'land', insert

'or of an interest in or right over land'. —*[Mr. Watts.]*

Clause 89

HEARINGS: DISRUPTION, SUPERVISION AND COSTS

Amendments made: No. 97, page 46, line 6, leave out 'subsection (1)' and insert 'this section'.

No. 98, page 46, line 23, at end insert—

'This is subject to subsection (5) of this section.

(5) Subsections (6) to (8) of section 210 of the Local Government (Scotland) Act 1973 (c. 65) (provisions about expenses applying where Minister causes a local inquiry to be held) apply in relation to the Examining authority's examination of the application in so far as relating to a hearing held in Scotland as they apply in relation to an inquiry under that section, but with references to the Minister causing the inquiry to be held being read as references to the Examining authority.'. *[Mr. Watts.]*

Clause 91

PROCEDURE RULES

Amendments made: No. 99, page 46, line 39, after 'Chancellor', insert

'or (if subsection (1A) applies) the Secretary of State'.

No. 100, page 46, line 41, at end insert—

'(1A) This subsection applies if the development to which the application relates (or part of the development) is the construction of an oil or gas cross-country pipe-line

(a) one end of which is in England or Wales, and

(b) the other end of which is in Scotland.'. *[Mr. Watts.]*

Clause 95

INTERPRETATION OF CHAPTER 4: "INTERESTED PARTY" AND OTHER EXPRESSIONS

Amendment made: No. 101, page 48, line 22, after 'land', insert

'or of an interest in or right over land'. *[Mr. Watts.]*

Clause 99

MATTERS THAT MAY BE DISREGARDED WHEN DECIDING APPLICATION

Amendment made: No. 102, page 50, line 18, after 'land', insert

'or of an interest in or right over land'. —*[Mr. Watts.]*

Clause 147

BLIGHTED LAND

Amendments made: No. 184, in page 75, line 8, at end insert—

'(3A) In section 151 (counter-notices objecting to blight notices) after subsection (7) insert—

"(7A) The grounds on which objection may be made in a counter-notice to a blight notice served by virtue of paragraph 25 of Schedule 13 do not include those mentioned in subsection (4)(b).".

No. 185, in page 75, line 20, leave out 'the Secretary of State' and insert—

(a) if the national policy statement identifies a statutory undertaker as an appropriate person to carry out the specified description of development in the location, the statutory undertaker;

(b) in any other case, the Secretary of State.

(7) If any question arises by virtue of subsection (6)—

(a) whether the appropriate authority in relation to any land for the purposes of this Chapter is the Secretary of State or a statutory undertaker; or

(b) which of two or more statutory undertakers is the appropriate authority in relation to any land for those purposes,

that question shall be referred to the Secretary of State, whose decision shall be final.

(8) In subsections (6) and (7) "statutory undertaker" means a person who is, or is deemed to be, a statutory undertaker for the purposes of any provision of Part 11.".

No. 186, page 75, line 24, leave out from second 'the' to end of line 26 and insert 'order granting development consent.'.

No. 187, page 75, line 28, leave out from 'is' to end of line 30 and insert

'an order in the terms of the order applied for.'— *[Mr. Watts.]*

Clause 148

BLIGHTED LAND: SCOTLAND

Amendments made: No. 188, page 76, line 27, at end insert—

'(3A) In section 101(1)(b) (notices requiring purchase of blighted land)

(a) for "or 15" substitute ", 15 or 17", and

(b) after "Schedule 14 and" insert "(except in the case of land falling within paragraph 17 by virtue of paragraph 17(2)(c))".

(3B) In section 102 (counter-notices objecting to blight notices) after subsection (7) insert—

"(7A) An objection may not be made on the ground mentioned in paragraph (b) of subsection (4) in a counter-notice to a blight notice served by virtue of paragraph 18 of Schedule 14."

(3C) After section 116 insert—

"116A Power of Secretary of State to acquire land identified in national policy statements where blight notice served

Where a blight notice has been served in respect of land falling within paragraph 18 of Schedule 14, the Secretary of State has power to acquire compulsorily any interest in the land in pursuance of the blight notice served by virtue of that paragraph.".

No. 324, page 76, line 31, leave out 'the Secretary of State' and insert '—

(a) if the national policy statement identifies a statutory undertaker as an appropriate person to carry out the specified description of development in the location, the statutory undertaker;

(b) in any other case, the Secretary of State.

(6) If any question arises by virtue of subsection (5)

(a) whether the appropriate authority in relation to any land for the purposes of this Chapter is the Secretary of State or a statutory undertaker; or

(b) which of two or more statutory undertakers is the appropriate authority in relation to any land for those purposes,

that question shall be referred to the Secretary of State, whose decision shall be final.

(7) In subsections (5) and (6) "statutory undertaker" means a person who is, or is deemed to be, a statutory undertaker for the purposes of any provision of Part 10."

(4A) In section 121 ("appropriate enactment" for purposes of Chapter 2) after subsection (7) insert—

"(7A) In relation to land falling within paragraph 17 of that Schedule by virtue of paragraph 17(2)(a) or (b), "the appropriate enactment" means the order granting development consent.

(7B) In relation to land falling within paragraph 17 of that Schedule by virtue of paragraph 17(2)(c), "the appropriate enactment" means an order in the terms of the order applied for.

(7C) In relation to land falling within paragraph 18 of that Schedule, "the appropriate enactment" means section 116A.".— *[Mr. Watts.]*

Clause 185

EXPRESSIONS RELATING TO THE CROWN

Amendments made: No. 220, page 114, line 2, at end insert—

'(ba) an interest belonging to an office-holder in the Scottish Administration or held in trust for Her Majesty for the purposes of the Scottish Administration by such an office-holder;

(bb) the interest of the Speaker of the House of Lords in those parts of the Palace of Westminster and its precincts occupied on 23 March 1965 by or on behalf of the House of Lords;

(bc) the interest of the Speaker of the House of Commons in those parts of the Palace of Westminster and its precincts occupied on 23 March 1965 by or on behalf of the House of Commons;

(bd) the interest in any land of

(i) the Corporate Officer of the House of Lords;

(ii) the Corporate Officer of the House of Commons;

(iii) those two Corporate Officers acting jointly;'.

No. 221, page 114, line 12, after 'department', insert

'or, as the case may be, office-holder in the Scottish Administration,'.

No. 222, page 114, line 24, at end insert—

'(fa) in the case of land belonging to an office-holder in the Scottish Administration or held in trust for Her Majesty for the purposes of such an office-holder, the office-holder;'.

No. 223, page 114, line 30, at end insert—

'(i) in relation to land in which there is a Crown interest by virtue of subsection (3)(bb) or (bd)(i), the Corporate Officer of the House of Lords;

(j) in relation to land in which there is a Crown interest by virtue of subsection (3)(bc) or (bd)(ii), the Corporate Officer of the House of Commons;

(k) in relation to land in which there is a Crown interest by virtue of subsection (3)(bd)(iii), those two Corporate Officers acting jointly.'.

No. 224, page 114, line 34, leave out subsections (7) and (8).

No. 225, page 114, line 44, leave out 'The reference' and insert 'References'.

No. 226, page 114, line 45, at end insert—

'(10) References to an office-holder in the Scottish Administration are to be construed in accordance with section 126(7) of the Scotland Act 1998 (c.46).'. — *[Mr. Watts.]*

Clause 186

ENFORCEMENT IN RELATION TO THE CROWN

Amendment made: No. 227, page 115, line 3, at end insert—

'(2) For the purposes of this section "the Crown" includes—

(a) the Duchy of Lancaster;

(b) the Duchy of Cornwall;

(c) the Speaker of the House of Lords;

(d) the Speaker of the House of Commons;

(e) the Corporate Officer of the House of Lords;

(f) the Corporate Officer of the House of Commons.'. — *[Mr Watts.]*

Clause 187

SERVICE OF NOTICES: GENERAL

Amendments made: No. 228, page 115, line 6, leave out from 'served' to end of line 9 and insert

', given or supplied under this Act may be served, given or supplied in any of these ways—

(a) by delivering it to the person on whom it is to be served or to whom it is to be given or supplied,'.

No. 229, page 115, line 12, at end insert—

'(ba) by sending it by post, addressed to that person at that person's usual or last known place of abode or, in a case where an address for service has been given by that person, at that address,'.

No. 230, page 115, line 21, leave out from 'body' to end of line 25 and insert '—

'(i) by delivering it to the secretary or clerk of the company or body at their registered or principal office,

(ii) by sending it by post, addressed to the secretary or clerk of the company or body at that office,

(iii) by sending it in a prepaid registered letter or, or by the recorded delivery service, addressed to the secretary or clerk of the company or body at that office.'.

No. 231, page 115, line 33, leave out 'or given' and insert ', given or supplied'.

No. 232, page 115, line 35, leave out from '(4)' to end of line 36 and insert—

Subsection (1)(ba), (d) and (e)(ii) do not apply to the service, giving or supply of any of the following—

(a) notice under section 50(4)(b);

(b) a compulsory acquisition notice under section 121;

(c) notice under section 136(3);

(d) an information notice under section 140;

(e) a notice of unauthorised development under section 142.'. — *[John Healey.]*

Amendment made: No. 233, in page 115, line 38, at end insert—

'(6) This section is subject to any contrary provision made by or under this Act.'. — *[Mr. Watts.]*

Clause 188

SERVICE OF DOCUMENTS TO PERSONS INTERESTED IN OR OCCUPYING PREMISES

Amendments made: No. 234, page 115, line 41, after 'on', insert 'or given or supplied to'.

No. 235, page 116, line 1, after 'on', insert 'or given or supplied to'.

No. 236, page 116, line 3, after 'served', insert ', given or supplied'.

No. 237, page 116, line 9, leave out from 'sent' to end of line 10 and insert '—

(i) in the case of a notice mentioned in section 187(4), in the manner specified in section 187(1)(a), (b) or (c), and

(ii) in any other case, in the manner specified in section 187(1)(a), (b), (ba) or (c).'.

No. 238, page 116, line 19, after 'given', insert 'or supplied'.

No. 239, page 116, line 22, leave out 'or give' and insert ', give or supply'.

No. 240, page 116, line 24, after 'on', insert 'or given or supplied to'.

No. 241, page 116, line 30, at end insert—

'(7) This section is subject to any contrary provision made by or under this Act.'. *[Mr. Watts.]*

Clause 189

SERVICE OF NOTICES ON THE CROWN

Amendments made: No. 242, page 116, line 32, after 'on', insert 'or given or supplied to'.

No. 243, page 116, line 33, after 'on', insert 'or given or supplied to'.

No. 244, page 116, line 34, after 'service', insert ', giving or supply'.

No. 245, page 116, line 35, at end insert—

'(3) For the purposes of this section "the Crown" includes—

(a) the Duchy of Lancaster;

(b) the Duchy of Cornwall;

(c) the Speaker of the House of Lords;

(d) the Speaker of the House of Commons;

(e) the Corporate Officer of the House of Lords;

(f) the Corporate Officer of the House of Commons.'. *[Mr. Watts.]*

Clause 190

ORDERS AND REGULATIONS

Amendments made: No. 247, page 117, line 10, after '145(1)', insert

', [Power to make provision in relation to Wales](5)'.

No. 248, page 117, line 11, after '134(3)', insert

', [Power to make provision in relation to Wales](5)'. — *[Mr. Watts.]*

Clause 193

INTERPRETATION

Amendments made: No. 249, page 117, line 32, at end insert—

'"alteration", in relation to a highway, includes stopping up the highway or diverting, improving, raising or lowering it;'.

No. 250, page 118, lir 20, leave out 'has the same meaning as in' and inse.

'and "harbour authority" have the meanings given by'.

No. 251, page 118, line 25, at end insert—

'"improvement", in relation to a highway, has the meaning given by section 329(1) of the Highways Act 1980;'.

No. 252, page 118, line 29, leave out from 'to' to end of line 31 and insert

'Part 7 must be read in accordance with section [Interpretation: land and rights over land].

No. 253, page 119, line 10, leave out 'or proposed highway'.

No. 254, page 119, line 15, leave out 'or proposed highway'.

No. 255, page 119, line 23, at end insert—

'(2) A reference in this Act to a right over land includes a reference to a right to do, or to place and maintain, anything in, on or under land or in the air-space above its surface.'.

No. 256, page 119, line 23, at end insert—

'(2) Subsection (3) applies to the question of which parts of waters up to the seaward limits of the territorial sea—

(a) are adjacent to Wales (and, in consequence, are not adjacent to England), or

(b) are not adjacent to Wales (and, in consequence, are adjacent to England).

(3) The question is to be determined by reference to an order or Order in Council made under or by virtue of section 158(3) or (4) of the Government of Wales Act 2006 (apportionment of sea areas) if, or to the extent that, the order or Order in Council is expressed to apply—

(a) by virtue of this subsection, for the purposes of this Act, or

(b) if no provision has been made by virtue of paragraph (a), for the general or residual purposes of that Act.

(4) Subsection (5) applies to the question of which parts of waters up to the seaward limits of the territorial sea—

(a) are adjacent to Scotland (and, in consequence, are not adjacent to England), or

(b) are not adjacent to Scotland (and, in consequence, are adjacent to England).

(5) The question is to be determined by reference to an Order in Council made under section 126(2) of the Scotland Act 1998 if, or to the extent that, the Order in Council is expressed to apply—

(a) by virtue of this subsection, for the purposes of this Act, or

(b) if no provision has been made by virtue of paragraph (a), for the general or residual purposes of that Act.'.—*[Mr. Watts.]*

Clause 194

APPLICATION OF ACT TO SCOTLAND: MODIFICATIONS

Amendments made: No. 257, page 119, line 25, leave out 'following modifications' and insert

'modifications set out in Schedule [Application of Act to Scotland: modifications]'.

No. 258, page 119, line 27, leave out subsections (2) to (13).—*[Mr. Watts.]*

Clause 195

SUPPLEMENTARY AND CONSEQUENTIAL PROVISION

Amendment made: No. 259, page 121, line 16, at end insert—

'(6) In this section any reference to an Act (other than this Act) includes a reference to an Act of the Scottish Parliament.'.—*[Mr. Watts.]*

Clause 198

EXTENT

Amendment made: No. 260, page 121, line 31, leave out 'section 165' and insert

'sections 165, 166, [Power to make provision in relation to Wales] and [Wales: transitional provision in relation to blighted land]'.—*[Mr. Watts.]*

Clause 199

— COMMENCEMENT

Amendments made: No. 262, page 122, line 5, at end insert—

'(za) the provisions of Parts 1 to 8 which—

(i) confer power to make orders (other than orders granting development consent), regulations or rules, or

(ii) make provision about what is (or is not) permitted to be done, or what is required to be done, in the exercise of any such power;'.

No. 263, page 122, line 7, at end insert—

'(1A) Nothing in subsection (1)(za) affects the operation of section 13 of the Interpretation Act 1978 in relation to this Act.'.

No. 264, page 122, line 13, leave out from '153' to the end and insert

'[Power to decline to determine applications: amendments], 160, 163(1) and (3), 164, 165, 169 to 172;

(aa) paragraphs 1, 2(1) and (2), 3(1), (2) and (4) and 4 to 6 of Schedule [Power to decline to determine applications: amendments];

(ab) Schedules 3 and 6;'.

No. 265, page 122, line 21, at end insert—

'(4A) Section [Wales: transitional provision in relation to blighted land] comes into force in accordance with subsection (5) of that section.'.

No. 266, page 122, line 22, leave out 'Section 173 comes' and insert

'Sections 166(2) to (5), 173, [Power to make provision in relation to Wales] and [Community Infrastructure Levy: repeals] (together with related entries in Schedule 7), and paragraph 7 of Schedule [Power to decline to determine applications: amendments], come'.—*[Mr. Watts.]*

New Schedule 1

'EXAMINATION OF APPLICATIONS BY SECRETARY OF STATE

Examination of matters by Commission: procedure

1 (1) This paragraph applies if—

(a) the Secretary of State gives a direction under section 103(1) in relation to an application, and

(b) for the purpose of the examination of the application under section [Effect of intervention](2)(a), the Secretary of State gives a direction under section [Effect of intervention](3)(a) for specified matters to be examined by the Commission.

(2) The Commission must secure that—

(a) an examination of the specified matters is conducted by a Panel or a single Commissioner, and

(b) a report is made by the Panel or Commissioner to the Secretary of State setting out the Panel or Commissioner's findings and conclusions on those matters.

(3) The Panel or single Commissioner must—

(a) complete the examination under sub-paragraph (2)(a) by the end of the period specified by the Secretary of State, and

(b) report under sub-paragraph (2)(b) by the end of the period specified by the Secretary of State.

(4) The Secretary of State may direct that things done in connection with the examination of the application under Chapter 2 or 3 of Part 6 are to be treated as done in connection with the examination under sub-paragraph (2)(a).

(5) The following provisions of Part 6 apply in relation to the specified matters as if for references to an application for an order granting development consent there were substituted references to the specified matters—

(a) in Chapter 1, sections 56(2) to (5), 57 and 58;

(b) in Chapter 2, sections 59 (except subsection (1)(a)), 60 to 68, 69(2) to (4) and 70 to 72;

(c) in Chapter 3, sections 73 (except subsection (1)(a)), 74 to 77, and 78 (except subsection (2)(a));

(d) in Chapter 4, sections 81 to 91 and 93 to 95.

(6) As applied by sub-paragraph (5), those provisions apply—

(a) with any necessary modifications, and

(b) with such other modifications as may be prescribed.

Examination of matters by Secretary of State: procedure

2 (1) This paragraph applies if—

(a) the Secretary of State gives a direction under section 103(1) in relation to an application, and

(b) for the purpose of the examination of the application under section [Effect of intervention](2)(a), the Secretary of State is to conduct an examination of any matters under section [Effect of intervention](3)(b).

(2) It is for the Secretary of State to decide how to conduct the examination under section [Effect of intervention](3)(b).

(3) The Secretary of State may in particular decide that all or part of the examination is to take the form of—

(a) consideration of written representations;

(b) consideration of oral representations at a hearing.

(4) The Secretary of State may treat things done in connection with the examination of the application under Chapter 2 or 3 of Part 6 as done in connection with the examination under section [Effect of intervention](3)(b).

(5) Sub-paragraph (6) applies if—

(a) the direction under section 103(1) is given by virtue of section [Intervention: defence and national security],

(b) the Secretary of State has decided that all or part of the examination is to take the form of consideration of oral representations at a hearing, and

(c) the Secretary of State is satisfied that—

(i) the making of particular representations at the hearing would be likely to result in the disclosure of information as to defence or national security, and

(ii) the public disclosure of that information would be contrary to the national interest.

(6) The Secretary of State may direct that representations of a specified description may be made only to persons of a specified description (instead of being made in public).

(7) "Specified" means specified in the direction.

(8) The Secretary of State's powers under sub-paragraphs (2) to (4) are subject to—

(a) sub-paragraphs (5) to (7), and

(b) any rules made under paragraph 3.

(9) In this paragraph "representation" includes evidence.

Rules

3 (1) The Lord Chancellor or (if sub-paragraph (2) applies) the Secretary of State, after consultation with the Administrative Justice and Tribunals Council, may make rules regulating the procedure to be followed in connection with the Secretary of State's examination of an application under section [Effect of intervention].

(2) This sub-paragraph applies if the development to which the application relates (or part of the development) is the construction of an oil or gas cross-country pipe-line—

(a) one end of which is in England or Wales, and

(b) the other end of which is in Scotland.

(3) Rules under sub-paragraph (1) may make provision for or in connection with authorising the Secretary of State, alone or with others, to enter onto land, including land owned or occupied otherwise than by the applicant, for the purpose of inspecting the land as part of the Secretary of State's examination.

(4) Rules under sub-paragraph (1) may regulate procedure in connection with matters preparatory to the Secretary of State's examination, and in connection with matters subsequent to the examination, as well as in connection with the conduct of the examination.

(5) Power under this paragraph to make rules includes power to make different provision for different purposes.

(6) Power under this paragraph to make rules is exercisable by statutory instrument.

(7) A statutory instrument containing rules under this paragraph is subject to annulment pursuant to a resolution of either House of Parliament.

Appointed representatives

4 (1) Sub-paragraph (2) applies if the Secretary of State gives a direction under paragraph 2(6) for representations of a specified description to be made only to persons of a specified description (instead of being made in public).

(2) The Attorney General or (where the representations are to be made in Scotland) the Advocate General for Scotland may appoint a person (an "appointed representative") to represent the interests of an interested party who (by virtue of the direction) is prevented from being present when the representations are made.

(3) "Interested party" means a person who is an interested party in relation to the application for the purposes of Chapter 4 of Part 6 (see section 95).

(4) Rules under paragraph 3 may make provision as to the functions of an appointed representative.

(5) The Secretary of State may direct a person (a "responsible person") to pay the fees and expenses of an appointed representative, if the Secretary of State thinks that the responsible person is interested in the hearing in relation to any representations that are the subject of the direction under paragraph 2(6).

(6) If the Secretary of State gives a direction under sub-paragraph (5) and the appointed representative and the responsible person are unable to agree the amount of the fees and expenses, the amount must be determined by the Secretary of State.

(7) The Secretary of State must cause the amount agreed between the appointed representative and the responsible person, or determined by the Secretary of State, to be certified.

(8) An amount so certified is recoverable from the responsible person as a civil debt.'. *[Mr. Watts.]*

Brought up, read the First time, and added to the Bill.

New Schedule 2

'CORRECTION OF ERRORS IN DEVELOPMENT CONSENT DECISIONS

Correction of errors

1 (1) This paragraph applies if

(a) the decision-maker makes an order granting development consent, or refuses development consent, and

(b) the decision document contains a correctable error.

(2) The decision document is

(a) in the case of an order granting development consent, the order;

(b) in the case of a refusal of development consent, the document recording the refusal.

(3) A correctable error is an error or omission which

(a) is in a part of the decision document which records the decision, and

(b) is not part of the statement of reasons for the decision.

(4) The appropriate authority may correct the error or omission if (but only if), the conditions in sub-paragraphs (5) and (7) are met.

This is subject to sub-paragraph (8).

(5) The condition is that, before the end of the relevant period

(a) the appropriate authority receives a written request to correct the error or omission from any person, or

(b) the appropriate authority sends a statement in writing to the applicant which explains the error or omission and states that the appropriate authority is considering making the correction.

(6) The relevant period is

(a) if the decision document is an order granting development consent, the period specified in section 108(1)(b);

(b) if the decision document is the document recording a refusal of development consent, the period specified in section 108(2)(b).

(7) The condition is that the appropriate authority informs each relevant local planning authority that the request mentioned in sub-paragraph (5)(a) has been received or the statement mentioned in sub-paragraph (5)(b) has been sent (as the case may be).

(8) The power conferred by sub-paragraph (4) may not be exercised in relation to provision included in an order granting development consent by virtue of any of paragraphs 27 to 30 of Schedule [Provision relating to, or to matters ancillary to, development] (deemed consent under Coast Protection Act 1949 and deemed licences under Food and Environment Protection Act 1985).

Correction notice

2 (1) If paragraph 1(5)(a) or (b) applies the appropriate authority must issue a notice in writing (a "correction notice") which

(a) specifies the correction of the error or omission, or

(b) gives notice of the decision not to correct the error or omission.

(2) The appropriate authority must issue the correction notice as soon as practicable after making the correction or deciding not to make the correction.

(3) The appropriate authority must give the correction notice to—

(a) the applicant,

(b) each person who was an interested party in relation to the application for the order granting development consent for the purposes of Chapter 4 of Part 6 (see section 95),

(c) each relevant local planning authority, and

(d) if the correction was requested by any other person, that person.

(4) The Secretary of State may by order specify any other person or description of person to whom a correction notice must be given.

Effect of a correction

3 (1) If a correction is made in pursuance of paragraph 1

(a) the original decision and the decision document containing it continue in force, and

(b) the decision document is treated as corrected as specified in the correction notice issued under paragraph 2 with effect from the date the correction notice is issued.

(2) If a correction is not made—

(a) the original decision continues to have full force and effect, and

(b) nothing in this Schedule affects anything done in pursuance of or in respect of the original decision.

(3) "The original decision" means the decision to—

(a) make an order granting development consent, or

(b) refuse development consent.

Interpretation

4 In this Schedule—

"applicant" means the person who applied for the order granting development consent to which the decision relates;

"appropriate authority" means—

(d) the Commission where the decision-maker is a Panel or the Council;

(e) the Secretary of State where the decision-maker is the Secretary of State;

"relevant local planning authority" means a local planning authority for all or any part of the area in which the land to which the decision relates is situated.'. *[Mr. Watts.]*

Brought up, read the First time, and added to the Bill.

New Schedule 3

'PROVISION RELATING TO, OR TO MATTERS ANCILLARY TO, DEVELOPMENT

PART 1

THE MATTERS

1 The acquisition of land, compulsorily or by agreement.

2 The creation, suspension or extinguishment of, or interference with, interests in or rights over land (including rights of navigation over water), compulsorily or by agreement.

3 The abrogation or modification of agreements relating to land.

4 Carrying out specified excavation, mining, quarrying or boring operations in a specified area.

5 The operation of a generating station.

6 Keeping electric lines installed above ground.

7 The use of underground gas storage facilities.

8 The sale, exchange or appropriation of Green Belt land.

9 Freeing land from any restriction imposed on it by or under the Green Belt (London and Home Counties) Act 1938 (c. xciii), or by a covenant or other agreement entered into for the purposes of that Act.

10 The protection of the property or interests of any person.

11 The imposition or exclusion of obligations or liability in respect of acts or omissions.

12 Carrying out surveys or taking soil samples.

13 Cutting down, uprooting, topping or lopping trees or shrubs or cutting back their roots.

14 The removal, disposal or re-siting of apparatus.

15 Carrying out civil engineering or other works.

16 The diversion of navigable or non-navigable watercourses.

17 The stopping up or diversion of highways.

18 Charging tolls, fares and other charges.

19 The designation of a highway as a trunk road or special road.

20 The specification of the classes of traffic authorised to use a highway.

21 The appropriation of a highway for which the person proposing to construct or improve a highway is the highway authority.

22 The transfer to the person proposing to construct or improve a highway of a highway for which that person is not the highway authority.

23 The specification of the highway authority for a highway.

24 The operation and maintenance of a transport system.

25 Entering into an agreement for the provision of police services.

26 The discharge of water into inland waters or underground strata.

27 Deeming consent under section 34 of the Coast Protection Act 1949 (c. 74) to have been given by the Secretary of State for operations specified in the order and subject to such conditions as may be specified in the order.

28 Deeming any such conditions to have been imposed by the Secretary of State under that section.

29 Deeming a licence under Part 2 of the Food and Environment Protection Act 1985 (c. 48) to have been issued by a specified licensing authority for operations specified in the order and subject to such provisions as may be specified in the order.

30 Deeming any such provisions to have been included in the licence by the specified licensing authority by virtue of that Act.

31 The creation of a harbour authority.

32 Changing the powers and duties of a harbour authority.

33 The transfer of property, rights, liabilities, or functions.

34 The transfer, leasing, suspension, discontinuance and revival of undertakings.

35 The payment of contributions.

36 The payment of compensation.

37 The submission of disputes to arbitration.

38 The alteration of borrowing limits.

PART 2

INTERPRETATION

1 (1) This paragraph applies for the purposes of this Schedule.

(2) "Transport system" means any of the following—

(a) a railway,

(b) a tramway,

(c) a trolley vehicle system,

(d) a system using a mode of guided transport prescribed by order under section 2 of the Transport and Works Act 1992.

(3) "Maintenance", in relation to a transport system, includes the inspection, repair, adjustment, alteration, removal, reconstruction or replacement of the system.

(4) The following terms have the meanings given by section 67(1) (interpretation) of the Transport and Works Act 1992—

"guided transport",

"tramway",

"trolley vehicle system".' — *[Mr. Watts.]*

Brought up, read the First time, and added to the Bill.

New Schedule 4

'CHANGES TO, AND REVOCATION OF, ORDERS GRANTING DEVELOPMENT CONSENT

Preliminary

1 (1) This paragraph applies for the purposes of this Schedule.

(2) "The applicant", in relation to a development consent order, means the person who applied for the order.

(3) "A successor in title of the applicant" means a person who—

(a) derives title to the land from the applicant (whether directly or indirectly), and

(b) has an interest in the land.

(4) "The appropriate authority" means—

(a) in a case where a Panel or the Council made the order granting development consent, the Commission;

(b) in a case where the Secretary of State made the order, the Secretary of State.

(5) "Development consent order" means an order granting development consent.

(6) "The land", in relation to a development consent order, means the land to which the order relates or any part of that land.

Non-material changes

2 (1) The appropriate authority may make a change to a development consent order if it is satisfied that the change is not material.

This is subject to sub-paragraph (10).

(2) In deciding whether a change is material, the appropriate authority must have regard to the effect of the change, together with any previous changes made under this paragraph, on the development consent order as originally made.

(3) The power conferred by sub-paragraph (1) includes power—

(a) to impose new requirements in connection with the development for which consent is granted by the development consent order;

(b) to remove or alter existing requirements.

(4) The power conferred by sub-paragraph (1) may be exercised only on an application made to the Commission by or on behalf of—

(a) the applicant or a successor in title of the applicant,

(b) a person with an interest in the land, or

(c) any other person for whose benefit the development consent order has effect.

(5) An application under sub-paragraph (4) must be made in the prescribed form and manner.

(6) Sub-paragraph (7) applies in relation to an application under sub-paragraph (4) made by or on behalf of a person with an interest in some, but not all, of the land to which the development consent order relates.

(7) The application may be made only in respect of so much of the order as affects the land in which the person has an interest.

(8) The appropriate authority must comply with such requirements as may be prescribed as to consultation and publicity in relation to the exercise of the power conferred by sub-paragraph (1).

(9) If a change is made to a development consent order under the power conferred by sub-paragraph (1)—

(a) the order continues in force,

(b) the appropriate authority must give notice of the change to the order to such persons as may be prescribed, and

(c) the change to the order takes effect from the date on which the notice is issued.

(10) The power conferred by sub-paragraph (1) may not be exercised in relation to provision included in an order granting development consent by virtue of any of paragraphs 27 to 30 of Schedule [Provision relating to, or to matters ancillary to, development] (deemed consent under Coast Protection Act 1949 and deemed licences under Food and Environment Protection Act 1985).

Changes to, and revocation of, orders granting development consent

3 (1) The appropriate authority may by order make a change to, or revoke, a development consent order.

(2) The power conferred by sub-paragraph (1) may be exercised only in accordance with—

(a) the following provisions of this paragraph, and

(b) paragraphs 4 and 5.

(3) The power may be exercised without an application being made if the appropriate authority is satisfied that—

(a) the development consent order contains a significant error, and

(b) it would not be appropriate for the error to be corrected by means of the power conferred by paragraph 1 of Schedule [Correction of errors in development consent decisions] or paragraph 2 of this Schedule.

(4) The power may be exercised on an application made by or on behalf of—

(a) the applicant or a successor in title of the applicant,

(b) a person with an interest in the land, or

(c) any other person for whose benefit the development consent order has effect.

(5) The power may be exercised on an application made by a local planning authority if the appropriate authority is satisfied that—

(a) the development consent order grants development consent for development on land all or part of which is in the local planning authority's area,

(b) the development has begun but has been abandoned, and

(c) the amenity of other land in the local planning authority's area or an adjoining area is adversely affected by the condition of the land.

(6) Where the appropriate authority is the Commission, the power may be exercised on an application made by the Secretary of State if the Commission is satisfied that—

(a) if the development were carried out in accordance with the development consent order, there would be a contravention of Community law or any of the Convention rights, or

(b) there are other exceptional circumstances that make it appropriate to exercise the power.

(7) Where the appropriate authority is the Secretary of State, the power may be exercised without an application being made if the Secretary of State is satisfied that—

(a) if the development were carried out in accordance with the development consent order, there would be a contravention of Community law or any of the Convention rights, or

(b) there are other exceptional circumstances that make it appropriate to exercise the power.

(8) In this paragraph—

"Community law" means—

(f) all the rights, powers, liabilities, obligations and restrictions from time to time created or arising by or under the Community Treaties, and

(g) all the remedies and procedures from time to time provided for by or under the Community Treaties;

"the Convention rights" has the same meaning as in the Human Rights Act 1998 (c. 42).

Changes to, and revocation of, orders: supplementary

4 (1) An application under paragraph 3 must be—

(a) made in the prescribed form and manner, and

(b) accompanied by information of a prescribed description.

(2) Sub-paragraph (3) applies in relation to an application under paragraph 3(4) made by or on behalf of a person with an interest in some, but not all, of the land to which the development consent order relates.

(3) The application may be made only in respect of so much of the order as affects the land in which the person has an interest.

(4) The Secretary of State may by regulations make provision about—

(a) the procedure to be followed before an application under paragraph 3 is made;

(b) the making of such an application;

(c) the decision-making process in relation to the exercise of the power conferred by paragraph 3(1);

(d) the making of the decision as to whether to exercise that power;

(e) the effect of a decision to exercise that power.

(5) Paragraphs (c) to (e) of sub-paragraph (4) apply in relation to the exercise of the power conferred by paragraph 3(1)—

(a) on an application under paragraph 3, or

(b) on the initiative of the appropriate authority under paragraph 3(3) or (7).

(6) If a development consent order is changed or revoked in the exercise of the power conferred by paragraph 3(1), the appropriate authority must give notice of the change or revocation to such persons as may be prescribed.

5 (1) This paragraph applies in relation to the power conferred by paragraph 3(1) to make a change to, or revoke, a development consent order.

(2) The power may not be exercised after the end of the period of 4 years beginning with the date on which the relevant development was substantially completed.

(3) Sub-paragraph (2) does not prevent the exercise of the power—

(a) in relation to requirements imposed by the development consent order in connection with the relevant development, or

(b) to revoke the development consent order.

(4) The power includes power—

(a) to require the removal or alteration of buildings or works;

(b) to require the discontinuance of a use of land;

(c) to impose specified requirements in connection with the continuance of a use of land;

(d) to impose new requirements in connection with the relevant development;

(e) to remove or alter existing requirements.

(5) Subject to sub-paragraph (4)(a), the exercise of the power does not affect any building or other operations carried out in pursuance of the development consent order before the power is exercised.

(6) The power may not be exercised in relation to provision included in an order granting development consent by virtue of any of paragraphs 27 to 30 of Schedule [Provision relating to, or to matters ancillary to, development] (deemed consent under Coast Protection Act 1949 and deemed licences under Food and Environment Protection Act 1985).

(7) "The relevant development" is the development for which consent is granted by the development consent order.

Compensation

6 (1) This paragraph applies if—

(a) in exercise of the power conferred by paragraph 3, the appropriate authority makes a change to, or revokes, a development consent order,

(b) the case in which the power is exercised is one falling within sub-paragraph (3), (6) or (7) of that paragraph,

(c) on a claim for compensation under this paragraph it is shown that a person with an interest in the land, or for whose benefit the development consent order has effect—

(i) has incurred expenditure in carrying out work which is rendered abortive by the change or revocation, or

(ii) has otherwise sustained loss or damage which is directly attributable to the change or revocation, and

(d) the claim is made to the appropriate authority in the prescribed manner and before the end of the prescribed period.

(2) Compensation in respect of the expenditure, loss or damage is payable to the person by—

(a) the appropriate authority, if the change or revocation is made in a case falling within paragraph 3(3);

(b) the Secretary of State, if the change or revocation is made in a case falling within paragraph 3(6) or (7).

(3) The reference in sub-paragraph (1)(c)(i) to expenditure incurred in carrying out any work includes a reference to expenditure incurred—

(a) in the preparation of plans for the purposes of the work, or

(b) on other similar matters preparatory to carrying out the work.

(4) Subject to sub-paragraph (3), no compensation is to be paid under this paragraph—

(a) in respect of any work carried out before the development consent order was made, or

(b) in respect of any other loss or damage arising out of anything done or omitted to be done before the development consent order was made (other than loss or damage consisting of depreciation of the value of an interest in land).

(5) The Secretary of State may by regulations make provision about the assessment of compensation payable under this paragraph.

(6) The regulations may in particular include provision—

(a) for the reference of disputes about compensation for depreciation to, and the determination of such disputes by, the Lands Tribunal, the Lands Tribunal for Scotland, the First-tier Tribunal or the Upper Tribunal;

(b) applying, with or without modifications, a provision of or made under an Act.

7 (1) In this paragraph "compensation for depreciation" means compensation payable under paragraph 6 in respect of loss or damage consisting of depreciation of the value of an interest in land.

(2) The Secretary of State may by regulations make provision about the apportionment of compensation for depreciation between different parts of the land to which the claim for the compensation relates.

(3) The regulations may in particular include provision about—

(a) who is to make an apportionment;

(b) the persons to whom notice of an apportionment is to be given;

(c) how an apportionment is to be made;

(d) the reference of disputes about an apportionment to, and the determination of such disputes by, the Lands Tribunal, the Lands Tribunal for Scotland, the First-tier Tribunal or the Upper Tribunal.

(4) The Secretary of State may by regulations make provision for, and in connection with, the giving of notice of compensation for depreciation.

(5) The regulations may in particular include provision about—

(a) the persons to whom notice of compensation for depreciation is to be given;

(b) the status of such a notice;

(c) the registration of such a notice.'.—*[Mr. Watts.]*

Brought up, read the First time, and added to the Bill.

New Schedule 5

'POWER TO DECLINE TO DETERMINE APPLICATIONS: AMENDMENTS

Town and Country Planning Act 1990 (c. 8)

1 TCPA 1990 is amended as follows.

2 (1) Section 70A (power of local planning authority to decline to determine subsequent application) is amended as follows.

(2) At the end of subsection (4)(b) insert "or, if there has been such an appeal, it has been withdrawn".

(3) After subsection (4) insert—

"(4A) A local planning authority in England may also decline to determine a relevant application if—

(a) the condition in subsection (4B) is satisfied, and

(b) the authority think there has been no significant change in the relevant considerations since the relevant event.

(4B) The condition is that—

(a) in the period of two years ending with the date on which the application mentioned in subsection (4A) is received the Secretary of State has refused a similar application,

(b) the similar application was an application deemed to have been made by section 177(5), and

(c) the land to which the application mentioned in subsection (4A) and the similar application relate is in England."

(4) In subsection (7)(a) for "and (4)" substitute ", (4) and (4B)".

3 (1) Section 70B (power of local planning authority to decline to determine overlapping application) is amended as follows.

(2) In subsection (1) after "which is" insert "—

(a) made on the same day as a similar application, or

(b) ".

(3) After subsection (4) insert—

"(4A) A local planning authority in England may also decline to determine an application for planning permission for the development of any land in England which is made at a time when the condition in subsection (4B) applies in relation to a similar application.

(4B) The condition is that—

(a) a similar application is under consideration by the Secretary of State,

(b) the similar application is an application deemed to have been made by section 177(5), and

(c) the Secretary of State has not issued his decision."

(4) After subsection (6) insert—

"(7) If a local planning authority exercise their power under subsection (1)(a) to decline to determine an application made on the same day as a similar application, they may not also exercise that power to decline to determine the similar application."

Planning (Listed Buildings and Conservation Areas) Act 1990 (c. 9)

4 The Listed Buildings Act is amended as follows.

5 In section 81A (power of local planning authority to decline to determine subsequent application) at the end of subsection (4)(b) insert "or, if there has been such an appeal, it has been withdrawn".

6 (1) Section 81B (power of local planning authority to decline to determine overlapping application) is amended as follows.

(2) In subsection (1) after "which is" insert "—

(a) made on the same day as a similar application, or

(b) ".

(3) After subsection (4) insert—

"(4A) If a local planning authority exercise their power under subsection (1)(a) to decline to determine an application made on the same day as a similar application, they may not also exercise that power to decline to determine the similar application."

Planning and Compulsory Purchase Act 2004 (c. 5)

7 In section 121 of PCPA 2004 (commencement) after subsection (3) insert—

"(3A) Subsections (1) and (2) are subject to subsection (3B).

(3B) Section 43 (power to decline to determine applications) (so far as not in force on the day on which paragraph 7 of Schedule [Power to decline to determine applications: amendments] of the Planning Act 2008 comes into force) comes into force on such day as may be appointed by order made by—

(a) the Secretary of State in relation to England;

(b) the Welsh Ministers in relation to Wales.'". *[Mr. Watts.]*

Brought up, read the First time, and added to the Bill.

New Schedule 7

'APPLICATION OF ACT TO SCOTLAND: MODIFICATIONS

8 Section 5(8) applies as if the reference to Part 11 of TCPA 1990 were a reference to Part 10 of the Town and Country Planning (Scotland) Act 1997 (c. 8).

9 Section 13 applies as if—

(a) in subsection (1)—

(i) the words "any of the following" were omitted, and

(ii) paragraphs (a) to (e) and (g) to (o) were omitted, and

(b) in subsection (2) for "sections 14 to 28" there were substituted "section 19".

10 Section 30 applies as if—

(a) in subsection (1)—

(i) the reference to TCPA 1990 were a reference to section 26 of the Town and Country Planning (Scotland) Act 1997 (c. 8), and

(ii) the words "This is subject to subsections (2) and (3)." were omitted, and

(b) subsections (2) to (4) were omitted.

11 Section 31 applies as if—

(a) in subsection (1)—

(i) for "none" there were substituted "neither", and

(ii) paragraphs (b) and (c) and (e) to (k) were omitted, and

(b) subsections (2) to (4) were omitted.

12 Section 42 applies as if—

(a) in subsection (2)(b), the words from "or" to the end were omitted,

(b) in subsection (3), references to section 5(1) of the Compulsory Purchase Act 1965 (c. 56) were references to section 17 of the Lands Clauses Consolidation (Scotland) Act 1845 (c. 19), and

(c) in subsection (5)—

(i) for paragraph (a) there were substituted—

"(a) a claim arising by virtue of paragraph 1 of the Second Schedule to the Acquisition of Land (Authorisation Procedure) (Scotland) Act 1947 (c. 42)", and

(ii) in paragraph (b), the reference to Part 1 of the Land Compensation Act 1973 (c. 26) were a reference to Part 1 of the Land Compensation (Scotland) Act 1973 (c. 56).

13 Section 49 applies as if—

(a) in subsection (2)(c), the words from "or" to the end were omitted,

(b) in subsection (3)(b)—

(i) the reference to a freeholder were a reference to an owner, and

(ii) the reference to a mortgagee were a reference to a heritable creditor, and

(c) in subsection (11), references to section 5(1) of the Compulsory Purchase Act 1965 (c. 56) were references to section 17 of the Lands Clauses Consolidation (Scotland) Act 1845 (c. 19).

14 Section 50 applies as if—

(a) in subsection (7), the reference to chattels were a reference to moveable property,

(b) in subsection (8), the reference to the Lands Tribunal were a reference to the Lands Tribunal for Scotland, and

(c) in subsection (11), in the definition of "statutory undertakers", the reference to Part 11 of TCPA 1990 were a reference to Part 10 of the Town and Country Planning (Scotland) Act 1997 (c. 8).

15 Section 54 applies as if—

(a) in subsection (2)(b), the words from "or" to the end were omitted,

(b) in subsection (3), references to section 5(1) of the Compulsory Purchase Act 1965 (c. 56) were references to section 17 of the Lands Clauses Consolidation (Scotland) Act 1845 (c. 19), and

(c) in subsection (5)—

(i) for paragraph (a) there were substituted—

"(a) a claim arising by virtue of paragraph 1 of the Second Schedule to the Acquisition of Land (Authorisation Procedure) (Scotland) Act 1947 (c. 42)", and

(ii) in paragraph (b), the reference to Part 1 of the Land Compensation Act 1973 (c. 26) were a reference to Part 1 of the Land Compensation (Scotland) Act 1973 (c. 56).

16 Section 55 applies as if—

(a) for subsection (6) there were substituted—

"(6) Summary proceedings relating to an offence under this section may be commenced regardless of when the contravention occurred.", and

(b) in subsection (7), the reference to section 127 of the Magistrates' Courts Act 1980 (c. 43) were a reference to section 136 of the Criminal Procedure (Scotland) Act 1995 (c. 46).

17 Section 109(7) applies as if the references to an Act included references to an Act of the Scottish Parliament.

18 Section 114(6) applies as if, for the definition of "statutory undertakers" there were substituted—

""statutory undertakers" has the meaning given by section 214 of the Town and Country Planning (Scotland) Act 1997 (c. 8) and also includes the undertakers—

(d) which are deemed to be statutory undertakers for the purposes of that Act, by virtue of another enactment;

(e) which are statutory undertakers for the purposes of paragraphs 9 and 10 of the First Schedule to the Acquisition of Land (Authorisation Procedure) (Scotland) Act 1947 (c. 42) (see paragraph 10A of that Schedule).".

19 Section 115(5) applies as if—

(a) in the definition of "local authority", the reference to section 7(1) of the Acquisition of Land Act 1981 (c. 67) were a reference to section 2 of the Local Government etc. (Scotland) Act 1994 (c. 39), and

(b) for the definition of "statutory undertakers" there were substituted—

""statutory undertakers" has the meaning given by section 214 of the Town and Country Planning (Scotland) Act 1997 (c. 8) and also includes the undertakers—

(f) which are deemed to be statutory undertakers for the purposes of that Act, by virtue of another enactment;

(g) which are statutory undertakers for the purposes of paragraphs 9 and 10 of the First Schedule to the Acquisition of Land (Authorisation Procedure) (Scotland) Act 1947 (c. 42) (see paragraph 10A of that Schedule);".

20 Section 116(2) applies as if—

(a) in the definition of "local authority", the reference to section 17(4) of the Acquisition of Land Act 1981 (c. 67) were a reference to section 2 of the Local Government etc. (Scotland) Act 1994 (c. 39), and

(b) for the definition of "statutory undertakers" there were substituted—

"" statutory undertakers" has the meaning given by section 214 of the Town and Country Planning (Scotland) Act 1997 (c. 8) and also includes the undertakers which are deemed to be statutory undertakers for the purposes of that Act, by virtue of another enactment;".

21 Section 117 applies as if—

(a) in subsection (4), the references to section 21 of the National Trust Act 1907 (c.cxxxvi) and section 8 of the National Trust Act 1939 (c. lxxxvi) were references to section 22 of the Order confirmed by the National Trust for Scotland Order Confirmation Act 1935 (c. ii), and

(b) in subsection (5), for the definition of "the National Trust" there were substituted—

""the National Trust" means the National Trust for Scotland for Places of Historic Interest or Natural Beauty incorporated by the Order confirmed by the National Trust for Scotland Order Confirmation Act 1935 (c. ii);".

22 Section 118 applies as if—

(a) in subsection (1), for ", open space or fuel or field garden allotment" there were substituted "or open space", and

(b) in subsection (8), for the words from "common" to "1981" there were substituted—

""common" includes any town or village green;

"open space" means any land laid out as a public garden, or used for the purposes of public recreation, or land which is a disused burial ground;".

23 Section 119 applies as if—

(a) in subsection (1), for ", open space or fuel or field garden allotment" there were substituted "or open space", and

(b) in subsection (9), for the words from "common" to "1981" there were substituted—

""common" and "open space" have the same meanings as in section 118 (as modified by paragraph 15);".

24 Section 121 applies as if—

(a) for subsection (4) there were substituted—

"(4) This subsection applies to—

(a) an owner, lessee, tenant (whatever the tenancy period) or occupier of the order land,

(b) a person known by the prospective purchaser (after diligent inquiry)—

(i) to be interested in the order land, or

(ii) to have power to sell and convey the order land,

(c) a person who, if the order were fully implemented, the prospective purchaser thinks would or might be entitled—

(i) as a result of the implementing of the order,

(ii) as a result of the order's having been implemented, or

(iii) as a result of use of the order land once the order has been implemented,

to make a relevant claim.

(4A) In subsection (4)(c) "relevant claim" means a claim arising by virtue of paragraph 1 of the Second Schedule to the Acquisition of Land (Authorisation Procedure) (Scotland) Act 1947 (c. 42).

(4B) An expression that appears in subsection (4)(b) of this section and also in section 17 of the Lands Clauses Consolidation (Scotland) Act 1845 (c. 19) has in subsection (4)(b) the meaning that it has in section 17 of that Act.", and

(b) in subsection (7)(c) the words "only in accordance with section 108" were omitted.

25 Section [Public rights of way: statutory undertakers' apparatus etc.](7) applies as if the reference to Part 11 of TCPA 1990 were a reference to Part 10 of the Town and Country Planning (Scotland) Act 1997 (c. 8).

26 Section 137 applies as if the references to a justice of the peace were references to a sheriff.

27 Section 138 applies as if—

(a) in subsection (4), the reference to chattels were a reference to moveable property,

(b) in subsection (5), the reference to the Lands Tribunal were a reference to the Lands Tribunal for Scotland, and

(c) in subsection (6), the reference to sections 2 and 4 of the Land Compensation Act 1961 (c. 33) were a reference to sections 9 and 11 of the Land Compensation (Scotland) Act 1963 (c. 51).

28 Section 144 applies as if—

(a) the references to an injunction were references to an interdict, and

(b) in subsection (4), the references to the High Court and a county court were references to the Court of Session and the sheriff.

29 Section 187(5) applies as if the reference to section 233 of the Local Government Act 1972 (c. 70) were a reference to section 192 of the Local Government (Scotland) Act 1973 (c. 65).

30 Section 193 applies as if—

(a) for the definition of "building" there were substituted—

""building" has the meaning given by section 277(1) of the Town and Country Planning (Scotland) Act 1997 (c. 8);",

(b) for the definition of "land" there were substituted—

""land" includes land covered with water and any building (as defined in section 277(1) of the Town and Country Planning (Scotland) Act 1997 (c. 8)) and in relation to Part 7 must be read in accordance with section [Interpretation: land and rights over land];",

(c) for the definition of "local planning authority" there were substituted—

""local planning authority" means a planning authority within the meaning of section 1 of the Town and Country Planning (Scotland) Act 1997 (c. 8);",

(d) in the definition of "planning permission", the reference to Part 3 of TCPA 1990 were a reference to Part 3 of the Town and Country Planning (Scotland) Act 1997 (c. 8), and

(e) in the definition of "use", the reference to section 336(1) of TCPA 1990 were a reference to section 277(1) of the Town and Country Planning (Scotland) Act 1997 (c. 8).

31 Part 1 of Schedule [Provision relating to, or to matters ancillary to, development] applies as if paragraphs 4 to 6, 8, 9, 16 to 32 and 38 were omitted.'.—*[Mr. Watts.]*

Brought up, read the First time, and added to the Bill.

Schedule 1

THE INFRASTRUCTURE PLANNING COMMISSION

Amendments made: No. 267, page 125, line 41, at end insert—

'9A (1) This paragraph applies where an application referred to the Council under section 79 relates to land in Wales (even if the application also relates to land not in Wales).

(2) A person appointing Commissioners under paragraph 7(1) as ordinary members of the Council for the purpose of deciding the application must do so with a view to securing that, if reasonably practicable, at least one of the members of the Council for that purpose is—

(a) a Commissioner who was nominated for appointment as a Commissioner by the Welsh Ministers, or

(b) a Commissioner who is within sub-paragraph (3).

(3) A Commissioner is within this sub-paragraph if, when appointed to be a member of the Council, the Commissioner is one notified to the Commission by the Welsh Ministers as being a Commissioner who should be treated for the purposes of this paragraph as being a Commissioner within sub-paragraph (2)(a).'.

No. 268, page 126, line 26, leave out from 'under' to end and insert 'any of the following provisions—

section 35(4) or (5);

section 40(2);

section 49;

section 50;

section 52;

section 102(4);

section 122(6)(a);

section [Public rights of way: statutory undertakers' apparatus](5);

in Schedule [Examination of applications by Secretary of State], paragraph 1(2);

in Schedule [Correction of errors in development consent decisions], paragraphs 1 and 2(1);

in Schedule [Changes to, and revocation of, orders granting development consent], paragraphs 2, 3 and 4.'.

No. 269, page 127, line 7, after 'land', insert 'or of an interest in or right over land'.—*[Mr. Watts.]*

Schedule 2

AMENDMENTS CONSEQUENTIAL ON DEVELOPMENT CONSENT REGIME

Amendments made: No. 270, page 130, leave out lines 5 to 13.

No. 271, page 131, line 2, leave out from 'to' to end of line 4 and insert—

'(a) section 31(2) of the Planning Act 2008 (exclusion of powers to authorise development);

(b) section 109(8B) of that Act (exclusion of power to include ancillary provision in orders).'".

No. 272, page 131, line 6, leave out from second 'to' to end of line 8 and insert—

'(a) section 31(2) of the Planning Act 2008 (exclusion of powers to authorise development);

(b) section 109(8B) of that Act (exclusion of power to include ancillary provision in orders).'".

No. 273, page 131, line 11, leave out from '13' to end of line 19 and insert—

'In section 4 (storage authorisation orders) after subsection (2) insert—

"(2A) So far as relating to development within section 16(2), (3) or (5) of the Planning Act 2008—

(a) subsection (1) is subject to section 31(2) of that Act (exclusion of powers to authorise development for which development consent required), and

(b) subsection (2) is subject to section 31(1) of that Act (exclusion of requirement for other consents for development for which development consent required).

(2B) So far as relating to the use of strata for the storage of gas, subsections (1) and (2) are subject to section 109(8B) of the Planning Act 2008 (exclusion of power to include ancillary provision in orders).'".

No. 274, page 132, line 2, after 'consent', insert 'under the Planning Act 2008'.

No. 275, page 134, line 31, leave out paragraph 37.

No. 276, page 136, line 32, leave out from 'to' to end of line 34 and insert—

'(a) section 31(2) of the Planning Act 2008 (exclusion of powers to authorise development);

(b) section 109(8B) of that Act (exclusion of power to include ancillary provision in orders).'".

No. 277, page 136, line 36, leave out from 'to' to end of line 38 and insert—

'(a) section 31(2) of the Planning Act 2008 (exclusion of powers to authorise development);

(b) section 109(8B) of that Act (exclusion of power to include ancillary provision in orders).'".

No. 278, page 136, line 38, at end insert—

'Town and Country Planning (Scotland) Act 1997 (c. 8)

56 The Town and Country Planning (Scotland) Act 1997 is amended as follows.

57 In section 28 (planning permission required for development) after subsection (1) insert—

"(1A) Subsection (1) is subject to section 31(1) of the Planning Act 2008 (exclusion of requirement for planning permission etc. for development for which development consent required)."

58 In section 160(6) (tree preservation orders: exemptions) after paragraph (b) insert—

"(ba) it is authorised by an order granting development consent,"

59 (1) Section 172 (preservation of trees in conservation areas) is amended as follows.

(2) After subsection (1) insert—

"(1A) Subsection (1) does not apply so far as the act in question is authorised by an order granting development consent."

(3) After subsection (5) insert—

"(5A) Subsection (5) does not apply so far as the act in question is authorised by an order granting development consent."

60 In section 277(1) (interpretation) at the appropriate place insert—

""development consent" means development consent under the Planning Act 2008;"

Planning (Hazardous Substances) (Scotland) Act 1997 (c. 10)

61 The Planning (Hazardous Substances) (Scotland) Act 1997 is amended as follows.

62 In section 7(2)(c) (determination of applications for hazardous substances consent: material considerations) after "planning permission" insert "or development consent".

63 In section 8(1) (conditions on grant of hazardous substances consent) after "planning permission" insert "or development consent".

64 (1) Section 10 (deemed hazardous substances consent: government authorisation) is amended as follows.

(2) After subsection (2A) insert—

"(2B) On making an order granting development consent in respect of development that would involve the presence of a hazardous substance in circumstances requiring hazardous substances consent, the person making the order may direct that hazardous substances consent shall be deemed to be granted, subject to such conditions (if any) as may be specified in the direction."

(3) For subsection (3) substitute—

"(3) Before giving a direction under any of subsections (1) to (2B), the person having power to give the direction must consult the Health and Safety Commission."

(4) In subsection (6)—

(a) for the words from "government" to "Ministers" substitute "person", and

(b) after "directions" insert "given by the person".

65 In section 12(2)(b) (power to revoke or modify hazardous substances consent)—

(a) after "planning permission" insert "or development consent", and

(b) after "the permission" insert "or development consent".

66 In section 38(1) (interpretation) at the appropriate place insert—

""development consent" means development consent under the Planning Act 2008,".

No. 279, page 136, line 38, at end insert—

'Housing and Regeneration Act 2008 (c.)

In section 13(6) of the Housing and Regeneration Act 2008 (power of Secretary of State to make designation orders) in the definition of "permitted purposes" at the end insert ", and

(d) Part 8 of the Planning Act 2008,".
—*[Mr. Watts.]*

Schedule 3

TREE PRESERVATION ORDERS: FURTHER AMENDMENTS

Amendments made: No. 280, page 137, line 2, at end insert—

'Forestry Act 1967 (c. 10)

A1 The Forestry Act 1967 is amended as follows.

A2 (1) Section 15 (trees subject to preservation orders under Planning Acts) is amended as follows.

(2) In subsection (1) for "consent under the order" substitute "relevant consent".

(3) After subsection (1) insert—

"(1A) In subsection (1) "relevant consent" means—

(a) in the case of trees in England and Wales, consent under tree preservation regulations;

(b) in the case of trees in Scotland, consent under the tree preservation order."

(4) In subsection (5) for the words from "application" to "thereunder" substitute "relevant application shall be entertained".

(5) After subsection (5) insert—

"(5A) In subsection (5) "relevant application" means—

(a) in the case of trees in England and Wales, an application under tree preservation regulations for consent under the regulations;

(b) in the case of trees in Scotland, an application under a tree preservation order for consent under the order."

A3 In section 18 (felling directions), in subsection (5) for the words from "shall" to the end substitute "shall be sufficient authority for the felling, notwithstanding anything in—

(a) tree preservation regulations, in the case of trees in England or Wales;

(b) the tree preservation order, in the case of trees in Scotland.

A4 In section 21 (courses open to person adversely affected by felling direction), in subsection (7), after "a tree preservation order" insert ", or under tree preservation regulations,".

A5 In section 35 (interpretation of Part 2) at the appropriate place insert—

""tree preservation regulations" means regulations made under section 202A(1) of the Town and Country Planning Act 1990;".

A6 (1) Schedule 3 (proceedings under Town and Country Planning Acts in relation to tree preservation orders) is amended as follows.

(2) In paragraph 2—

(a) for "under the said Acts" substitute "under the Town and Country Planning (Scotland) Act 1997",

(b) omit the words from "section 77" to "(for Scotland)",

(c) for "provisions of the said Acts" substitute "provisions of that Act", and

(d) omit "the said section 77 or (for Scotland)".

(3) After paragraph 2 insert—

"2A (1) Where under section 15(2)(a) an application, on being referred to the appropriate national authority, falls to be dealt with under the Town and Country Planning Act 1990, the appropriate national authority must decide the application as if it were an application for consent for the felling of trees made under tree preservation regulations.

(2) In this paragraph, "the appropriate national authority" means—

(a) the Secretary of State in relation to England;

(b) the Welsh Ministers in relation to Wales.".

(4) In paragraph 3—

(a) for "the Town and Country Planning Acts" substitute "the Town and Country Planning (Scotland) Act 1997", and

(b) for "the Town and Country Planning Act 1990 or (for Scotland) the Town and Country Planning (Scotland) Act 1997" substitute "that Act".

(5) After paragraph 3 insert—

"3A Where under section 15(3)(a) an application, on being referred to an authority who have made a tree preservation order, falls to be dealt with under the Town and Country Planning Act 1990, the authority must decide the application as if it were an application for consent for the felling of trees made under tree preservation regulations.".'.

No. 281, page 137, line 21, leave out from '7' to end of line 24 and insert—

'(1) Section 210 (penalties for non-compliance with tree preservation order) is amended as follows.

(2) In subsection (1)—

(a) for "a tree preservation order" substitute "tree preservation regulations",

(b) in paragraph (a) omit the "or" at the end, and

(c) after paragraph (b) insert—"or

(c) causes or permits the carrying out of any of the activities in paragraph (a) or (b),".

(3) In subsection (4), for "a tree preservation order" substitute "tree preservation regulations".

(4) In the side-note, for "order" substitute "regulations".'.

No. 282, page 137, line 31, at end insert—

'8A In section 212 (power to disapply section 211) omit subsection (4).'.

No. 283, page 138, line 6, at end insert—

'Planning and Compensation Act 1991 (c. 34)

14 (1) Part 1 of Schedule 18 to the Planning and Compensation Act 1991 (compensation provisions that do not provide for interest) is amended as follows.

(2) After the entry for section 186 of the Town and Country Planning Act 1990 insert—

"Section 202E of that Act	Date— (a) any consent required by tree preservation regulations is refused, (b) any such consent is granted subject to conditions, or (c) any approval required under such a condition is refused."

(3) Omit the entries for sections 203 and 204 of the Town and Country Planning Act 1990.'.—*[Mr. Watts.]*

Schedule 7

REPEALS

Amendments made: No. 284, page 148, line 27, at end insert—

'Forestry Act 1967 (c. 10)	In paragraph 2 of Schedule 3— (a) the words from "section 77" to "(for Scotland)", and (b) "the said section 77 or (for Scotland)".'.

No. 285, page 148, line 33, at end insert—

'Section 212(4).'.

No. 286, page 148, line 33, at end insert—

'In section 284(3)(a), "for planning permission".

No. 287, page 149, line 5, column 2, at end insert—

'Sections 46 to 48.'.

No. 288, page 149, line 6, at end insert—

'Section 122(5)(a).
In section 122(6), "(a),".
In Schedule 6, paragraph 5.'.

No. 289, page 149, line 6, at end insert—

'Greater London Authority Act 2007 (c. 24)	Section 36.'.

—*[Mr. Watts.]*

Order for Third Reading read.—[Queen's Consent, on behalf of the Crown, and Prince of Wales's consent, on behalf of the Duchy of Cornwall, signified.]

7.30 pm

The Minister for Local Government (John Healey): I beg to move, That the Bill be now read the Third time.

As we begin Third Reading, we have come to a wide agreement that this is an important Bill that makes important far-reaching reforms to our planning system. The challenges facing the country demand difficult decisions in order to make such improvements. We must replace a third of our electricity generation capacity in the next 20 years. We must increase the power we generate from renewable resources and we aim to see that at a level of 20 per cent. by 2020. We must secure water supplies for a growing population with an increasingly changing climate, and we must improve the major transport systems to support jobs and economic growth in this country for the future.

We know that to get major investment for such major developments we need clearer national policies on big energy, water and transport developments. We know that we need a better way to make decisions on big project applications and that we need more opportunities for local people to have a say and an influence, particularly those from the local council areas and communities that are most affected by big project applications. That is precisely what the Bill provides us with.

Lembit Öpik: Will the Minister give way?

John Healey: I will not give way—not to the hon. Gentleman at this point.

The House, and members of the Public Bill Committee in particular, have given the Bill strong scrutiny. We have had four Committee evidence sessions, 14 Committee scrutiny sessions and two days on Report. At every stage, the Government have been ready to listen carefully to the arguments and concerns raised by Members from all parties and from groups with an interest in the Bill.

When there has been a good case for changes that can also strengthen the Bill, we have been ready to make such changes. We have done that in relation to the accountability of the IPC to the House through Select Committees, a stronger duty for Ministers to take the environment into account, and the role of local councils in reporting to the IPC on the consultation conducted by promoters before an application and on the impact of an application in their area. We have made such changes on the right to be heard at inquiries conducted by the IPC and on a range of other matters, from enforcement loopholes to excluding tramways and other guided transport systems from the Bill.

I pay tribute to the Chairs of the four main departmental Select Committees who have worked with me and with the Leader of the House. As a result of what the Chair of the Select Committee on Business, Enterprise and Regulatory Reform has described as "extremely constructive dialogue", we have developed and legislated for a special system to allow Parliament to scrutinise the new national policy statements, which was agreed by the House during our first day on Report.

There is also wide agreement that the planning system requires a radical overhaul. As we pass the Bill to the other place, we have reached the point where there is wide, if not universal, acceptance of our plans to reform the existing eight separate consent regimes—often arcane and antiquated—into one. Also accepted are our new national policy statements that will cover the big questions on the balance between environmental, economic and social objectives. Those policy statements will also consider the national need for development, including where nuclear power stations and airport extensions should be sited. Our plans for a new independent commission, drawn from a wide range of relevant expertise and tasked with assessing and deciding on applications, have also been accepted.

Mr. John Redwood (Wokingham) (Con): If someone wanted to begin a planning application for a new power station today, how long would it take to get an answer under the new system?

John Healey: An application today for a new power station would be handled under the existing regime. The new system means that the commission will handle such matters only when the new national policy statements are in place, and under their terms.

The Government have also gained approval for new legal obligations for project developers to consult locally before submitting an application. If they do not do so, the commission will not even look at an application. We have also gained approval for our plans for a new inquiry process that guarantees the right to be heard, in writing and in person, and which makes cross-examination available. The commission will lead the questions, so that lawyers do not dominate and cause local voices to be shut out.

Finally, we have gained approval for our plans to improve the Town and Country Planning Act 1990, and for a new power allowing councils to introduce a community infrastructure levy for their areas.

Lembit Öpik: I am grateful to the Minister for giving way to me, and I shall be brief. He mentioned the public's right to be heard, but many people are worried about how areas subject to flooding and standing water are handled. Is he confident that the new planning process will give local residents the opportunity to have their opinions heard before the Environment Agency turns an area into a standing water flood plain?

John Healey: I rather regret giving way to the hon. Gentleman now, as he has a habit of coming in halfway through a debate and going off half-cocked. The Bill does not cover those matters, nor does it touch that part of the planning system.

Some of the proposals in the Bill involve tough decisions, but they will help meet this country's vital long-term needs for more homes, nuclear power and airport extensions. Faced with those difficult planning decisions, the Tories have ducked and dived—worse, though, they have at times played the Bill for short-term political gain. In Committee they voted against the IPC, preferring that the planning inspectorate should do the job of hearing applications. At the start of the Report stage today, a Tory amendment accepted the IPC, but only to make recommendations. By the end of Report stage, they voted to allow the IPC to make decisions, but only if they were confirmed by the Secretary of State after six months.

Not only do the Opposition duck the difficult questions, their policy moves with the political wind. There is no consistency or credibility, so no wonder they are still not taken seriously by serious opinion. Today's edition of the *Financial Times* devoted a leading article to the Planning Bill. It said that the Tories'

"are facing in two directions at once. Despite their claims to want more housing and development, they are prepared to sink the reforms necessary to deliver a better system...Leader David Cameron's half-pregnant pose on planning will not do."

Another heavyweight view was expressed in a letter last week to the Leader of the Opposition. It stated:

""Improving the way the UK gives planning approval for this infrastructure is now absolutely crucial to delivery of a secure, greener, energy economy for the UK...Without a much smoother planning process we believe many of the aspirations you set out so clear in your Blue/Green Charter will not be achieved".

That letter was written by Steve Holliday, the chief executive of the National Grid, on behalf of all this country's major energy companies.

In other words, we have a Conservative party with a leader who cannot take tough decisions, and who cannot say where he stands on the big issues, because he is too concerned with his immediate political position. I say to my hon. Friends that that is good for Labour, good for the Government and good for the Prime Minister. The Prime Minister sees what Britain needs for the long term and he is determined to see the changes through the short-term difficulties, because they are essential for the country. I am pleased to say that the House has given the Bill strong backing in Divisions on all the main issues, which is a sound basis on which to send it to the other place. I look forward to seeing their Lordships lend their support to the Bill's main provisions, as this elected House has.

Mr. Deputy Speaker (Sir Michael Lord): I call Mr. Clive Betts.

Mr. Betts: I want to make three or four

Mr. Deputy Speaker: I do apologise. I call Jacqui Lait.

7.40 pm

Mrs. Lait: Thank you, Mr. Deputy Speaker. I did not think that I had become wholly invisible. That is a more relaxed note for me to start on than if I had started by attacking the Minister for his rather unpleasant summing up. Although we had our differences, we behaved very reasonably in Committee and exchanged a lot of views, although we may not have agreed. We had a very

[Mrs. Lait]

pleasant atmosphere, and it is a great shame that there is this rather bitter and twisted approach on Third Reading.

It is lovely to see the Minister back, by the way. He worked so hard, and then he was pushed aside for the two really difficult groups of amendments that we debated this afternoon. I think he needs to keep his women under control.

We need to agree where we agree, and make it absolutely clear where we disagree and why. Nobody disagrees that we need to speed up infrastructure planning. In fact, one of the most shocking things that happened in the past 10 years was that when Tony Blair became Prime Minister, he instantly ducked decisions on nuclear power, and did so for 10 years. Now, suddenly, the Government are wedded to nuclear power. For 10 years they have deliberately not made decisions, and we are now facing the hangover from that.

The deputy director of the CBI asked earlier this week what we would do when the lights went out in 2015. Even with the changes in the Bill, there is no way in which we will get new nuclear power stations up and running by then. Let us work together to try to ensure that we speed up infrastructure planning applications.

Mr. John Gummer (Suffolk, Coastal) (Con): Does my hon. Friend accept that it is most likely that the first nuclear power station will be in my constituency? I welcome that, so there is nothing wrong with my saying on the one hand that I want the Government to make decisions instead of hanging about for 10 years before doing so, but on the other hand that they are much more likely to get their plans through if my constituents have a clear ability to talk about what they care about locally, without a quango interposing. That is the issue that we have had to consider.

Mrs. Lait: I agree entirely with my right hon. Friend, and after I have clarified what we and the Government agree on, I shall address the issues on which we fundamentally disagree.

Mr. Redwood: Will my hon. Friend give way?

Mrs. Lait: I know that others wish to contribute, but I shall give way if my right hon. Friend will be brief.

Mr. Redwood: Will my hon. Friend answer the question that the Minister obviously could not? If somebody wanted to build a power station now, would it be quicker for them to submit an application today, under the current system, or to wait for all the gobbledegook of the new system and run with that?

Mrs. Lait: I believe that E.ON has submitted a planning application for a coal-fired power station, and I suggest that it needs to get on with it. Under the new system, it would be mired in the courts under judicial review into infinity.

It will be really helpful if I can get back to what we agree about. We agree that the system needs to be sped up. We agree on the single consent regime. We agree in principle on the national policy statements and on the community infrastructure levy, which we did not reach this afternoon, largely because the changes to the programme motion allowed the Government to ensure that we would not debate it.

In Committee, we put forward ideas to make the Bill work better. We wanted to keep the democratic principles. We wanted a vote in Parliament on a national policy statement because that would make it democratically owned. We do not want Ministers to make decisions on the IPC, and we tabled a variety of amendments to determine whether the Government had made any moves towards understanding that the IPC will be totally undemocratic and unaccountable.

The IPC will be abolished. We have agreed to take on the review after two years that the Secretary of State offered the hon. Member for Sheffield, Attercliffe (Mr. Betts). In two years we will be in government, and we will review the IPC out of existence. For the second time today, I put on record the fact that anyone who takes up a contract to be a commissioner will have a very short contract.

We want to ensure that applications are kept out of the courts, but this system will drive them into the courts, to judicial review. We want local authorities to have effective powers over the community infrastructure levy. We want them to have effective powers over small planning applications and local housing and planning developments. We do not want regional development agencies to take over those roles.

The Bill does not allow for a vote on national policy statements in Parliament. It hands over the power and responsibility of Ministers. The British people understand that Ministers are there to take decisions, not to hand that power to the unelected. Handing over the powers to the IPC is an abrogation of their democratic responsibility.

We do not want planning authority to be transferred from regional assemblies, which we hate anyway, to RDAs, which are inappropriate bodies to handle it. We do not want infrastructure money to be taken away from the people in a community who suffer from developments and handed to somewhere totally remote from where they live.

It was a scandal that we did not consider the community infrastructure levy on Report. Key points of principle needed to be debated—although, of course, we could not have debated the detail because we still do not know it. I doubt that even the House of Lords will have the detail. It looks as though the community infrastructure levy is unravelling. The Government are setting it up to fail, and they are getting away with it because they are not prepared to repeal the Planning-gain Supplement (Preparations) Act 2007. Until that Act is repealed, it provides a fall-back position for the Government.

If the 2007 Act is still on the statute book, no one will accept that the community infrastructure levy can be made to work under the various proposals that might come forward. It is a paving Act, but the mere fact that it is on the statute book indicates that the Government are still prepared to use it. I challenge the Government to repeal the Act. When they do, we might get a workable community infrastructure levy.

We have not been able to debate the serious transfer of power to the Welsh Assembly and we have not been able to discuss issues relating to Scotland. The Bill is one of the most undemocratic, unaccountable—

Mr. Clifton-Brown: Will my hon. Friend give way?

Mrs. Lait: I will, but I wish that my hon. Friend had not interrupted as I was moving into my peroration.

Mr. Clifton-Brown: I am grateful to my hon. Friend. Having sat through both days' consideration on Report, and given that I am unlikely to be called to speak on Third Reading, I feel that I am entitled to interrupt her. Does she agree that there is a wonderful irony in the fact that Ministers have announced today that they will have site-specific national policy statements for aviation and nuclear power stations? Does she think that those statements will be in existence in two years' time when she reviews the future of the IPC?

Mrs. Lait: There is a very quick answer to that question: no. Those are part of the undemocratic nature of the Bill.

The Bill does not chime with the history, traditions or beliefs of the British people. It is centralising, in that it will take power away from communities rather than giving it to them, and I advise my hon. Friends to vote against its Third Reading at 8 o'clock. I hope that the Lords will send it back to us in a much better state.

7.50 pm

Mr. Betts: Thank you, Mr. Deputy Speaker. When you mistakenly called me to speak a few minutes ago, I thought that you were asking for a speech on the real opposition to the Bill. I have just listened to what the hon. Member for Beckenham (Mrs. Lait) had to say.

I should like to thank my right hon. Friends on the Front Bench for the open and constructive way in which they have conducted the consideration of the Bill. I listened to the hon. Member for Beckenham talking about the Conservatives' proposal to scrap the IPC as part of the review. My idea of carrying out a review is that we should look at how something is operating and, on the basis of that evidence, decide whether we like what we see or whether we want to change it. We should not prejudge these things in advance.

Apart from the hon. Lady's well-rehearsed arguments about who should take the final decisions, and her suggestion that she might change the name of the IPC and call it the planning inspectorate mark 2, I have not heard any detailed proposals on what the Conservatives would put in place of our provisions if they were in government. I have heard a few soundbites, but there is no substance to their proposals. It is important that we get this right in order to tackle climate change.

I welcome the community infrastructure levy. It is a positive measure to help the regeneration of our cities, to which I am very committed, and for which I want local authorities to have the appropriate resources. The fact that the provision will be embedded in the planning system and have local democratic accountability—it will be part of the work of the local authorities that are accountable to their communities—is a major step forward. This is an improvement on the planning gain supplement. I know that there are still issues to be worked out. The whole question of valuation and how we work it into the system is a difficult one, but the concept is nevertheless right and it deserves support.

Mr. Redwood: Does not the hon. Gentleman realise that the proposals will simply delay and complicate matters more? Far from streamlining the process, establishing the quango and putting in place the ministerial guidance—all of which will be much delayed—will be an impediment to speedy decision making, not an encouragement.

Mr. Betts: I do not agree with that, but that is just a difference of opinion.

The Bill presents a real challenge to Members of the House. The national policy statements are the bedrock of the first part of the Bill. There will be room for scrutiny of the statements and—if Members are serious about these issues—when we eventually get a decision from the IPC that we do not like, it might well be because the policy statement is one that we did not like in the first place. It will be a challenge to all of us to take part in that debate and to ensure that we give the matter full scrutiny.

There will be a challenge to the Select Committees to ensure that we get the right chair and vice-chair, through pre-appointment scrutiny. There will also be a challenge to the Select Committees to monitor the work of the IPC and to call in its chair and commissioners to question them about applications that they have received and decisions that they have made. There are challenges in the Bill in regard to the work of the House, but there are also opportunities as part of the accountability process.

I welcome the Bill. It has been improved as a result of the constructive debates that we have had, and there are important provisions here that will do much to tackle climate change and to help the regeneration of our cities, which I welcome.

7.53 pm

Dan Rogerson: As we come to the end of this the first time that I have had the opportunity to represent my party on the consideration of a Bill, I feel that I should thank the Minister and his colleagues for the courteous way in which they have conducted the proceedings, if not for the cotton wool that has been in their ears whenever we have tried to effect any changes. I should also like to extend my thanks to the hon. Members for Beckenham (Mrs. Lait) and for Meirionnydd Nant Conwy (Mr. Llwyd)—and, indeed, all the members of the Committee and all those who have participated in the debates up to now—for the serious consideration that they have given to the matters at hand.

This is still a bad Bill. We had the chance to improve it, but if the Government's handling of the Bill is an example of the kind of consultation that is on offer to our constituents—they are right to be concerned about the Bill—it strikes me that we have a metaphor for the new planning regime that the Government are seeking to implement. Liberal Democrat Members and those Labour Members who bravely stood up to their Whips tried to tighten environmental controls, strengthen accountability and ensure a right to be heard. We sought to add a third party right of appeal; we sought to give new powers to local authorities on use class orders to allow them to resolve problems locally; and we sought a fairer regime on phone masts. Throughout, the Government said that they heard what we were

[Dan Rogerson]

saying, but the answer was no. Liberal Democrat Members have heard what the Government have to say in support of the Bill this evening, and our answer is no.

7.55 pm

John McDonnell: The behaviour of the House in agreeing the programme motion and conducting today's debate has been little short of a disgrace.

The practical implication of the Bill is that it will most probably be used in my constituency first with regard to Heathrow. Before Members walk through the Lobby tonight, they should recognise what they are doing. If they vote for the Bill and it is used at Heathrow, thousands of people will lose their homes—they will be forcibly removed from their properties. Those parents who send their children to Heathrow primary, William Byrd school and Harmondsworth school will see those schools demolished. The proposal will also mean a roadway through Cherry Lane cemetery, so we will dig up our dead as a result of the proposals for Heathrow that will be forced through under this procedure. When Members vote tonight, they should recognise the human implications as well as the pollution of the air of communities across London.

It denigrates this House to force through a Bill in this way. As we have heard, there will be no votes in this House on national policy statements. No Member of Parliament who has a big scheme, such as the one at Heathrow, inflicted on them will have any say in this Chamber on that proposal. People will ask themselves, "What is the point of voting?" Others will ask themselves, "What is the point of standing for Parliament?", if they can have no say on a national policy statement that has implications for our country.

I agree with the hon. Member for Cotswold (Mr. Clifton-Brown) that policy statements will be site-specific. Inquiries and discussions at the local level will be pre-empted without even a vote in this Chamber. When hon. Members vote to destroy my local community with this legislation, it will possibly be their last chance in this Chamber to vote on the matter. They should understand the implications.

In addition, we now know that the consultation will be undertaken by the developer, which means that BAA will undertake the consultation on the expansion of Heathrow. That organisation has lied and deceived this Chamber and my community on a consistent basis over every development proposal at Heathrow.

Turning to the inquiry, local people will no longer have the right to be heard—let us be honest about that. They will have the right to turn up at an open floor session, where will they will compete with hundreds, if not thousands, of others who are trying to make their voices heard. They will not be allowed to interrogate anybody who introduces such a proposal.

Martin Horwood (Cheltenham) (LD) *rose—*

John McDonnell: If the hon. Gentleman does not mind, I will not give way, because I have two minutes left.

Let us not kid ourselves—the Bill undermines the democratic process. We are outsourcing democratic decision making to the IPC, because the Secretary of State will not be responsible and we will not have a final vote on the decision. You know as well as I do, Mr. Deputy Speaker, that when we undermine the powers of this House, people go elsewhere. We will be encouraging the largest direct action movement that this country has seen since the suffragettes. People will not only climb on the roof of this Chamber, but lie down in front of bulldozers when the developers come to smash their homes and demolish their churches, schools and community centres.

Hon. Members need to be aware how fundamentally different this Bill is from anything that we have considered before—it is not an administrative measure to speed up the planning process. It undermines the democratic involvement and engagement in the planning process that we have had in this country for two centuries. When Members vote tonight, I want them to remember the families who will be forced out of their homes in my constituency. I want them to know the names of the schools that will be demolished, and I want them to remember Cherry Lane cemetery, where the dead will have to be dug up if this legislation goes through and the Heathrow expansion is forced through as a result.

I am ashamed of what has happened in this Chamber today. We have not even been allowed to speak to the amendments that were tabled in my and other Members' names because of the Government's programme motion. What are we doing tomorrow? Nothing! We could have had this debate tomorrow and on other days, because it is so significant for the future democracy of this country. Yet the Bill is being railroaded through. I want my constituents to know that it goes through with my opposition and my protest today.

It being Eight o'clock, MR. DEPUTY SPEAKER *proceeded to put forthwith the Question already proposed from the Chair, pursuant to Orders [2 June and this day].*

The House divided: Ayes 280, Noes 198.

Division No. 236] **[8 pm**

AYES

Abbott, Ms Diane	Blears, rh Hazel
Ainsworth, rh Mr. Bob	Blizzard, Mr. Bob
Alexander, rh Mr. Douglas	Bradshaw, Mr. Ben
Allen, Mr. Graham	Brown, Lyn
Anderson, Mr. David	Brown, rh Mr. Nicholas
Anderson, Janet	Brown, Mr. Russell
Armstrong, rh Hilary	Browne, rh Des
Atkins, Charlotte	Buck, Ms Karen
Austin, Mr. Ian	Burden, Richard
Austin, John	Burnham, rh Andy
Bailey, Mr. Adrian	Butler, Ms Dawn
Baird, Vera	Cairns, David
Balls, rh Ed	Campbell, Mr. Alan
Banks, Gordon	Campbell, Mr. Ronnie
Barlow, Ms Celia	Challen, Colin
Barron, rh Mr. Kevin	Chapman, Ben
Battle, rh John	Chaytor, Mr. David
Bayley, Hugh	Clapham, Mr. Michael
Beckett, rh Margaret	Clark, Ms Katy
Begg, Miss Anne	Clark, Paul
Benn, rh Hilary	Clarke, rh Mr. Charles
Benton, Mr. Joe	Clarke, rh Mr. Tom
Berry, Roger	Clelland, Mr. David
Betts, Mr. Clive	Clwyd, rh Ann
Blackman, Liz	Coffey, Ann
Blackman-Woods, Dr. Roberta	Cohen, Harry

Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Cousins, Jim
Creagh, Mary
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Dean, Mrs. Janet
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Healey, John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoon, rh Mr. Geoffrey
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Irranca-Davies, Huw
Jackson, Glenda
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McFadden, Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Miller, Andrew
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morgan, Julie
Mountford, Kali
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Salter, Martin
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Singh, Mr. Marsha
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Straw, rh Mr. Jack
Stuart, Ms Gisela
Tami, Mark
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Wilson, Phil
Wilson, Sammy
Winnick, Mr. David
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Ayes:
Mr. Frank Roy and Steve McCabe

NOES

Afriyie, Adam
Ainsworth, Mr. Peter
Amess, Mr. David
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baldry, Tony
Barker, Gregory
Beith, rh Sir Alan
Bellingham, Mr. Henry
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brady, Mr. Graham
Brazier, Mr. Julian
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Cable, Dr. Vincent
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clifton-Brown, Mr. Geoffrey
Corbyn, Jeremy
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Davies, Philip
Djanogly, Mr. Jonathan
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duddridge, James
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip

Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Featherstone, Lynne
Flynn, Paul
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Christopher
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Green, Damian
Greening, Justine
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Harvey, Nick
Hayes, Mr. John
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Hopkins, Kelvin
Horam, Mr. John
Horwood, Martin
Hughes, Simon
Hunt, Mr. Jeremy
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jones, Mr. David
Kawczynski, Daniel
Keetch, Mr. Paul
Key, Robert
Kirkbride, Miss Julie
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
Main, Anne
Maples, Mr. John
Marshall-Andrews, Mr. Robert
Mates, rh Mr. Michael
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McCrea, Dr. William
McDonnell, John
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Miller, Mrs. Maria
Milton, Anne
Moore, Mr. Michael
Moss, Mr. Malcolm
Mundell, David
Murrison, Dr. Andrew
O'Brien, Mr. Stephen
Öpik, Lembit
Ottaway, Richard
Paice, Mr. James
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Robertson, Hugh
Robertson, Mr. Laurence
Rogerson, Dan
Rosindell, Andrew
Rowen, Paul
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Simmonds, Mark
Skinner, Mr. Dennis
Smith, Sir Robert
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Taylor, Matthew
Thurso, John
Timpson, Mr. Edward
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Sir Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Whittingdale, Mr. John
Wiggin, Bill
Willetts, Mr. David
Williams, Hywel
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Noes:
Mr. Simon Burns and
Mr. Richard Benyon

Question accordingly agreed to.

Bill read the Third time, and passed.

DELEGATED LEGISLATION

Mr. Deputy Speaker (Sir Michael Lord): For the convenience of the House, I intend to take motions 4 to 6 together.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Delegated Legislation Committees),

Serious Organised Crime Agency

That the draft Serious Organised Crime and Police Act 2005 (Disclosure of Information by SOCA) Order 2008, which was laid before this House on 12th May, be approved.

Proceeds of Crime

That the draft Proceeds of Crime Act 2002 (Disclosure of Information) Order 2008, which was laid before this House on 12th May, be approved.

Mental Capacity

That the draft Mental Capacity (Deprivation of Liberty: Standard Authorisations, Assessments and Ordinary Residence) Regulations 2008, which were laid before this House on 20th May, be approved. *[Mr. David.]*

Question agreed to.

PETITIONS

Nurse Training

8.14 pm

Dr. Howard Stoate (Dartford) (Lab): I beg leave to present the humble petition of Mrs. Rachel Downey, editor of *Nursing Times*, and others of like disposition, including my constituent, Mr. Alan Pooley.

The petition arises from a survey of nurses, which *Nursing Times* carried out. It revealed that more than half the respondents felt that they were receiving inadequate training and that it was having an effect on nurse morale and patient care.

The petition states:

The humble Petition of Mrs R. Downey, editor of Nursing Times magazine and others of like disposition,

Sheweth

That since 2005-06 Strategic Health Authorities (SHAs) have diverted more than £5000 million away from Multi-Professional Education and Training (MPET) budgets to pay for other services. Both mandatory and non-mandatory post-registration nurse training have been severely reduced across the country as a result. The situation continues, putting nurses' career progression and patient safety at risk. The Nursing Times' Time Out For Training campaign urges the Prime Minister to ring-fence post-registration nurse training funds to stop SHAs spending the money elsewhere.

Wherefore your Petitioners pray that your Honourable House urge the Secretary of State for Health to ring-fence Multi-Professional Education and Training (MPET) funding given to Strategic Health Authorities which is used in part to provide nurse training, and to support the Nursing Times' Time Out For Training campaign.

And your Petitioners, as in duty bound, will ever pray, &c.

[P000222]

Post Office Closures (Shropshire)

8.16 pm

Daniel Kawczynski (Shrewsbury and Atcham) (Con): I present a petition on behalf of the residents of Montford Bridge about the prospect of the closure of their post office. Montford Bridge is an important village community in my constituency, where transport links to the county town of Shrewsbury are not good. People feel extremely strongly about the importance of retaining post offices throughout my constituency and Shropshire.

The petition states:

The Petitioners therefore request that the House of Commons urges the Government to instruct Post Office Ltd. to ensure that Montford Bridge Post Office is kept open.

It has more than 420 signatures.

Following is the full text of the petition:

[The Petition of users of Montford Bridge Post Office,

Declares that that the plan to close five Post Offices in the Shrewsbury and Atcham constituency will have a detrimental effect on the lives of local residents. The local Post Office is a vital and integral element of the local community, supporting social interaction between residents. They should not simply be assessed on an economic basis without taking into consideration the social economic value they offer to the local community. The proposed partial replacement of three of the Post Offices earmarked for closure by a mobile vehicle with restricted hours, and in some cases parked on the side of roads or in lay-bys, is a substandard solution not benefiting the world we live in today.

The Petitioners therefore request that the House of Commons urges the Government to instruct Post Office Ltd. to ensure that Montford Bridge Post Office is kept open.

And the Petitioners remain, etc.]

[P000215]

Community Services (South Holland and The Deepings)

Motion made, and Question proposed, That this House do now adjourn— *[Mr. David.]*

8.17 pm

Mr. John Hayes (South Holland and The Deepings) (Con): I am pleased to have secured the Adjournment debate about a case that is of great concern to my constituents, especially those in and around Spalding. As I mentioned to the Chair, I will present a substantial petition on the subject in the coming days, but tonight I want to focus on the issues that lie behind the petition, which many thousands of my constituents have signed.

Perhaps it would be helpful to say a word or two for those less well acquainted than you, Mr. Deputy Speaker, with my fenland constituency about its character and nature. I am proud to represent a very rural constituency. Around 40 per cent. of the local population are designated as country dwellers. Almost an eighth of the population is directly employed in agriculture or horticulture, and many other businesses that are major employers in south Lincolnshire—the supply businesses, the haulage industry and so on—are related to horticulture and agriculture. That is the context in which I wish to make a case about the closure of some of the important services that add to the quality of life in my constituency.

I want to speak especially about Spalding tax office and our driving test centre. Before that, let me emphasise that the essence of the message that I wish to convey is about rural-proofing and the quality of life in rural communities. At the culmination of my short speech, I hope that I will hold the Government to account for their assertions about their belief in rural-proofing, which, if it is to mean anything, should mean the maintenance of vibrant communities that can enjoy a quality of life based on the provision of important public and community services.

The Inland Revenue office in Spalding provides one such service—indeed, an excellent service—to residents with concerns about tax issues and a number of major local employers whose tax affairs are dealt with solely at that office. Yet you will be as shocked as I was, Mr. Deputy Speaker, to learn that the office's closure is foreseen by the Government. It is possible—indeed probable—that the tax office in Spalding will close; or, rather, it will unless Ministers listen to the clarion call coming not from me, but from my constituents. I am merely a vehicle for their energetic campaign to keep that office open.

Companies that collectively employ thousands of people locally rely on the expertise of the tax office, which they can easily access. In the last year, the Spalding office has dealt with more than 10,000 inquiries and has been identified as one of the most cost-effective tax offices in Lincolnshire, with very low operational costs. The closure would have a harmful impact on the most vulnerable people in the communities that I represent, particularly the elderly, the disabled and families without cars, for whom a journey to the next nearest office would prove most difficult. The closure would have a detrimental effect on South Holland and on south Lincolnshire's communities, diminishing the quality of life.

[Mr. John Hayes]

Furthermore, I question how the proposal to close the tax office fits in with the Government's overall strategy. It certainly cannot be justified on financial grounds, as it has become clear from parliamentary answers that the savings from closing the office would be very small indeed. I have already mentioned that the office has low operational costs, and its work would be absorbed by other offices, where costs would consequently rise. The decision certainly cannot be squared with the Government's policies on rural communities—or at least not with their assertions that they have positive policies for rural areas—because it would have a severe effect on what is a rural town in a rural part of one of the most rural counties in Britain.

The decision cannot really be squared with the Lyons review, either. The Minister is a man of good faith who takes such matters seriously. I trust that he will listen to the argument that I am making and consider most carefully whether the closure of the Spalding tax office meets any of the criteria that I have described and whether it stands up. When he stands up, perhaps he will tell us how much money would be saved; whether he has drawn any conclusions about the impact on the users of the office; and where they would go to seek the advice that they need. Has he made any assessment of the effect on the staff at that office, whose expertise is greatly valued and whose service is greatly appreciated by many of my constituents? The expertise that has, if I may put it this way, been collected at that office is substantial, but it would be dispersed should the closure plan go ahead.

Bang next door to the tax office is the Spalding driving test centre; indeed, it is in the same building. I was pleased to visit recently and meet not only representatives of the tax office, but driving instructors and members of the local community who are concerned about the centre's potential closure. Yes, Mr. Deputy Speaker, shocking though it is, not only is the tax office threatened, but so is the driving test centre. When the heart is ripped from a rural community through reductions in the number of services that can be accessed within them, the lives of the people who live there are affected disproportionately. A rural community is not like a city or a large town, where people can easily find those services elsewhere.

I shall also say a word or two about post offices in a moment, but I want first to explore the issues of the test centre a little more fully. There has been no consultation with those adversely affected by proposals of the Driving Standards Agency and the Government proposals to close the Spalding driving test centre. In July 2005, the Department for Transport introduced a code of practice on written consultations on matters relating to driving test centres. Consultation does not have to take place if the relocation is for legislative requirements such as the new motorcycle tests. Why is that? Perhaps the Minister will tell us. Surely the loss of a driving test centre has the same impact on people who rely on the service it provides, irrespective of the reason for its closure. Do not local representatives such as councillors and—dare I say it?—the Member of Parliament, and members of the community, people whose employment depends on the test centre and people such as our excellent South Holland youth council, all deserve to be consulted on such a change?

I mention the youth council, of course, because many of the people who learn to drive in my constituency are, as I guess they are elsewhere, young people who will now have to travel much further to take their test. You will know, Mr. Deputy Speaker, that people usually like to be taught where they are going to be tested or tested where they have been taught, so what is proposed will have a big effect on learners and instructors. The staff, the unions and the students themselves have not been consulted; in my judgment, they deserve to have their voices heard.

The chief executive of the DSA, Rosemary Thew, says that the agency has to comply with European Community directive 2000/56/EC, which demands significant changes to the practical tests of motorcyclists with more demanding special manoeuvres. This requires the creation of a safe off-road area for testing—hardly a sound excuse for closing the test centre in Spalding when such a facility could be provided quite easily in the locality by extending the existing test centre. Why has little or no consideration been given to that option?

I mentioned the cost savings of the closure of the tax office. A similar picture emerges in respect of the test centre. On 29 April, the Under-Secretary of State for Transport, the hon. Member for Poplar and Canning Town (Jim Fitzpatrick), released data in response to a written parliamentary question showing that the closure of the test centre in Spalding will save only £4,660 a year. Yet the Government are presumably arguing their case around a rationalisation that they claim will save money. This is the lowest figure for any of the 26 test centres earmarked for closure across the country. Such small savings are hard to justify when the impact on the environment, increased travel times and increased costs for instructors and students, as well as easy accessibility, are taken into consideration. My constituents are being penalised by the DSA in order to recover costs—albeit, in the case of Spalding, an almost unimaginably small sum in terms of total savings—as a result of yet another costly EU directive. I must not go down that road, Mr. Deputy Speaker, else I would test your patience and probably begin to tire the Minister, too.

There is no additional capacity in the new Peterborough test centre as there are no plans to increase the number of existing examiners from the 10 already located at the centre. If Spalding test centre is forced to close, it will overstretch the centre at Peterborough and potentially double the current eight-week wait for a test. So we are talking about longer travel times, a longer wait for a test, environmental damage and minimal cost savings; I think it is time for a good Minister, regardless of party, to think again.

The Government's plans to close the test centre in Spalding will, as I said, drive up costs. That could hit young people in particular very hard. Spalding was originally earmarked to have its own new multi-purpose driving test centre, and there continues to be a strong case to support that type of provision in the town. The current centre is profitable; demands for tests locally are high and growing; and retaining test services in Spalding would reduce travelling distance, as I said. Why, then, has the DSA withdrawn its plans to provide Spalding with a new multi-purpose centre? Again, the Minister will perhaps have a chance either today or subsequently to make that clear.

As I said at the beginning of my short speech, the Spalding tax office provides a very important service for businesses and individuals in my constituency. Similarly, the test centre is an important part of life in a town that lies at the heart of South Holland.

There are a number of other facilities in constituents like mine that are threatened with closure. Members will know of concern about the loss of the rural post office network. This morning I met representatives of Postwatch, here in the House, to discuss the possible loss of further post offices in villages in my constituency. Small schools also need to be protected, because they give life to small rural communities. Village shops and pubs, too, have their part to play in making life more agreeable for people who live in remote places such as my constituency.

I do not expect the Minister to be able to deal with all the points that I have raised in the short time available to him tonight, but I do expect him to say something about the Government's policy on rural proofing. Rural proofing, we have been told by the Department for Environment, Food and Rural Affairs, is

"a commitment by Government to ensure that all its domestic policies take account of rural circumstances and needs."

The Department states:

"It is a mandatory part of the policy making process, which means that, as policies develop, policy makers should systematically...Consider whether their policy is likely to have a different impact in rural areas, because of particular circumstances or needs... Make a proper assessment of those impacts, if they are likely to be significant... Adjust the policy, where appropriate, with solutions to meet rural needs and circumstances."

That is the Government's policy. It is not something that I have invented, although I agree with all those statements and approve of all aspects of what constitutes a truly effective policy for rural proofing.

We are told by the Government that rural proofing

"applies to all policies, programmes and initiatives and it applies to both the design and delivery stages."

How does the forced closure and centralisation of front-line public services in rural areas, including the tax office and driving test centre in Spalding, comply with those stated Government policies on rural proofing?

Spalding is as rural as you can get. I have mentioned my constituency's dependence on agriculture and horticulture. The test of rurality is interesting. It might be defined as a combination of employment of that kind with a measurement of sparsity. By that measure, South Holland and The Deepings is one of the most rural constituencies in Great Britain. If rural proofing does not apply there, where on earth does it apply? The Government seem to have forgotten the existence of their rural White Paper and its stated objectives. Certainly rural-proofing seems to have played little or no part in their decision-making process in the case of the tax office and driving test centre in Spalding.

It is clear to me that the concerns I have raised about the closure of those two important facilities have yet to be properly considered. I do not blame this Minister for that, but I am anxious to draw these matters to his attention in the confident expectation that he will give them diligent consideration and, if he and colleagues think it necessary, reconsider. I urge him to do so.

Spalding is a growing town. Its population has already grown significantly over the last decade or more, and there is potential for further growth over the next decade and beyond. The demands on the tax office are not shrinking, but growing. The demands on the test centre are growing too. The expertise that has been developed, particularly at the tax office, will not be easily replaced, and it will be very difficult for a future Government of any political persuasion to reinvent what has been lost.

I simply ask the Government not to act in haste and repent at leisure. It would do no favours to Government, and it would certainly do no favours to the people of South Holland and The Deepings, who deserve much better. While I am their Member of Parliament I will, at the very least, miss no opportunity and expend all my energy in championing their case in the House of Commons, and I am delighted to have had the opportunity to do so this evening.

8.35 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Parmjit Dhanda): I congratulate the hon. Member for South Holland and The Deepings (Mr. Hayes) on securing this debate, and on representing a constituency with one of the finest names—second only, perhaps, to that of the city of Gloucester. May I also respond to his remarks on rural proofing? Wearing my other hat as Minister for the fire and rescue service, I was in Lincolnshire just a few days ago, and I wish to put it on record that I saw that Lincolnshire fire and rescue service does very good work, particularly the retained firefighters. About three quarters of firefighters in Lincolnshire are retained firefighters. They work in the rural communities that the hon. Gentleman described and not only do a good job in firefighting, but good work in co-responding—in ambulance and fire services working together in harness and supporting each other. That is a great example, from which we can learn. As I told the chief fire officer, I am keen to follow up on that; and to see more of that kind of work being done and to learn from some of that best practice. That is a good example of rural services leading the way.

The hon. Gentleman talked about his local tax office, which I will address, and his driving school, and he also spoke more generally about issues in Spalding, such as those to do with post offices. In my experience as a constituency MP, the big issues concern schools and hospitals, and perhaps driving centres to an extent, as my father was a driving inspector, although I attended driving school only twice, first when I failed my driving test at the age of 17, and then a few months later when I passed it; I do not spend a great deal of time in tax offices either, but I accept that every constituency is different, and perhaps these two institutions are particularly relevant in Spalding and play a big role in his local community.

I do not want to wish closure on the hon. Gentleman's tax office. From what he said, and from what I understand, no such decision has yet been made, but his community is gearing itself up, in preparation for possible future decisions, to defend an institution that it values so much. Her Majesty's Revenue and Customs has undergone a systematic process of review, consultation and

[Mr. Parmjit Dhanda]

announcements on tax offices across the whole UK. The review process is virtually complete for office buildings in the east Midlands region and I understand that an announcement is expected to be made to staff and trade unions before our summer recess, and Members with a constituency interest in the area will be notified by HMRC at the same time.

HMRC is making significant changes to the way it carries out its business so that it can meet the demands of its customers and meet the requirement we, as Ministers, are making of it to optimise efficiency. Many customers now choose to telephone HMRC offices, and they also use the internet far more than they did in the past to file returns or make claims; indeed, I file my tax returns on the internet. Therefore, it is right for senior management to look at all their operations to ensure that they are run as efficiently as possible. In some work areas, they see that need as best being served by concentrating work in larger units where the processes can be streamlined and improved. In other areas, a more mobile work force is seen as the best solution to meet customer needs.

I am happy to confirm that, whatever the outcome of the review for the offices in Spalding—I genuinely do not know what that outcome will be—as well as those in the east midlands as a whole, we can say that inquiry centres will be maintained in their current locations or nearby and the same level of customer service provided. I am sure that the hon. Gentleman will ask more questions both here and locally to obtain such assurances. Staff will not be required to move to an office beyond a reasonable daily travel distance, and there is an established process for managers and staff to discuss options for their future employment, dependent on the outcome of the review, which is open, transparent, accessible and involves the trade unions.

Mr. Hayes: I am grateful to the Minister, who is dealing with these matters with his usual courtesy and diligence. Perhaps I did not explain with sufficient force that the travel distances have to be considered alongside the difficulty of using the roads and rail network in my constituency. Train services to Spalding are relatively poor and elsewhere are non-existent. Nor is the road network in Lincolnshire as sophisticated as it might be, so the travel issues are especially profound in a place such as Spalding and a district such as South Holland.

Mr. Dhanda: The hon. Gentleman makes a fair point. The criteria that will be used include the distance that staff will have to travel and the trade unions will make the point as forcefully as he has just done.

Proposals to rationalise work and office space across the east midlands were put forward for consultation in March this year. Staff, the trade unions, hon. Members and local authorities have contributed to that consultation, providing information on travel routes, economic interests in the locations, the position of other employers and Departments, as well as individual circumstances that should be taken into account. Reports summarising those responses were published earlier today.

Let me emphasise that all the information that was provided during the consultation is being considered by HMRC in arriving at its recommendations. I welcome this debate as part of the Government's commitment to the process of consultation and openness in moving forwards. HMRC has embarked on a long-term programme that will deliver a more responsive and efficient service for taxpayers and claimants. The point that the hon. Gentleman made about rural proofing is relevant and I am glad that he has put it on the record.

I turn now to driving test centres. I am not a Transport Minster, but I have it on good authority that Ministers have agreed that the development of a new national network of driving test centres is required not only to facilitate the new European requirements for practical driving and riding tests, but to provide driving tests that are more relevant to modern driving conditions and to help to ensure safety on the roads.

The Department for Transport published its "Safe driving for life" consultation document in May and it raises a number of questions on failure rates for first-time driving test candidates—I confess that I was one of them many years ago—and the fact that so many people are being killed on the roads. Unfortunately, I have seen that happen in my county and, as the hon. Gentleman's county is not dissimilar, he may also have seen that happen. Many of the victims are young people and motorcyclists. We believe that the new European standards support our domestic strategy for reducing road casualties, which are running at more than 3,000 people killed and 30,000 people seriously injured each year. The new multi-purpose test centres—known as MPTCs—will be suitable for the delivery of practical driving tests for learner car drivers and motorcyclists. Where possible, some centres will also be used for the delivery of lorry and bus driving tests. They will also provide modern facilities that are fully compliant with the Disability Discrimination Act 1995 and which support the Government's wider sustainability agenda.

The Driving Standards Agency is seeking to develop around 60 MPTCs across the country, which is up to 20 more than it concluded would be required to meet existing service standard criteria. I understand that, as the hon. Gentleman mentioned, an MPTC is to be located at Peterborough. That is within the 30-mile limit needed to meet current service levels. As he said, the Spalding driving test centre is therefore being co-located at Peterborough MPTC to maximise utilisation.

In addition to Peterborough, which is approximately 19 miles from the Spalding area, there are alternative local test centres within the 30-mile limit: Boston is about 14 miles from the hon. Gentleman's constituency, Grantham about 29, Wisbech about 19, and King's Lynn about 27.

Peterborough MPTC will be resourced so that waiting time targets for car driving and motorcycle tests are not compromised by the changes. However, I understand that the hon. Gentleman is due to meet the DSA chief executive in a few weeks to discuss that as well.

On post office closures, I should say at the outset that Ministers do not play a direct role in decisions to close or retain individual Post Offices. I know that, as in the past, I have been through the process of trying to save post offices in my own constituency. More recently, two post offices in my area were proposed for closure. I tried to save both and succeeded in saving one. I understand

how the closure of post offices unsettles local communities, but we must accept that they must be viable. The Government are putting in some £1.7 billion in subsidy—

The motion having been made after Seven o'clock, and the debate having continued for half an hour, MR. DEPUTY SPEAKER *adjourned the House without Question put, pursuant to the Standing Order.*

Adjourned at thirteen minutes to Nine o'clock.

Deferred Division

DIPLOMATIC AND CONSULAR PROTECTION OF UNION CITIZENS IN THIRD COUNTRIES

That this House takes note of European Union Document No. 5947/08 and Addenda 1 and 2, European Commission Communication, Diplomatic and consular protection of union citizens in third countries; recalls that such Communications are not legally binding; underlines that the provision of consular assistance remains a matter for Member States; and in this context, welcomes the Commission's Communication as a contribution to continuing reflections on promoting consular co-operation among EU Member States.

The House divided: Ayes 330, Noes 131.

Division No. 230]

AYES

Ainsworth, rh Mr. Bob
Alexander, Danny
Alexander, rh Mr. Douglas
Anderson, Mr. David
Anderson, Janet
Austin, Mr. Ian
Bailey, Mr. Adrian
Baker, Norman
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barrett, John
Barron, rh Mr. Kevin
Battle, rh John
Beckett, rh Margaret
Begg, Miss Anne
Beith, rh Sir Alan
Bell, Sir Stuart
Benn, rh Hilary
Berry, Roger
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Bradshaw, Mr. Ben
Brake, Tom
Breed, Mr. Colin
Brennan, Kevin
Brooke, Annette
Brown, rh Mr. Gordon
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Browne, Mr. Jeremy
Bruce, rh Malcolm
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Burstow, Mr. Paul
Butler, Ms Dawn
Cable, Dr. Vincent
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Carmichael, Mr. Alistair
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Kenneth
Clarke, rh Mr. Tom
Clegg, rh Mr. Nick
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Creagh, Mary
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Drew, Mr. David
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Farrelly, Paul
Farron, Tim
Featherstone, Lynne
Field, rh Mr. Frank
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Foster, Mr. Don
Foster, Mr. Michael *(Worcester)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry

George, Andrew
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goldsworthy, Julia
Goodman, Helen
Griffith, Nia
Grogan, Mr. John
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Healey, John
Heath, Mr. David
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Holmes, Paul
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Hughes, Simon
Huhne, Chris
Humble, Mrs. Joan
Hunter, Mark
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Lynne
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kumar, Dr. Ashok
Lamb, Norman
Laws, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Leech, Mr. John
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Llwyd, Mr. Elfyn
Lucas, Ian
Mackinlay, Andrew
MacNeil, Mr. Angus
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McDonnell, Dr. Alasdair
McDonnell, John
McFadden, Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGrady, Mr. Eddie
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moore, Mr. Michael
Morgan, Julie
Mountford, Kali
Mudie, Mr. George
Mulholland, Greg
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Öpik, Lembit
Osborne, Sandra
Owen, Albert
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Pugh, Dr. John
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, Mr. Alan
Riordan, Mrs. Linda
Robertson, Angus
Robertson, John
Robinson, Mr. Geoffrey
Rogerson, Dan
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Bob
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sanders, Mr. Adrian
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Geraldine
Smith, rh Jacqui
Smith, Sir Robert
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stuart, Ms Gisela
Stunell, Andrew
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Ussher, Kitty
Vaz, rh Keith
Walley, Joan
Waltho, Lynda
Wareing, Mr. Robert N.
Watson, Mr. Tom
Watts, Mr. Dave
Webb, Steve
Weir, Mr. Mike
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Williams, Hywel
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Wills, Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

NOES

Afriyie, Adam
Ainsworth, Mr. Peter
Amess, Mr. David
Atkinson, Mr. Peter
Baldry, Tony
Baron, Mr. John
Bellingham, Mr. Henry
Bercow, John
Beresford, Sir Paul
Blunt, Mr. Crispin
Bone, Mr. Peter
Bottomley, Peter
Brady, Mr. Graham
Brazier, Mr. Julian
Brokenshire, James
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Butterfill, Sir John
Cameron, rh Mr. David
Campbell, Mr. Gregory
Carswell, Mr. Douglas
Clark, Greg
Clifton-Brown, Mr. Geoffrey
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davies, Philip
Djanogly, Mr. Jonathan
Dodds, Mr. Nigel
Donaldson, rh Mr. Jeffrey M.
Dorries, Mrs. Nadine
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Evennett, Mr. David
Fallon, Mr. Michael
Field, Mr. Mark
Francois, Mr. Mark
Fraser, Christopher
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Gillan, Mrs. Cheryl
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Greening, Justine
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Heald, Mr. Oliver

Heathcoat-Amory, rh Mr. David
Hemming, John
Hoban, Mr. Mark
Hollobone, Mr. Philip
Horam, Mr. John
Howard, rh Mr. Michael
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jones, Mr. David
Kawczynski, Daniel
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Lait, Mrs. Jacqui
Lancaster, Mr. Mark
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
Main, Anne
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Miller, Mrs. Maria
Mitchell, Mr. Andrew
Moss, Mr. Malcolm
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
O'Brien, Mr. Stephen
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Penning, Mike
Prisk, Mr. Mark
Pritchard, Mark
Randall, Mr. John
Redwood, rh Mr. John
Rifkind, rh Sir Malcolm
Robertson, Mr. Laurence
Robinson, Mrs. Iris
Robinson, rh Mr. Peter
Ruffley, Mr. David
Scott, Mr. Lee
Selous, Andrew
Simmonds, Mark
Simpson, David
Simpson, Mr. Keith
Skinner, Mr. Dennis
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Stuart, Mr. Graham
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Timpson, Mr. Edward
Turner, Mr. Andrew
Vara, Mr. Shailesh
Viggers, Sir Peter
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Whittingdale, Mr. John
Wiggin, Bill
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Wright, Jeremy
Young, rh Sir George

Question accordingly agreed to.

House of Commons

Thursday 26 June 2008

The House met at half-past Ten o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

PRIVATE BUSINESS

LONDON LOCAL AUTHORITIES (SHOPPING BAGS) BILL *(BY ORDER)*

Order for Second Reading read.

To be read a Second time on Thursday 3 July.

MANCHESTER CITY COUNCIL BILL *[LORDS] (BY ORDER):*

Order read for resuming adjourned debate on Second Reading (12 June).

Debate to be resumed on Thursday 3 July.

BOURNEMOUTH BOROUGH COUNCIL BILL *[LORDS] (BY ORDER)*

CANTERBURY CITY COUNCIL BILL *(BY ORDER)*

LEEDS CITY COUNCIL BILL *(BY ORDER)*

NOTTINGHAM CITY COUNCIL BILL *(BY ORDER)*

READING BOROUGH COUNCIL BILL *(BY ORDER)*

Orders for Second Reading read.

To be read a Second time on Thursday 3 July.

Oral Answers to Questions

INNOVATION, UNIVERSITIES AND SKILLS

The Secretary of State was asked—

Science Funding (Universities)

1. **Mr. Ben Wallace** (Lancaster and Wyre) (Con): What recent discussions he has had with the Secretary of State for Business, Enterprise and Regulatory Reform on regional development agency funding for science in universities. [213860]

The Minister for Science and Innovation (Ian Pearson): We have regular meetings with the Department for Business, Enterprise and Regulatory Reform at ministerial and official level on a wide range of issues, including joint meetings with the chairs of the regional development agencies.

Mr. Wallace: Scientists engaged in research at universities do not only produce good results but help to create an atmosphere that encourages economic activity in the regions. Given the reorganisation of the science budget and the Science and Technology Facilities Council and given the £80 million shortfall, will the Minister perhaps consider exploring avenues with the regional development agencies to make up that shortfall and allow scientists in my university of Lancaster, for example, to carry on with the excellent work that it does and create the right atmosphere for job creation throughout the country?

Ian Pearson: The budget for the Science and Technology Facilities Council is actually going up over the next three years. Compared with its baseline, it is going up by 13.6 per cent.; that is perhaps not as much as some in the community would like, but to suggest that there has been a cut is simply wrong. It is important, however, that the university research base talks to and deals with the regional development agencies. We already have commitments to Research Councils UK, for example, by working together with the regional development agencies and the Technology Strategy Board. That is happening as we speak in Manchester and in other universities in the north-west. Such links are important because we need to ensure that our strategy is co-ordinated.

Adam Price (Carmarthen, East and Dinefwr) (PC): Per capita, Wales has fewer than half the number of scientists and engineers working in world-class universities in comparison with England and about a third fewer than the comparable figure for Scotland. Will the Minister explain what is being done at a UK level to reduce that science gap between the different nations of the UK?

Ian Pearson: We continue to see sustained investment in science at a UK level. The science and research budget has doubled since 1997 and it will have tripled by 2010-11. What we have to do is invest in excellent science. At the Government level, we take strategic decisions about the overall direction of science funding—on full economic costing, for example—but it is really up to the Research Councils and the peer review process to determine what is the best research and to fund that accordingly.

Rob Marris (Wolverhampton, South-West) (Lab): I welcome the increase in research funding under the Government, but for a university to be a university, it needs to engage in research as well as teaching. The Government have adopted the policy of concentrating research on certain universities and markedly lessening the funding for research at other universities. Will my hon. Friend have another look at that policy in the hope of redistributing some of the research funding to universities such as the excellent university of Wolverhampton?

Ian Pearson: I agree with my hon. Friend that Wolverhampton is an excellent university. What is important for the Government is that we fund excellent research. I am tremendously proud of the world-class research conducted in our universities. We have to ensure that the people taking the decisions on what is the best research to fund are independent of the Government. That is why we have the Research Councils and why

there is an extensive peer review process. That is the right approach for taking decisions on individual research projects.

Mr. Philip Hollobone (Kettering) (Con): In the Government's proposals for 20 new universities or higher education establishments, how much importance is attached to getting the support of the local business community in making the bids successful?

Ian Pearson: I am sure that a great deal of importance will be attached to ensuring that businesses are involved in the bids for these new universities. I want to make the basic point that we as a Labour Government will have tripled the science budget by 2010-11—an increase way above the trend rate of growth of the UK economy. The Conservative party policy, as I understand it, is to share the proceeds of growth—

Mr. Speaker: Order. I do not want to hear about Conservative party policy—at least not on the Floor of the House at the moment.

Adam Afriyie (Windsor) (Con): I am somewhat surprised by the gloating and boasting of the Minister about science in the UK. He will be aware of the worry and concern among university scientists, researchers and academics about their future. Given the Government's £80 million shortfall for the STFC, the STFC has said that it will scale back the number of research grants that it provides. Will the Minister have the courage to answer this question directly, without beating about the bush: on his watch, will the number of Government-funded post-doctoral research assistants be higher or lower by 2010?

Ian Pearson: It is a bit rich for the hon. Gentleman to accuse the Government of boasting when a campaign to save British science had to take place back in 1997. He must answer whether he is prepared to meet the Government's spending commitments—the commitment to real-terms growth by 2014. The difference between sharing the proceeds of growth and our plans amounts to hundreds of millions of pounds. The scientific community has a right to understand where the Opposition stand.

On post-doctoral research grants, the figures for astronomy and particle physics are massively up compared with 2005-06. It will be up to the STFC to take the detailed decisions on research grants. As the hon. Gentleman knows, it is going through a programmatic review process, and we will await the outcomes of that.

Political Extremism

2. **Ann Winterton** (Congleton) (Con): What recent assessment he has made of levels of political extremism at universities and colleges. [213861]

The Secretary of State for Innovation, Universities and Skills (Mr. John Denham): Our assessment is that there is a serious, but not widespread problem of support for violent extremist activity on university and college campuses. We are working with universities and colleges to build their resilience by raising awareness of the appropriate response, which must include the promotion of shared values and respect for free and open debate, as well as providing support for students who may be at risk from extremist groups.

Ann Winterton: I thank the Secretary of State for that answer. University staff have rightly been urged by the Government to challenge groups that promote terrorism on campuses. As a result, some universities and student unions have banned all political guest speakers. Dealing with that thorny issue prompts the question: where does legitimate free speech end and dangerous extremism begin?

Mr. Denham: I am not aware—I apologise to the House if I should be—of any university campus that has banned all visiting political speakers. Clearly, I would wish to know where that has happened. The Government have made it clear, including in a lecture by my hon. Friend the Minister for Lifelong Learning, Further and Higher Education last autumn, that we regard academic freedom and the ability to have even controversial ideas properly examined and contested as a proper and, indeed, essential role of universities and colleges. Throughout, we have tried to draw the distinction between those who are prepared to have their ideas properly examined and criticised, in the atmosphere of a good university, and those who seek to propagate violent, dangerous and illegal ideas, often in surreptitious or underhand ways. I hope that there is no doubt about the Government's support for academic freedom, not just as a good thing in its own right but as part of our defence of the values that we seek to protect.

Mr. Rob Wilson (Reading, East) (Con): I am sure that the Secretary of State is only too aware of the reported cases of terrorism that have been linked to British university campuses. A leading academic expert has called on the Government to ban universities from accepting money from Saudi or Islamic groups to fund Islamic studies, and has also called on all university donations to be made public. Will the Secretary of State explain why his Department's recent report on preventing extremism in universities contains nothing about financial donations, even those from dangerous extremist groups?

Mr. Denham: Two important points need to be made. It is true that, in some recent terrorist cases, individuals have been involved who at some point spent part of their careers as students at a college or university. That statement is very different from assuming that they were drawn into violent extremism or organised it as part of their role or attendance at university. One of my criticisms of the academic to whom I think the hon. Gentleman refers is the assumption of an equation between universities as a base for organising activities and the fact that some people involved in terrorist cases have been students. Our guidance is intended to deal with that issue.

The hon. Gentleman seems to believe that any donation from Saudi sources is tainted with terrorism. I think he should be very careful about making such assertions. The Government would certainly be concerned about any donations that were associated with violent extremism, but I am not prepared to accept the equation between Saudi donations to higher education and the promotion of terrorism.

Foreign Languages (Universities)

3. **Chris Bryant** (Rhondda) (Lab): How many students are studying foreign languages at universities in England. [213862]

The Minister for Lifelong Learning, Further and Higher Education (Bill Rammell): There were 46,100 students studying languages at English higher education institutions in 2006-07, the latest year for which figures are available. Through the national languages strategy, the Government aim to transform England's language capability by creating an appetite for language learning and enriching the opportunities available to learners of all ages.

Chris Bryant: The trouble is that not enough people are studying foreign languages at universities today, which means that it will be more difficult for children to learn foreign languages at school because there will be no teachers for them. I know that the Minister is a fine linguist. May I urge him to be a little less laissez-faire and a bit more dirigiste in his approach to modern languages, to encourage more youngsters to study foreign languages, and to encourage people on other university courses to add a foreign language element to them?

Bill Rammell: As a French graduate, I entirely understand my hon. Friend's arguments. Our national language strategy focuses on important relationships between the world of higher education and the work being done in schools. The single biggest change we can make to promote the take-up of foreign languages is to ensure that, by the end of the decade, every young person in every primary school will have access to a modern foreign language.

Mr. Patrick McLoughlin (West Derbyshire) (Con): But how many foreign students are studying English in our universities?

Bill Rammell: A significant number of overseas students are studying at our universities, which is of considerable benefit to those universities. Throughout my discussions with Conservative Front Benchers, I have been led to believe that the Conservative party supports the promotion of such opportunities for overseas students—and they do speak English: there is no reputable evidence to suggest that people embarking on United Kingdom university courses do not have an English language capability and cannot benefit from such study.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): Will the Minister take another close look at the curriculum in our secondary schools? We need to ensure that foreign language teaching not only helps comprehension and enables students to converse when they go abroad, but equips them with the building blocks and grammatical structures that they can use when they go to university to study foreign languages as an academic subject.

Bill Rammell: I think it is a question of balance. I think that the development of language-based courses that focus on communication produces exactly the skills that employers and others want and is also more likely to entice young people to take up the study of foreign languages. Nevertheless, we should not ignore the reality that those wishing to study a language in the longer term, at degree level, will need that grammatical base.

Mr. Mark Field (Cities of London and Westminster) (Con): In view of the transformation of language teaching that the Minister has described, will he consider going beyond education to the world of work, and take account of the languages that are more important for the future in a globalised world—Mandarin, Cantonese and Arabic languages? I realise that he may not have the information to hand and may have to write to me, but will he give some idea of the number of British students learning such languages—as opposed to overseas students studying their home tongue—and also the proportionate increase in that number over the past five and 10 years?

Bill Rammell: I share the assumption behind the hon. Gentleman's question. We need to promote the uptake of a wide range of languages. A welcome development in recent years is the significant increase, albeit from a low base, in the number of students studying Mandarin. The Higher Education Funding Council and the Research Councils are working together on a well-funded initiative to create a world-class cadre of researchers who will enhance this country's understanding of the Arab world, China and Japan, eastern Europe and the former Soviet Union. However, although we need to encourage more study of languages, the fact remains that someone who has studied one language is much more likely to study a second.

Citizenship and English Language Courses

4. **Kerry McCarthy** (Bristol, East) (Lab): How his Department monitors the quality of teaching and qualifications provided by colleges offering courses in citizenship and in English for speakers of other languages. [213864]

The Secretary of State for Innovation, Universities and Skills (Mr. John Denham): The quality of ESOL teaching for Learning and Skills Council-funded courses is monitored through regular inspection by Ofsted. Inspectorate reviews have reported steady improvement since 2001, and Ofsted will publish a thematic review this summer. Citizenship materials are developed to meet Home Office criteria for naturalisation. They are not a separate curriculum and are not formally assessed, but are often used within ESOL courses. Successful learners receive a qualification from awarding bodies who are assessed and accredited by the Qualifications and Curriculum Authority.

Kerry McCarthy: I thank the Secretary of State for that response. There are some excellent organisations in Bristol offering ESOL and citizenship courses funded through, and supported by, the City of Bristol college, but given the plethora of organisations that are springing up across the country, particularly in areas of high ethnic diversity such as mine, how can we be sure that people wanting to take those courses are directed towards reputable organisations and do not waste their money on organisations that do not offer a proper standard of teaching and might not even be properly accredited to offer the qualifications?

Mr. Denham: My hon. Friend raises an important issue. While any college providing a course needs to register, that does not of itself provide an assurance of the quality of the education on offer. I strongly advise her constituents to look for those providers who offer properly accredited awards from the recognised awarding bodies regulated by the QCA, and to look for qualifications that are LSC-funded. There are people who are willing to exploit those who want to learn English, perhaps for citizenship and naturalisation purposes. It should not be difficult to find a properly accredited provider offering the right qualifications. However, if this is an issue of widespread concern, we should discuss how we might make the choices more easily explainable to people.

Political Extremism

5. **Mr. Virendra Sharma** (Ealing, Southall) (Lab): What progress has been made in his Department's further education consultation on promotion of shared values and counteracting violent extremism. [213865]

The Minister for Lifelong Learning, Further and Higher Education (Bill Rammell): Our consultation on further education providers' role in promoting community cohesion, fostering shared values and preventing violent extremism closed on 6 May. We have established a network of "champion principals" to work with us on the way forward. We will revise our guidance and work with the new Learning and Skills Improvement Service and other Government Departments to create resources and support that respond to the needs expressed in the consultation and reinforce partnership working.

Mr. Sharma: I thank the Minister for that answer. One of the best ways to counter violent extremism is to encourage vigorous open debate. What is the Department doing to ensure that education providers enable such open debate to take place?

Bill Rammell: My hon. Friend makes an exceedingly important point, and the arguments the Secretary of State just outlined apply to both further and higher education. In academic freedom and free and open debate, we have one of the most powerful tools at our disposal to isolate and challenge the very small minority who advocate violent extremism. We must look for every opportunity within further education colleges to promote that. One initiative that I am very pleased we are taking forward is the allocation of £2 million in each of the next three years to develop materials to promote the citizenship education within our FE colleges that will help such debate take place.

Low-carbon Economy

6. **Mr. David Kidney** (Stafford) (Lab): What funding his Department has allocated to the implementation of policies set out in the "Building a Low Carbon Economy" document. [213867]

The Minister for Science and Innovation (Ian Pearson): As the House will be aware, the Government are today publishing for consultation plans to take the UK towards a low-carbon future. Research Councils UK expenditure on energy research and training has more than doubled since 2003 and, over the period 2008-09 to 2010-11, that will approach £300 million. The Energy Technologies Institute will invest up to £1 billion over the next 10 years, and the Technology Strategy Board is expanding its portfolio of activities through a range of initiatives, including innovation platforms that are low carbon.

Mr. Kidney: I thank my hon. Friend for that answer. I would like to help him to invest the money wisely. Although the document referred to in the question has been led by another Department—the Department for Environment, Food and Rural Affairs—does he agree that it is an excellent ambition for this Government to lead the world both in the transition from high carbon to low carbon and in being successful in the future low-carbon economy? The document shows that the route to get there is through innovative technologies and world-class skills. Does he agree that it is important to make sure that we are preparing people now with the skills for then? In that context, is he aware of my proposal for a network of what I call "sea change colleges" around the country, where we could train people in those skills—and, naturally, I have suggested a location in my constituency for one of them?

Ian Pearson: I understand that the Minister for Lifelong Learning, Further and Higher Education met my hon. Friend to discuss the "sea change colleges" proposals. The DEFRA document is excellent, as is the consultation document being launched today, which refers to the potential for creating 160,000 new jobs as a result of making the transition that we need to make towards a greener, low-carbon economy. The "World Class Skills" document sets out how we want to embed sustainability and address environmental skills as a key issue for the future. We had a major conference in Windsor last week, involving the sector skills councils, expert bodies and all those involved in the environmental industries, to help us chart a way forward as we look to implement the "World Class Skills" document.

Miss Anne McIntosh (Vale of York) (Con): I welcome the research programme that the Minister has mentioned. He will be aware that the Climate Change Bill is being considered upstairs in Committee and, in that context, the CBI has asked for interim targets and rolling budgets. Will he commission research to come forward with precisely that in the context of the Climate Change Bill programme?

Ian Pearson: I do not want to give any specific commitments today, but I can say to the hon. Lady that the Government are funding some major research programmes. "Living with environmental change" is a major cross-council programme that is looking at a range of areas. Through the Committee on Climate Change, a lot of research is also going on into setting targets, and work is being done on frameworks. There are tremendous opportunities here for the UK not only to do the right thing by making that transition to a low-carbon economy, but to make sure at the same time that sustainable new jobs can be created in our economy. Research and development and support to enable that to happen are in Britain's best interests.

Mr. Ian Taylor (Esher and Walton) (Con): The Minister will be well aware that there is wide support for a low-carbon economy, but we are facing energy challenges

that mean that we probably need to build some more coal-fired power stations. That will largely depend on carbon capture and storage. Can the Minister give a status report on where we are with the grant going into research into carbon capture and storage in this country, and the challenges faced?

Ian Pearson: I know that the hon. Gentleman takes a deep interest in these issues, and he will be aware of my personal very strong commitment to carbon capture and storage as a new technology that needs to be deployed, at scale, worldwide if we are to be successful in tackling climate change issues. The Government will shortly be publishing further proposals on carbon capture and storage, and I will make sure that he sees those. If I can provide him with any further information, I would be delighted to do so.

Scholarships

7. **Simon Hughes** (North Southwark and Bermondsey) (LD): What recent discussions he has had with the Foreign and Commonwealth Office on the provision of scholarships in the UK to students from other Commonwealth countries. [213868]

The Minister for Lifelong Learning, Further and Higher Education (Bill Rammell): I met the Minister for Europe recently and discussed this issue. Officials in my Department and in the Foreign Office have followed up this meeting by meeting representatives of Universities UK and the Commonwealth Scholarship Commission. As a result, the FCO, UUK and my Department are working together with other Government Departments and representatives of British business to look at ways of maximising the impact of scholarships, including exploring the potential for alternative funding of doctoral awards for developed Commonwealth countries.

Simon Hughes: I think that I am a little encouraged by that answer. The Minister will know that there has been great distress in many organisations in this country and around the Commonwealth at the FCO's cutting off of the funding for postgraduate scholarships from developed Commonwealth countries. May I ask Ministers to continue those discussions and if necessary to work out a new way of providing funding from the Government if it cannot come from the old FCO source? Will they also try to have as an objective our continuing to have the best and brightest of scholars from all over the Commonwealth who could not themselves afford to come here, so that we build for the future not just the academic links but the international friendships that are fundamental to our foreign policy, as well as to international education and skill development?

Bill Rammell: The hon. Gentleman's underlying point about the importance of the globalisation of higher education and the benefit of overseas students coming to this country and building long-lasting relationships is important. However, it is important to make it clear that, overall, Government funding for the Commonwealth scholarships is not being cut. The Foreign Office is reducing its funding, but the Department for International Development is significantly increasing its. Overall, by the end of this spending review period, funding for the Commonwealth scholarships will be £2.7 million higher than it was in 2007-08. There is an increase, but we need to get the balance right, and discussions to ensure that we manage the change effectively are ongoing.

Apprenticeships

8. **David Taylor** (North-West Leicestershire) (Lab/Co-op): What funding his Department is providing to assist further education students to obtain apprenticeships. [213871]

The Parliamentary Under-Secretary of State for Innovation, Universities and Skills (Mr. David Lammy): Government plans to allocate £927 million in the next financial year to expand and improve apprenticeships were published in the Learning and Skills Council grant letter issued on 16 November 2007.

David Taylor: Notwithstanding the Minister's answer, for which I am grateful, the construction sector has serious difficulties, as next month's Union of Construction, Allied Trades and Technicians' report is likely to show. What is the Minister doing to tackle a position in which the industry needs 90,000 new recruits each year, but employers take on just 7,000 apprentices, which is many fewer than further education colleges produce? Surely this reservoir of untapped talent has to be tapped as a national priority, because apprenticeships are a firm foundation for our future success.

Mr. Lammy: My hon. Friend is right. Throughout the country, cranes are up in our cities for programmes such as house building, the Olympics in London, Building Schools for the Future and new hospitals. We need construction workers for those projects and we want to see an increase in apprenticeships. I am pleased that the number of apprenticeships has increased by a third in the last year with 21,000 people starting apprenticeships in the construction industry, and yesterday we were able to announce a three-year deal with the sector skills council for the construction sector, with a £135 million investment in training and 2,000 specialist apprenticeships to increase the number further.

Mr. John Hayes (South Holland and The Deepings) (Con): The Minister knows that the average number of apprentices in training overall has declined as more emphasis has been placed on other forms of workplace training, such as Train to Gain. The Government are banking on Train to Gain, even though it has emerged that the basic contract does not pay for much beyond assessing employees' existing skills. What a contrast with the best of apprenticeships of the kind that you completed, Mr. Speaker. The Government must know that the failure to support apprenticeships and emphasise Train to Gain is in stark contrast with the LSC survey that found that the majority of employers who have signed up to Train to Gain have seen

"no financial benefit from taking part."

Why does the Minister think that is?

Mr. Lammy: I just wish that before the hon. Gentleman stood up he would check his facts. If he looked properly at what is happening in Train to Gain, he would see that the vast majority, 77 per cent., of those pursuing Train to Gain, are in the higher bracket. That includes training, new qualifications, and an increase in productivity for

employers. That is why there is an 80 per cent. satisfaction rate with Train to Gain among employers. The hon. Gentleman needs to do better and might think about going on a course himself.

Mr. David Chaytor (Bury, North) (Lab): The Government have made huge progress in increasing the number of apprenticeships in the last decade and improving completion rates. But is it not the case that one of the reasons that young people give for not completing is the lack of portability of the apprenticeship? Will the Minister say something about the Government's efforts to improve the transferability of apprenticeships?

Mr. Lammy: My hon. Friend is right. We want to see progression, so that it is clear that the apprenticeship is about quality, and we will introduce an apprenticeship Bill to underline that. Part of that quality is progression to a foundation degree, and the clear indication is that that is linked to higher skills. We are working with the Higher Education Funding Council on matching data sets so that we can show properly how many apprenticeships are taking that route and progressing.

Our review said that we want more group training associations. With a hub and spoke model, that allows apprentices the opportunity to move across organisations, which is especially relevant for small and medium-sized enterprises.

Mr. Phil Willis (Harrogate and Knaresborough) (LD): I am sure that I speak for my hon. Friends when I say that we welcome the huge increase in the number of young people involved in apprenticeships, and I compliment the Government on that. However, it is a real problem that, in the pursuit of those ambitious targets, there are far more programme-led apprenticeships in our colleges, with no employer involved. The danger is that that will tarnish the brand of apprenticeships and short-change our young people. Will the Minister respond to that point and give the House some indication of how many apprenticeships will be programme led, as opposed to employer led, this year?

Mr. Lammy: I thank the hon. Gentleman for the spirit in which he put his question. I reassure him that all the 250,000 apprenticeships in the expansion since 1997 are proper apprenticeships: they are not programme-led apprenticeships. However, he is right that there are many programme-led apprenticeships in our FE colleges. As we all know, there is a problem with young people not in education or training. Many young people may not be ready to take an apprenticeship at 16 but, with the initial training in college of a programme-led apprenticeship, they may be ready by 17 or 18. When we scrutinised the Learning and Skills Act 2000, organisations such as the Prince's Trust supported programme-led apprenticeships because they saw the benefits that they bring. This year's increase of 22,000 extra learners on apprenticeships is in proper apprenticeships with a work-based element.

Aimhigher Programme

9. **Chris Mole** (Ipswich) (Lab): What assessment he has made of the performance of the Aimhigher programme against its objectives. [213874]

The Minister for Lifelong Learning, Further and Higher Education (Bill Rammell): Aimhigher is making an important contribution to widening participation in higher education. After just 18 months, evaluation shows that Excellence Challenge—Aimhigher's predecessor—was having a significant impact on young people's attainment and aspirations. The proportion of university entrants from lower social classes is increasing, and the number of entrants from Ipswich has gone up from 285 in 1997 to 460 in 2006—almost 63 per cent. higher.

Chris Mole: I thank my hon. Friend for that answer. Does he draw the same encouragement as I do from surveys showing that more than 50 per cent. of pupils from all social classes now aspire to go to university, and does he agree that our job is now to turn that aspiration into achievement?

Bill Rammell: I absolutely agree with my hon. Friend. We are making progress. Applications to university are up by more than 6 per cent. for next year, acceptances were up by 6 per cent. this year and the lower socio-economic group classification is also increasing. However, there is a gap between aspiration and fulfilment, which is why we are investing substantially in student grants. Two thirds of students will be eligible from this September. We have also made, for the first time, a radical commitment to guarantee that any young person receiving the education maintenance allowance will have a minimum financial entitlement when they go to university. All of us know that the big hurdle to overcome in young people staying on and progressing in further and higher education is the decision that is taken at 16, not at 18, so that is one of the best changes that we can make to drive the process forward.

Mr. Andrew Robathan (Blaby) (Con): Is not the real gap between the Government's rhetoric and reality? This week, the Quality Assurance Agency for Higher Education said that degrees are being dumbed down: instead of a third of degrees being first or upper second class, as they were in 1996, two thirds are. Degrees are being dumbed down. People no longer expect to fail—they just go to university and pass. The Government's rhetoric is that we should bring lots of disadvantaged people into university education, but we have learned this week that that is not true—the numbers have hardly changed in the past 10 years. Let us address that gap. Can the Government tell us what they will do to address it?

Bill Rammell: It is not true. The hon. Gentleman inaccurately describes the views of the QAA, and it is regrettable when comments are taken out of context and misused. We are making greater progress, but we need to do more. It is about a combination of aspiration and support. The fundamental difference between our two parties is that we agree with expanding opportunity and the Conservatives still believe that higher education is the preserve of the elite.

Engineering Diplomas

11. **Joan Ryan** (Enfield, North) (Lab): How many higher education institutions have indicated they will accept the new engineering diploma for admissions purposes. [213878]

The Minister for Lifelong Learning, Further and Higher Education (Bill Rammell): The first advanced diplomas will be awarded in 2010. Entry requirements for specific courses will not be available until March 2009, so it is not possible at this stage to indicate how many institutions will accept diplomas for entry to their courses. However, UCAS is collecting statements covering the general acceptability of diplomas that are available on the UCAS website. Almost 150 higher education institutions have made statements, the vast majority of which are very positive about acceptances on to higher education courses.

Joan Ryan: I thank my hon. Friend for that very encouraging answer. He will know of my constituency's proud tradition of engineering. Employers say to me that part of the problem with young people's approach to engineering is that they do not know what it is to be a modern engineer. Their view of engineering is stuck in the past. They also do not understand the route to engineering. What measures is my hon. Friend putting in place to ensure that when the higher education institutions want to accept those qualifications and offer pathways into engineering young people are aware of it as an option and to ensure that they take it?

Bill Rammell: I agree with my right hon. Friend. Whenever I talk to engineering employers I find that they are keen to work with the Government and the funding agencies to present a modern, up-to-date image of engineering that entices young people to take on those courses. We can do that in a number of ways, but one of the most effective is to point out to young people the higher graduate earnings premium from undertaking a science, technology, engineering or mathematics degree compared with that from a non-STEM degree. We certainly need to do more of that, but I believe that the diplomas, which target young people at the age of 14 who have talent and potential but are switched off by an exclusively academic route to educational success, can help us to make progress.

Small Businesses

13. **Mrs. Madeleine Moon** (Bridgend) (Lab): What steps the Government are taking to improve the skills available to employees of small businesses. [213882]

The Parliamentary Under-Secretary of State for Innovation, Universities and Skills (Mr. David Lammy): Through the Train to Gain service, employers can access support to help them identify and address their skills needs at all levels, including Government funding to sit alongside their own investment. Employers with fewer than 50 employees can access compensation to help them meet the wage costs of their employees while they train.

Mrs. Moon: I thank my hon. Friend for that answer. Some 57,000 people across the county borough of Bridgend are employed in micro, small and medium-sized enterprises with a work force of between one and nine. Does my hon. Friend agree that not only apprentices and the youth but the older work force need ongoing education and skills training? Does he agree that providing that skills training for the older work force will allow small companies in my constituency to stay ahead in the global economy?

Mr. Lammy: My hon. Friend is completely right, and she cuts to the heart of the matter. That was the basis of the Leitch review. We have done a number of things since then. First, we have ensured that small and micro businesses can access an increase in budget from £4 million to £30 million of leadership and management money to ensure that the owners of small businesses can match-fund and get access to courses. The union learning fund is making a huge difference, of course, providing skills for life and basic literacy and numeracy for many people who did not receive that training before. Indeed, it is important that the compensation is there to incentivise those with very small businesses to engage in Train to Gain. That suite of measures will help older employees in her constituency. I must say, too, that even though we tend to talk about apprenticeships in relation to young people, we have seen increases in adult apprenticeships over the past few years, and we are set to see more.

Copyright

14. **Mr. John Whittingdale** (Maldon and East Chelmsford) (Con): What his policy is on the proposals of the European Commission on copyright term extension for performers; and if he will make a statement. [213883]

The Minister for Science and Innovation (Ian Pearson): The Commission has not yet published its proposal. We will consider the detail of the proposal fully once it is published.

Mr. Whittingdale: Is the Minister aware that it was the unanimous recommendation of the Select Committee on Culture, Media and Sport that performers would benefit enormously from an extension of the copyright term to the same length as exists outside Europe? It is not just about a few big-name artists but about thousands of session musicians and small performers who rely on royalties for their income. Will he seriously consider supporting the very encouraging recommendation of Commissioner McCreevy that Europe should come into line with the rest of the world?

Ian Pearson: I am certainly aware of the views that the Select Committee expressed, although I have to say that they were not the same as those expressed in the Gowers review. We have not seen the European Commission's proposal yet, and we will obviously want to consider it fully once it is published.

Topical Questions

T1. [213850] **Kerry McCarthy** (Bristol, East) (Lab): If he will make a statement on his departmental responsibilities.

The Secretary of State for Innovation, Universities and Skills (Mr. John Denham): The Department for Innovation, Universities and Skills was formed a year ago tomorrow. My right hon. Friend the Prime Minister asked me to bring together three areas of work that are, together, critical to the future prosperity and success of this country and to the chance of each person sharing in that prosperity. We have to make the most of the talent and ability of each individual, we have to sustain

our world-class research and scholarship and we have to bring skills and knowledge together to create innovative businesses and public services.

I should like to take this opportunity to place on record my thanks to all the staff at DIUS and its associated agencies, who have worked so hard, through office moves, new IT systems and new ways of working with new colleagues, to give the new Department a successful first year.

Kerry McCarthy: In Bristol, we need to do much more to encourage young people to stay on in education post 16, but, equally important, we need to do more to give people a chance to return to education if they dropped out at 16. What are the Government doing to encourage young people and to give them that second chance, so that they can get the qualifications and skills that they need to equip them for the world of work?

Mr. Denham: Some people say that we should respond to the difficult international economy by cutting investment in young people and giving tax cuts to the rich. I do not agree. I believe that investing in our young people is the best way to secure prosperity for the future. As a result of extra money given to my Department in the Budget and of decisions that I have taken, this autumn, for the first time, every 18-year-old will know that they can get public funding for qualifications whether they choose to go to university, be an apprentice or study for their first level 2 or 3 qualification until the age of 25. That means that this Government are supporting young people whether they choose to go to university, study at college or train at work.

Mr. Andrew Turner (Isle of Wight) (Con): Further to the answer given to the hon. Member for North Southwark and Bermondsey (Simon Hughes), will the discussions extend to countries that, hopefully temporarily, are not members of the British Commonwealth, such as Zimbabwe? Can we do our best to help students from there, too?

The Minister for Lifelong Learning, Further and Higher Education (Bill Rammell): I think that I am right in saying that such Commonwealth grants are not currently available, and I do not anticipate a change at the moment. I do not think that that would send out the right incentive. The situation in Zimbabwe is deplorable, as Members are aware, and we need to co-ordinate international pressure effectively. Within that context, we will undoubtedly keep the Commonwealth grants under review.

T2. [21351] **Anne Snelgrove** (South Swindon) (Lab): Year 5 children from Lawn primary school are in the House today. They have shown an understandable interest in the Government's plans to extend the education and training age to 18. What higher education and skills benefits does my right hon. Friend think that that initiative will have for those children, and for Swindon?

Mr. Denham: It is important to recognise that raising the participation age ensures that the most disadvantaged young people and those least likely to stay in education and training will be able to do so, in most cases while they are at work. The Opposition refuse to offer that support, and say that young people who get into trouble should be put into boot camp. Our approach, which is to equip people for future lives at work, is the right one.

Mr. David Willetts (Havant) (Con): No one else has done so, but may I begin by congratulating the Secretary of State on his year in charge of his new Department? I welcome him back to the Front Bench after his time chairing a Select Committee.

We are about to hear about equality, so I hope that the Secretary of State will explain why such a big gender gap has opened up at our universities. Forty five per cent. of young women now go to university, but only 35 per cent. of young men. Why is there still a social class gap of almost record size in the number of people going to our universities? I invite him to agree that one of the most disadvantaged groups in Britain today is that consisting of young, single, white and working-class men. What is he going to do to spread equal opportunities to them?

Mr. Denham: First, because we have invested in higher education, far more people go to university today than were able to under the previous Conservative Government. The hon. Gentleman is right to say that there is a marked gender gap in universities, and that is why we are developing the Aimhigher scheme and Aimhigher Associates, the young people who go back into schools to promote the opportunities of higher education, as well as forging links between schools and universities. All that effort is aimed at making sure that young people who have the ability to go to university but who do not aspire to that—or, more importantly, apply—will do so in future.

As for the gender gap, university admissions are in line with young people's prior attainment records—the qualifications that they get at school. To deal with the gap in performance, we must make sure that schools are able to identify, spot and nurture talent among young people, and that is what we will do.

Mr. Willetts: Gaps exist in relation to both gender and social class, but increasingly there is a new ethnic gap, with some white, working-class men doing especially badly. Does the Secretary of State agree that the reasons for that are clear when we look at his record? There has been a decline in the number of people enrolling at FE colleges, while the Government have clearly failed to meet their target for university expansion. Moreover, the numbers of advanced apprenticeships—the ones that really spread opportunities to move on in life—are falling. Are not those the real reasons why we are facing the gaps that I have described, and is not the right hon. Gentleman worried that he might be prosecuted by the Minister for Women and Equality for such a failure to spread equality of opportunity?

Mr. Denham: The hon. Gentleman confuses a whole series of factors, and I shall deal with each in turn. The number of advanced apprenticeships being successfully completed is far higher than when the previous Government were in power. The previous Government put people in advanced apprenticeships, but none of them completed their courses. That was pointless. Advanced apprenticeships make up 30 per cent. of a growing programme—a proportion that has remained pretty much the same—but we are investing more money in new opportunities for apprenticeships.

The latest available figures show that the number of young people from the lower socio-economic groups who have been accepted for university was the highest ever. We are the first to say that there are things that remain to be done, but the previous Government cut the amount spent on students and made no serious effort to promote opportunity. Given their record, I am proud of what we have done, and I am convinced that the Labour party is the one that can tackle these problems in future.

T3. [213853] **Mr. David Kidney** (Stafford) (Lab): At the Department's previous Question Time, I heard the Secretary of State tell us about the big increase in his capital spending budget. Sure enough, I learned last week that Stafford college had scooped more than £30 million to rebuild its campus in the coming years. Will he confirm that Ministers will use their sizeable public procurement programme to push our country in the right direction—that is, towards a low-carbon economy with buildings and services that are sustainable not just environmentally but economically and socially?

Mr. Denham: We are promoting the benefits of using procurement positively in our own Department and trying to spread that message across the Government. The capital programme that we announced a few months ago for further education colleges is clear on two points. The first is that we will expect new projects to meet the new Building Research Establishment environmental assessment method, or BREEAM, excellence standard, which will be published in July. It is the highest standard available to public sector buildings in this sector, which means that taxpayers' money is being used not only to provide better buildings but to help safeguard the future for our young people and future generations.

The second thing that we have made clear is that every single one of these projects—this will apply to my hon. Friend's local project—must include a training plan, so that those who are building the training facilities of the future are trained while they are building them.

Stephen Williams (Bristol, West) (LD): One of the major policy initiatives that the new Department has launched in the past 12 months, jointly with the other education Department, has been the increase in the learning and training age to 18. Is the Secretary of State concerned by the latest statistical release from his Department which came out on 19 June? It shows that for 16, 17 and 18-year-olds there has been no real growth in the number of apprenticeships and advanced apprenticeships. What steps is he going to take to ensure greater employer engagement and demand for apprenticeships?

Mr. Denham: We have made it clear that by 2013 young people with the aptitude for an apprenticeship should be able to have one; we are making that a legal right. We want to get to a position in which one in five young people are able to do an apprenticeship. The figures to which the hon. Gentleman refers simply reflect a pretty small shift in the age at which young people start their apprenticeships. As my hon. Friend the Under-Secretary said a few moments ago, there has been an increase of 22,000 in the number of apprenticeships available.

I am confident that we will continue to make the extra places available. In doing that, we are talking to major employers about training over and above their own requirements for apprenticeships and about developing group training associations to develop new initiatives. Furthermore, we are having a major drive to get public sector apprenticeships. The apprenticeship model works not only in the traditional industries, but in the public sector and for white-collar jobs and service jobs. There is the huge, and largely untapped, potential for the number of apprenticeships that we need in the future.

T4. [213854] **Ann McKechin** (Glasgow, North) (Lab): As my hon. Friends will be aware, Scottish universities increasingly rely on English students to fill places on their courses, and those full-time students currently pay no council tax. The SNP minority Administration have proposed to introduce a local income tax, which Glasgow city council has estimated would have to be 5p in the pound to maintain existing services.

Will the Secretary of State urgently raise the matter with the SNP Administration? The proposal would clearly have a very detrimental effect on English students considering Scottish universities for their higher education; I am thinking particularly of those who come from lower socio-economic backgrounds and rely on earnings during summer recesses to keep their studies going.

Mr. Denham: My hon. Friend raises an important point; I know that when my right hon. Friend the Secretary of State for Scotland answered a similar question a few weeks ago, he estimated that 55,000 students would be affected by the change. It is also the case that raising what council tax in Scotland currently brings in would require the imposition of a 5p local income tax. That comes against a background in which the separatists promised to get rid of student debt, but turned back on their commitment. The track record is not good.

Sir Nicholas Winterton (Macclesfield) (Con): I thank the Secretary of State and the Minister for Science and Innovation for meeting me and my hon. Friend the Member for Congleton (Ann Winterton) to discuss the e-MERLIN project at Jodrell Bank. Does he not accept that the project, which is critical to the organisation, has received very high ratings and assessments from technical assessment panels and that it is critical that the United Kingdom should remain in the vanguard of astronomy research and development?

Mr. Denham: The hon. Gentleman will know from our meeting that we are keen to ensure that scientists in the UK, particularly those working at Manchester university, maintain their international leadership in astronomy, particularly with things moving towards the square-kilometre array and analysis of that data. The peer review process carried out by the Science and Technology Facilities Council has given e-MERLIN a higher rating. The hon. Gentleman will know that that is good news from his point of view. I reject the comments of those who say, as the shadow Chancellor has said on behalf of the Conservative party, that Ministers should intervene to take the detailed decisions on which areas of science should be funded. That happens in other countries, and it means that scientists spend all their time lobbying Ministers to get funding instead of having

it decided by peer group research. While I have every sympathy with what the hon. Gentleman says about e-MERLIN, neither I nor my Ministers will intervene to take those decisions, which should properly be taken after peer review by the scientists in the research councils.

T5. [213855] **Martin Linton** (Battersea) (Lab): Given the difficulties caused by the late notification of the adult allocation in further education college budgets—the allocation for South Thames college, which my hon. Friend the Minister has visited, did not come until June, four months later than expected—can he reassure the House that colleges will receive their allocation earlier next year?

Bill Rammell: I had the opportunity to visit South Thames college with my hon. Friend earlier this year. It is doing an excellent job for the local community. I do not accept that this year's allocation was four months late, but it was later than we would have wished given that this is the first year of the new system. The vast majority of colleges are benefiting from an increased allocation of funding, but we undoubtedly want to ensure that next year's allocations come out earlier than they did this year.

T6. [213857] **Ben Chapman** (Wirral, South) (Lab): The Minister will be aware that Carlett Park FE campus in my constituency is under threat and that a consultation is under way. I have some doubts about the objectivity of that consultation. What provisions does the Department make to ensure that consultations are objective, not skewed in favour of the answer that is sought, and that all relevant information, such as the options analysis, is made available to key stakeholders?

Bill Rammell: My hon. Friend is aware that we have met and discussed his concerns in detail. The college is committed to a consultation exercise. Following our meeting, I wrote to the college principal making it clear that taking this forward is his decision and responsibility, but urging as effective a consultation process as possible. In respect of the options analysis, we will bear in mind the elements for which there is a need for confidentiality, nevertheless sharing as much of it as possible with my hon. Friend.

T7. [213858] **Phil Wilson** (Sedgefield) (Lab): Improving the skills of people in the north-east of England is vital. What is my right hon. Friend doing to increase the availability of apprenticeships in my constituency and in the north-east of England more generally?

Mr. Denham: My hon. Friend is right to raise the importance of apprenticeships. This Government rescued apprenticeships from their collapse and near demise under the previous Government and have rebuilt them to a stage where more people are completing apprenticeships today than for many years. In his own county of County Durham, there were 2,408 apprenticeship starts in 2006-07, which is one of the largest numbers in England. However, we are going further. For example, Nissan is working closely with Gateshead college to meet its growing skills needs, and the college is delivering 500 adult engineering apprenticeships to new recruits.

Equality Bill

11.33 am

The Minister for Women and Equality (Ms Harriet Harman): With permission, Mr Speaker, I would like to set out to the House how the Government propose to make further progress towards the fair and equal society that we want to see.

I am pleased to announce that we are today publishing our key proposals for the equality Bill in a document entitled "Framework for a Fairer Future". Copies are available in the Vote Office. For us, equality is a matter of principle—it always has been. As the Prime Minister set out on Wednesday in his announcement on social mobility, we want to address the serious inequalities that still exist. Addressing those inequalities and creating a fairer society is important for three reasons. First, fairness is important for the individual. No one should have to put up with discrimination. Secondly, fairness is important for our society—a society that is equal and fair is one that is more at ease with itself. Thirdly, fairness is important for our economy—an economy that sees no one pushed to the margins or excluded offers the widest pool of workers to employers. Diversity makes us outward facing and helps us to compete in the global economy.

The first equality laws were brought in by a Labour Government more than 40 years ago. Progress has been made to outlaw discrimination against people if they are black, a woman, lesbian or gay, disabled, or if they are older, but although such progress has been made, inequality and discrimination still persist. Men who work full time still earn 40 per cent. more per hour than women who work part time. Although more disabled people are working than ever before, a disabled person is still two and a half times more likely to be out of work. If someone is black or Asian, they are less likely to be in work and if they are in work, they are more likely to be earning below the level of their qualifications. Homophobic bullying still blights the lives of most lesbian or gay young people, and it is still perfectly lawful to tell someone, "Sorry, you're too old", and refuse anything from health care to insurance.

The Bill and package of measures that I will outline to the House today represent a radical shift in our approach to fighting unfairness, and will breathe fresh life into our equality agenda. Our package of measures includes the equality Bill we promised in our last manifesto, secondary legislation and action by the new Equality And Human Rights Commission. We expect everyone—the public sector, firms which do business with the public sector and companies in the private sector—to play their part. On pay, at the current rate of progress, it will take another 80 years before women are paid the same as men.

It is impossible to tackle discrimination when it is hidden. That is why we want a new era of openness when it comes to pay, so that women can see—in their own workplace—just how much more men get paid than them. Just as every school has to publish its exam results, so parents can see those results, and every hospital has to publish its waiting lists, so patients can see that information, I want employers to report on key equality issues, such as gender pay, so that their employees can view such information. That will put the spotlight on pay unfairness, which we all know goes on but which stays swept under the carpet.

Under its legal duties to promote equality, the public sector will lead by example. But 80 per cent. of people are employed in the private sector and the pay gap there is double that of the public sector. We must also have progress on fairness in the private sector, and we will ensure that in five ways. Given that 30 per cent. of companies do £160 billion-worth of business with the public sector, we will consider how public procurement can be used to deliver transparency and change. The equality Bill will outlaw clauses in employment contracts that prohibit employees disclosing their pay to each other. Where an employer has been found to have unlawfully discriminated, we will provide for the employment tribunal to be able to make a recommendation that applies not just to the successful complainant but to everyone in that workplace. The Equality and Human Rights Commission will conduct inquiries under its legal powers into sectors where the most progress needs to be made, starting with the financial services sector. We are going to tackle sexism in the City. Through a new kite-mark system, we will challenge companies to report on equality.

We expect business will increasingly regard reporting on progress on equality as an important part of explaining to investors, employees and others the prospects for those companies. We will review progress on transparency and its contribution to the achievement of equality outcomes in the light of that, and consider within the next five years the use of existing legislation for greater transparency in company reporting on equality.

Many people still seem to think that it is acceptable to discriminate against someone because they are older. It is not. With the number of people over 85 set to double in the next 20 years, it makes no sense. People are not over the hill at 60, to be either refused insurance or discriminated against in health care. We will include in the equality Bill duties on the public sector to eliminate age discrimination and promote equality for older people. We will take powers to outlaw age discrimination in the provision of goods and services. We will need to allow for a transitional period for changes to be made to comply with the law before it comes into effect, but work is already under way, and we will consult on making provisions to bring the new law into force more quickly in those sectors that are ready to comply with the law.

On disability, we need to be able to see who is including disabled people in their work force and who is shutting them out. That way, we can see who is making progress year on year, compare comparable organisations, learn from the best and challenge the worst.

We need to make further progress on fairness. That is why we will legislate to give more scope for employers who want to increase the number of women or black or Asian employees to take positive action. That will help, for example, the police, who want to make more progress on diversity because they know that they can be most effective when they reflect the ethnicity of the communities that they serve. To allow progress on women's representation in the House of Commons to continue, we will extend the permission for all-women shortlists for parliamentary selection until 2030. We will consider with the Commissioner

[Ms Harriet Harman]

for Public Appointments whether a specific power to encourage diversity for appointments in her remit would assist her in that task.

Next month I will publish a further paper setting out our proposals in greater detail, and, over the coming months, there will be a continuous and determined programme of further action, which will include: considering whether there is a case for representative actions to employment tribunals; working out whether we can toughen the law to give redress to people who suffer discrimination on multiple grounds; and working with the trade unions to strengthen the excellent and pioneering work of trade union equality representatives in the workplace.

The package will see us make further progress towards a fair and equal society. A single statute to replace the complex web of legislation that has grown up over the years will make it easier for people to know their rights and understand their obligations. The equality Bill will be written in plain English alongside the necessary legal language.

In the past, when Labour has brought in laws to promote equality, they have been controversial. However, I hope that now, in the 21st century, there will be agreement that we must all play our part in making this country fairer.

Mrs. Theresa May (Maidenhead) (Con): I thank the right hon. and learned Lady for her statement and for giving me prior sight of it, although I got more notice through her appearances on television and radio this morning. I agree with the Government that there is a need to streamline and update equalities legislation and I welcome the direction that the Government are taking with the Bill. I look forward to working constructively with them on ensuring that we have workable and practical legislation to provide for a fair society.

However, today's announcement has been a long time in coming. The Government first announced their commitment to a single equalities Bill in their 2005 general election manifesto. On 25 July last year, the Deputy Leader of the House told the House that

"we will produce a draft Bill for pre-legislative scrutiny over the coming year".—[*Official Report*, 25 July 2007; Vol. 463, c.1009.]

Subsequently, there have been promises of draft clauses of the measure. Now we have an announcement lacking in detail with no specific time commitments, and more discussions on action in the coming months. Why has it taken the Government so long to introduce the sensible and practical measure for which we are all looking?

We welcome the broad thinking behind the approach to age discrimination, but again, the lack of detail on implementation and exemptions is baffling and disappointing. We support fair provision of services for older people and we need to ensure that the proposals will genuinely benefit them. The right hon. and learned Lady has recognised that the health service is a key area that will be affected by the age discrimination proposals, yet she has carefully avoided going into detail about that. Will she now confirm that the proposals will affect not only the planning of health services for older people but decisions about the treatment of individuals? On the radio this morning, she also talked about the need for planning applications to take age concerns into account. Does she propose to change the Planning Bill that is currently going through Parliament to accommodate those proposals?

In her statement, the Minister said that the Government would consider using procurement contracts to deliver transparency. In her media interviews, she was more specific, saying that companies bidding for public contracts would have to publish pay gap figures. The implication of that was that if the figures were bad, the company would not get the business. What exactly is the Government's position on this? Those proposals are far removed from the compulsory pay audits that the right hon. and learned Lady has supported in the past, and continues to support on her website. Can she therefore confirm that she has lost the equal pay battle in the Cabinet, and that the Bill will not include compulsory pay audits?

In her statement, the right hon. and learned Lady said that employment tribunals would be able to make wide-ranging recommendations when an employer was found guilty of discrimination. We have proposed compulsory pay audits for employers who are found guilty of discrimination at an employment tribunal. Are the Government adopting our proposals? If not, what does today's statement mean?

The statement talks of the public sector leading by example, yet many Government Departments have failed to meet their own diversity targets. As the "Framework for a Fairer Future" document makes clear, there are Departments in which the gender pay gap is well above the average, including Her Majesty's Treasury, where it is 26 per cent. We are told that the Equality and Human Rights Commission will conduct inquiries into the sectors where most progress needs to be made, starting with the City. When will the EHRC be invited into the Treasury to look into its record on this issue?

I welcome the extension of the legislation on positive discrimination in the selection of parliamentary candidates. We have already said that we would support that move. However, the issue of allowing employers to exercise positive discrimination needs clarification. For example, if the head teacher of a primary school with only female teachers wanted to discriminate in favour of a male teacher, would that be permitted under the proposals? One area covered by the EHRC to which the Minister's statement has made no reference is religious discrimination. Do the Government intend to include religious discrimination in their new equality Bill?

Until now, the Government have rightly sought to stamp out discrimination. The Bill takes a different approach. It will include measures to prevent discrimination, and measures to allow discrimination in certain circumstances. It introduces further complexity and confuses the Government's message. After all these years, this is a huge missed opportunity. The Government could have introduced a revolutionary approach to equalities legislation, promoting fairness and diversity within a positive and sensible framework. Instead, the right hon. and learned Lady has been quoted as using phrases such as "empowering the resentful". The Bill should seek to unite, not to divide. It has good intentions, but its lack of detail and clarity is disappointing. I am willing to work with the Government on this matter, because the issue of equalities is one that deserves to be looked at above and beyond the emotions of party politics. I hope that the right hon. and learned Lady will join me in endeavouring to ensure that we can do just that.

Ms Harman: I thank the right hon. Lady for her broad welcome for the package and for our endeavours. I also welcome the fact that she has ignored the cries from her own Back Benchers that the proposals are rubbish. I welcome the fact that she wants us to streamline and update the legislation—we intend to do so—and that she wants to work constructively with us. There will be an opportunity for further discussion before the Queen's Speech later this year, and before the Bill is brought before the House. If she has proposals to bring forward, I would ask her please to do so. We will consider them carefully, as we want to work together on this.

The right hon. Lady said that the paper that we published today lacked substantive proposals, yet it announces that we intend to legislate for the first time to put a duty on all public authorities not to discriminate against people on the ground of age, and to promote equality for older people. That is new. We are also proposing for the first time to put into law the right of people not to be discriminated against in the provision of goods and services because they are older. That is also new. We have announced that we propose to put into law positive action for those employers who want to diversify their work force. We have brought forward new proposals on public procurement, public appointments and ending gagging clauses. If the right hon. Lady has an alternative list of substance, let her bring it forward. We would welcome that, as we want to make further progress.

The right hon. Lady asked whether I propose to change the Planning Bill in respect of public sector duties on local and other authorities. The whole point of the public duty is that it overrides and infuses the approach to everything. We do not have to put in a public sector duty, Bill by Bill, Act by Act, because it is there and it runs through everything that is done. That is how the public duty works. We do not need to change legislation, as all public authorities will have to have due regard to how what they do affects older people.

The right hon. Lady mentioned public procurement, which will work like this: there is a public duty on public bodies not to discriminate and to promote equality of race, gender, disability and now age. That applies not only when they employ people and provide services or goods, but when they do public procurement, using the £160 billion of public money. Spending public money is a public function, and the equality duties apply to the public function. That way, public bodies can say, "If you want to do business with the public sector, you need to tell us what your pay gap is. How many disabled are you employing? What is the percentage of black and Asian people in your work force?" Then, if a number of companies are equally qualified for that contract, the authority, in its duty to promote equality, will pick the one doing best on equality.

The right hon. Lady mentioned disclosure of the gender pay gap. We have explained that that will be mandatory in the public sector. It will then be driven through the public sector, into that 30 per cent. of business that is publicly procured from the private sector. If the private sector does not voluntarily conduct the gender pay audits and checks, we have powers in legislation to require it to do so.

The right hon. Lady mentioned the Treasury. The whole point about producing league tables is that we can see who is lagging behind and who needs to make a bit more progress. I certainly do not think that women are not good enough at numbers or incapable of being financial experts; rather, there are patterns of entrenched expectations. Once we make them clear and expose them, we can take action on them.

The right hon. Lady asked about primary school head teachers. If there was an all-female work force and the head teacher, having a number of equally qualified candidates, wanted to ensure that there were some men teaching in her school, she would be able to do that. The proposals clarify the law, so that employers have more ability to promote equality and diversity within their work forces.

The right hon. Lady said that we had not done enough. However, we have introduced civil partnerships and flexible working, and we have eliminated age discrimination against older people in employment. We have done all that. I remind her that for the 18 years in which her party was in government, it introduced not a single piece of equality legislation. The Conservatives' version of equality legislation was clause 28. I know that those on the Opposition Front Bench have changed, so I hope that the right hon. Lady will bring her Back Benchers along to join the 21st century.

Miss Anne Begg (Aberdeen, South) (Lab): I welcome today's statement, which certainly goes a lot further than the previous Green Paper on equality. The gender pay gap in Aberdeen is one of the largest in the country—the average female take-home pay is 60 per cent. that of the average male take-home pay. I am interested in what my right hon. and learned Friend said about public procurement. In Scotland, public procurement comes not only from central Government, but from the Scottish Executive and local authorities. Can she explain how her proposals will apply in Scotland and whether they will cover all public procurement there?

Ms Harman: The primary legislation applies throughout the United Kingdom, but secondary legislation is the responsibility of the devolved Administrations. If, for example, there is a Scottish public body that operates only in Scotland, any statutory instrument that applied the primary legislation to that organisation would be the responsibility of the Scottish Executive. However, all organisations that work across the border between England and Scotland would be covered by reserved powers. We want to work closely with the Equality and Human Rights Commission in Scotland, the devolved Administrations and all sides in the Scottish Parliament.

Lynne Featherstone (Hornsey and Wood Green) (LD): I very much welcome today's statement and thank the Minister for allowing me early sight of it. We on the Liberal Democrat Benches welcome a new equality Bill that will bring together all the various strands of equality legislation and further the equality agenda, which sure needs some furthering.

We particularly welcome the eleventh hour inclusion of a grey charter, with the overdue outlawing of age discrimination in the provision of goods and services and the extension of the public equality duty. Can the Minister confirm whether that will cover young people?

I would also be grateful to know the exact date, or as near as we can get, when older patients will be legally entitled to the same treatment in our hospitals as the rest of us.

[Lynne Featherstone]

Allowing employers to discriminate positively when candidates are equal is a good thing and has the potential to effect change in the workplace, but mischief is being made on the airwaves. It would be helpful if the Minister could clarify that all under-represented groups are covered and that it is for an employer to improve the situation where the current legislation means that they could be sued.

The move to make public sector suppliers more accountable in their equality polices is certainly a step in the right direction, but it raises some concerns. It is one thing to tick boxes on procurement questionnaires, but if there is no realistic chance of any claims being verified, those measures will indeed be a tick-box exercise. What estimates have the Government made of the number of people employed by their suppliers, notwithstanding simply the £160 billion that goes to private sector employers?

What extra resources are being allocated by the Government to their procurement departments, so that they can monitor and verify the claims made by their suppliers? Given that so much public sector work is now out-sourced to private sector companies, will the public equality duty be extended to cover them in full?

The proposals are a step in the right direction, but it is disappointing that the Government have stopped one step short of compulsory pay audits. I would like to know from the Minister the criteria for when the Government would enact compulsory audits, should the softly-softly approach fail. What will it take? How will we know when the moment has come?

Some of the problems with the lack of equality are to do not solely with legislation, but with the queues at the employment tribunals. What extra resource will the Government commit to clear the backlog? On the Bill as a whole, will any exemptions or exceptions to the equality principles in it be explicit, detailed and decided by the House?

Finally, we have jumped from a Green Paper to a Bill without any formal Government response to the hundreds of organisations that participated in the original consultation. Are the Government ever going to publish a response? What confidence can stakeholders have that they will have their say on the Bill?

In conclusion, we on the Liberal Democrat Benches are happy to work constructively on the equality Bill. I will take the Minister up on her offer of discussions before the Bill is published, as we have quite a list of things that we would like included.

Ms Harman: The provisions will not cover people under 18. It is right to treat children and young people differently, for example through age limits on alcohol consumption, and there is little evidence of harmful age discrimination against young people. Harmful age discrimination is basically against older people.

The hon. Lady asked when the duty on age would come into effect. The public sector duty in respect of the provision of health and social care will come into effect as soon as the legislation is brought into effect, but the Department of Health is already working on this issue before that happens. It has conducted research to identify where discrimination exists and it is taking forward action to tackle it, so the process is already under way, even before the legal obligations come into effect. Yes, if a particular gender—say, men—is under-represented in a particular area, positive action can be taken in relation to those under-represented groups.

The hon. Lady also asked about the backlog of tribunal cases, and one thing that we are considering is the issue of representative actions. The Ministry of Justice is working with the Civil Justice Council to see whether representative actions could play a role, rather than requiring people to lodge claims individual by individual. Discrimination and unfairness are not mostly about the individual, but about the structure and the employer. We are looking to see whether representative actions can play a part.

We will publish all the replies we received to the consultation, along with our formal responses to them, at the end of this month.

The hon. Lady asked about pay audits. We are adopting a new approach. One problem with what have been described as job evaluation gender pay audits is that we could end up paying consultants tens of thousands of pounds to go around an organisation, re-evaluate every job, tell the employer that everything is fine as there is no unlawful discrimination and issue a clean bill of health. They might then leave without telling anyone in the organisation what the gender pay gap is. We need much more focused pay audits, which actually tell people what they want to know. We could then find out not whether the Treasury has been signed off as non-discriminating, but whether the pay gap in the Treasury is 26 per cent. and what it is likely to be next year.

We are taking a new approach in a more focused direction. We will set out for employers how to comply and then review progress. I think that once we set out the information that employers should be expected to give, they will have no excuse for not producing it. It is very easy to produce, so the only reason for employers not to provide such information is that they want to keep it hidden because it is just too embarrassing. When the pay gap is swept under the carpet, it will be evident that the employer has a great deal to hide. We think that a good culture of openness will emerge from this.

I would like to thank the hon. Member for Hornsey and Wood Green (Lynne Featherstone) for welcoming the proposals; I know she will work constructively with us. I am sure that she and her party will make good proposals. Unlike some Conservative Members, the Liberal Democrats have not been a drag anchor on this agenda over the years. Far from it. Some Liberals in the House and people such as Lord Lester in the other place have been champions of the equality agenda. Although the Labour party has taken this forward in government, important contributions have been made by voluntary organisations and all sorts of people outwith the Government to deliver on the equality agenda. That is what we will do.

Lyn Brown (West Ham) (Lab): Some companies in the private sector have a gender pay gap that is double that of the public sector and they may well resist moves to become more transparent. How will my right hon. and learned Friend encourage such companies to become more transparent about the pay of their work force?

Ms Harman: I thank my hon. Friend for her question. We have discussed this with the CBI, the Federation of Small Businesses and other employer organisations. It

is the easiest thing to add up the average pay of men and the average pay of women to find out the difference. There is no bureaucratic or administrative difficulty in doing so, so there is no justification for refusing to do it. If employers do not do it—they obviously have no excuse for that—we have the power under the Companies Act 2006 to require that information to be made public. I hope that we will not have to use that power, but it is there if we need it.

Ann Winterton (Congleton) (Con): Is the right hon. and learned Lady aware that, despite what she said, what she proposes will be an extremely harsh burden on smaller businesses because of the extra amount of red tape and bureaucracy with which they already have to deal? The Bill will be a further blow. I come from a small business background, so I know that better than some on the Government Benches who have never had any experience of running a small business. May I say that I am completely at odds with my own party because I have never believed in positive discrimination? But it will reassure the right hon. and learned Lady to know that her plans for older workers will perhaps protect me from any retaliatory action.

Ms Harman: We do not plan to place any additional burden on businesses, big or small. By bringing all the legislation of the last 40 years together in one piece of legislation—heavens above, it is even going to be written in plain English—the Bill will make it possible, in a way that is not possible now, for employers and employees to read the provisions and understand their rights and obligations. That streamlining will make a big difference to business, which will not have to employ an army of lawyers and consultants to tell them whether they are complying with the law. This is a major streamlining that will reduce red tape, not increase it. I take it then that the hon. Lady welcomes the provisions for extra duties, obligations and rights on age discrimination.

Mr. David Winnick (Walsall, North) (Lab): Arising from that last question, is it not the case that, 40 years ago, it was a Labour Government who legislated amidst tremendous controversial opposition to outlaw race discrimination, which many of us had strongly urged? The current proposals are intended, as my right hon. and learned Friend said, to deal with various outstanding forms of discrimination against women and the disabled and certainly against age prejudice. Without in any way wishing to be misunderstood, would it not be a good thing if we took it as normal that there should be people in the Cabinet of pensionable age? That would certainly give a lead against age discrimination.

Ms Harman: I will make sure that the Prime Minister gets to see my hon. Friend's comment. He is absolutely right to point out that whenever we have introduced legislation to tackle discrimination, there has often been a huge row. But yesterday's controversy becomes today's conventional wisdom. We are confident that we can work with all sides to ensure that our proposals are as easy to apply as possible. It is a modern society that is a fair society and a modern economy that is a fair economy.

Philip Davies (Shipley) (Con): This Bill has nothing to do with equality. It is the most politically correct Bill ever, proposed by the most politically correct Minister that this country has ever seen. If she were so bothered about equality, she should have enshrined in law the fact that people should be given a job and candidates selected on merit—irrespective of their gender and irrespective of their racial background. How on earth can she justify in an equalities Bill a provision that allows people to be selected solely on the basis of their skin colour or their gender? That is completely and utterly outrageous. The party that, as the hon. Member for Walsall, North (Mr. Winnick) said, introduced anti-discrimination laws is now reintroducing discrimination into the workplace. How many of the Minister's hand-wringing white male colleagues have offered to give up their seats in the House to make way for more women and more ethnic minority MPs?

Ms Harman: When only 3 per cent. of MPs were women, the House of Commons was not representative. When John Major's first Cabinet had not a single woman in it, what did that say about the merit, talent and ability of women in this country as he saw it? The point is that it is not about doing a favour to individuals; it is about tackling discrimination and patterns of unfairness and making sure that our institutions and our businesses are not just entrenched in the old boy network, but face the future and recognise that everybody can play their part. I suggest to the right hon. Member for Maidenhead (Mrs. May), in her place on the Front Bench, that she should induce a bit more political correctness in her Back Benchers.

Ms Patricia Hewitt (Leicester, West) (Lab): May I warmly congratulate my right hon. and learned Friend on a set of proposals that will come to be seen as a major landmark in the long march to equality? Will she also ensure that the Government do everything possible to support the French presidency in its attempt to get early agreement on proposals for a European framework directive on equality, which will set minimum standards for all European citizens, across the European Union?

Ms Harman: I can certainly assure my right hon. Friend that that will be the case. I pay tribute to our Members of the European Parliament, particularly Michael Cashman, for their pioneering work at European level. I also pay tribute to my right hon. Friend for all her work as a Secretary of State and Minister for Women, and for introducing a right for those with families to request flexible working. Her comments today remind me of our happy days when she was the director of Liberty and I was its legal officer, and we were together on the women's rights committee.

Hywel Williams (Caernarfon) (PC): The right hon. and learned Lady has referred to the Scottish Parliament, but the Welsh Assembly Government will have a key role in delivering the equalities agenda in health and education, also as an employer and a major source of work for the private sector as third parties. Does she intend to include framework powers for the Welsh Assembly Government in the Bill, or will they have to apply using the legislative competence order procedure, which entails inevitable delay?

Ms Harman: We will discuss the matter with the First Minister and the Secretary of State for Wales. Many in Wales will champion the agenda, work with us and take

[Ms Harman]

it forward. I pay tribute to women Members of the Welsh Assembly who have led on issues from child care to human trafficking, and to partnership organisations such as Chwarae Teg. I hope that what the House and the Government are doing will strengthen their arm in Wales.

Dr. Ian Gibson (Norwich, North) (Lab): I congratulate my right hon. and learned Friend on what could be an epic, historic piece of legislation. I am sure that Help the Aged and Age Concern will welcome it with open arms. I cannot say that the elderly will be dancing in the streets tonight, because of functional problems, but I am sure that they will welcome it too. *[Interruption.]* I eliminate myself, of course.

On the implementation of anti-age discrimination in terms of goods, facilities and services—it is a big problem—is there an end implementation date, because some of us do not have a lot of time left?

Ms Harman: I thank my hon. Friend for mentioning Help the Aged and Age Concern, and I pay tribute to the persistent and dedicated work of those organisations, which have been determined advocates for tackling this unfairness and discrimination, and have produced the evidence that has made it imperative for us to act. As for old people dancing in the streets, has my hon. Friend not seen "Strictly Come Dancing"? Does he know how old Bruce Forsyth is? Of course, we will get on with the implementation.

Mr. Graham Brady (Altrincham and Sale, West) (Con): Under the positive discrimination aspects of the Secretary of State's proposals, will it be legal for an employer to choose a white woman over an equally qualified black man?

Ms Harman: We are just allowing for a permissive measure, so that if an employer with a number of equally qualified candidates wants to promote diversity in their team, either because women are under-represented or they have too few black and Asian people, on that basis they can choose the under-represented group. There is also the question of the discrimination against black and Asian women, which would not happen in the same way against black and Asian men, or against white women. Given the hon. Gentleman's question, I hope that he will back us in solving such problems of multiple discrimination.

Judy Mallaber (Amber Valley) (Lab): I welcome this new push on equality, including on tackling age discrimination and the issues raised by the cross-party reports from the Business and Enterprise and Regulatory Reform Committees on tackling the gender pay gap and public procurement. Will she confirm that no specific legislation will be needed on public procurement? Does the Office of Government Commerce, which has been too timid in the past, now accept the Select Committee's view that public bodies are required to pursue their equality duty when putting out contracts for goods and services? If progress remains slow on the gender pay gap, will she consider whether the equality duty needs to be extended to the private sector?

Ms Harman: As I said, we will expect the private sector—including private firms doing work with the public sector—as well as the public sector to play their part. We are working with the OGC and the Treasury. I pay tribute to my hon. Friend the Exchequer Secretary and to my hon. Friend the Member for Amber Valley (Judy Mallaber) for leading the work of the Select Committee in making proposals on such issues. On procurement, there is detail to be worked out, and we will consult on it. We are clear, however, that spending public money is a public function, and that the equality duties must apply to that every bit as much as they apply to direct employment and direct provision of services.

John Bercow (Buckingham) (Con): Although her statement meets with denunciations that are as furious as they are predictable from Members of the Taliban tendency, may I tell the Minister that her statement does right by those who have long suffered discrimination, and is right in the interests of the country as a whole? Will she confirm that the equality Bill will contain robust measures to tackle homophobic bullying and to deal equally robustly with the gender pay gap among part-time workers in the public sector, and that the legislation will be on the statute book by the summer of 2009?

Ms Harman: I think that I can confirm all those points to the hon. Gentleman, and I thank him for his question. He has proved that not all Conservative Members are still stuck in the stone age. Given his comments, I would say—although I would have to reflect on the matter with my colleagues—that he ought to be regarded as an honorary member of the sisterhood.

Mr. Andrew Dismore (Hendon) (Lab): I welcome my right hon. and learned Friend's comments on outlawing age discrimination in goods and services, which would give effect to one of the recommendations of the Joint Committee on Human Rights' report on the treatment of the elderly. May I press her, however, on the timetable for the transitional period, particularly in relation to the health service? I fully accept that a transitional period is necessary, but what number of years is being considered?

Ms Harman: Just as when the Labour Government introduced the Equal Pay Act 1970 and said that because of entrenched patterns of discrimination it would not be brought into effect for five years, at the outset we will discover the extent of discrimination in the public services through the equality duty, so that we can make determined progress on sorting it out. We will work closely with the Joint Committee, and I pay tribute to its work in that respect.

Angela Watkinson (Upminster) (Con): In the recruitment and employment process, it should not matter which group an applicant happens to belong to. People should be recruited and employed on the grounds of their merit and capability. To employ somebody for any other reason would be discriminatory. On all-women shortlists for parliamentary seats, the suggestion is that women can succeed only if men are excluded from the process, which is demonstrably untrue, discriminatory and offensive to women.

Ms Harman: The evidence is in front of the hon. Lady's eyes. If she thinks that there is not a systematic, structural problem, how does she account for the fact that, per hour, women who work part-time are paid 40 per cent. less than men? Surely she cannot believe that a woman who works part-time is 40 per cent. less intelligent, less committed, less experienced and less hard-working than a man who works full-time. There is structural discrimination, which has been swept under the carpet, and we must expose and tackle it. Of course, the group that people belong to should not matter, but it does. That is why there is a pattern of entrenched pay discrimination, which we are determined to expose and sort out.

As for the question of women in the House of Commons, as I have said when I was first in the House only 3 per cent. of Members of Parliament were women. There were 10 Labour and 13 Conservative women MPs. We resorted to positive action, and we now have 96 Labour women MPs. The Conservatives did not resort to positive action, and over those 25 years they have increased the number of Conservative MPs from 13 to 17. At that rate, we shall never see equality. We must take positive action to ensure proper representation.

Dr. Phyllis Starkey (Milton Keynes, South-West) (Lab): Forward-thinking businesses, both large and small, understand that the provision of equal opportunities in recruitment will benefit them, because it will make them more likely to secure the best candidates. However, I am concerned by the rather light-footed way in which the Minister appears to be treading when it comes to forcing private companies to publish the gender pay gap. I urge her not to wait too long before using the powers in the Companies Acts to ensure that all of them do so. As she said, it would be a very easy and non-bureaucratic task, and would be extremely effective in exposing the companies that have still not entered the 21st century.

Ms Harman: I pay tribute to my hon. Friend's work as chair of the Communities and Local Government Committee. I expect the work of her Committee, along with that of the Business, Enterprise and Regulatory Reform Committee, to play an important part in helping us to develop our proposals. Our intentions are clear, and we intend to make progress with them.

Mr. Paul Goodman (Wycombe) (Con): Britain's faith communities will have noted that the Minister's statement contained nothing about religious discrimination. As was pointed out by my right hon. Friend the Member for Maidenhead (Mrs. May), the Government's intentions in that regard are not clear.

The Minister will be aware that when the word "equalities" is used, it is not always clear whether it refers to equality of opportunity, equality of outcome or equality of esteem. She will also be aware that those equalities can sometimes conflict. What is clear from her statement, however, is that the Government's general intention is to increase opportunities and life chances, which is a laudable aim. If a Bill is indeed introduced, ought she not to consider entitling it the equalities and opportunities Bill or, even better, simply the opportunities Bill?

Ms Harman: I take the hon. Gentleman's point: if people start from very unequal positions, they do not have equality of opportunity. I thank him for supporting our overall aim. As he will know, we have already outlawed discrimination on grounds of religion and belief, and we plan to exemplify that in the Bill by embodying it in the public sector duty. However, we shall have to have further discussions on how that will work out, because it is less straightforward than including the public-sector duty on discrimination in relation to age.

Fiona Mactaggart (Slough) (Lab): I thank my right hon. and learned Friend for her welcome statement. We have seen some mischief-making on the Conservative Benches, and today's *Daily Express* has commented "White Men to Face Jobs Ban". I should have thought that the *Express* would welcome the age-discrimination element in view of the age of most its readers, but will my right hon. and learned Friend please assure the House and the wider public that this is not a proposal to ban white men from jobs?

Ms Harman: I certainly will. I share my hon. Friend's frustration at the deliberate misunderstanding that certain people want to engage in. The Bill is about promoting fairness and equality of opportunity.

Some people say that now that the economy is in some difficulties we cannot afford fairness—that we cannot afford to treat women or black and Asian people fairly. My response is that it is precisely when things are difficult—when the family budget is under pressure and people are feeling the pinch—that fairness becomes even more important.

Mr. David Anderson (Blaydon) (Lab): The Minister said in her statement that the public sector would lead by example on pay. Does she agree that although the public sector has tried to lead by example over the past 10 years, it has not been able to do so because it has not had the funds, the flexibility or the systems to do so? Does she accept that there will be a cost, and that it should be borne by the Government, in ensuring that funds are available to close the equal pay gap in the public sector?

Ms Harman: Different parts of the public sector have made varying degrees of progress. When there is proper transparency in relation to the gender pay gap, the disability employment level and the employment rate of ethnic minority staff, public authority by public authority, we shall be able to see who has been making progress.

My hon. Friend is right to say that we need to make further progress on settling the backlog of equal pay cases. As he will know, the Department for Communities and Local Government has made available £500 million of capitalisation to enable local employers to do that. Half of them have already done it, but more progress is needed.

It is always difficult to sort out entrenched patterns of discrimination, but the best option is to sort them out and then move forward on an equal basis.

Mr. Russell Brown (Dumfries and Galloway) (Lab): I thank my right hon. and learned Friend for her statement. The Dumfries and Galloway elderly forum will be delighted by what she has said. I also agree with my hon. Friend

[Mr. Russell Brown]

the Member for Slough (Fiona Mactaggart), who quoted a headline from the *Daily Express*. Today's *Daily Mail* says that

"women will be more equal than men".

Does that not belittle the work that the Government are trying to do, and does it not also show that those who write banner headlines of that nature have never been on the receiving end of discrimination?

Ms Harman: I am glad that there will be a welcome for our proposals in the Dumfries and Galloway elderly forum. I hope that all the elderly forums in the country that bring together the various agencies, voluntary organisations and pensioners' action groups will work with us to ensure that they are implemented swiftly and effectively.

The challenge that I would issue to the *Daily Mail* is: who did actually write that headline? Who actually thinks, with a gender pay gap of 40 per cent., that women are more equal than men? That day might arrive, but it is certainly a long way off.

David Taylor (North-West Leicestershire) (Lab/Co-op): In the last generation massive progress has been made in some professions, such as law, medicine and accountancy, but there remain unreconstructed areas such as financial services, on which my right hon. and learned Friend has focused. Perhaps she could also include information and communications technology. How will she tackle the defence from some employers in those sectors that there is a lack of suitably qualified and trained women to take the higher-level jobs? Should she not move further upstream, to the universities and elsewhere, to ensure that there is a reasonable range and mix of students entering courses on those subject areas? That is the problem that she may find in financial services and ICT.

Ms Harman: My hon. Friend is right: patterns of discrimination go back a long way. He mentioned universities. Fewer than one in 10 universities are led by vice-chancellors who are women, and although many women and black and Asian people are going into the legal profession, the higher echelons of the profession—as will be confirmed by my right hon. Friend the Secretary of State for Justice and my right hon. and learned Friend the Solicitor-General—still qualify as unreconstructed. Only one judge at High Court level or above is black or Asian, despite the existence of many able black and Asian lawyers. We really do need to make progress in tackling and exposing entrenched discrimination.

Witness Anonymity

12.28 pm

The Secretary of State for Justice and Lord Chancellor (Mr. Jack Straw): With permission, Mr. Speaker, I shall make a statement following the judgment of the Judicial Committee of the House of Lords, issued last Wednesday, in the case of Davis.

As the House will know, the Law Lords decided that there was not sufficient authority in common law to provide for the current arrangements for the admission of anonymous evidence, and said that this was a matter for Parliament to deal with by statute. The Government will therefore present a Bill to rectify the situation as a matter of urgency. I hope very much that it will be published next week, and that, subject to the usual channels, it will be debated and complete all its stages in the House of Commons during the following week. For reasons that I shall explain, it is essential for it to receive Royal Assent and come into force before Parliament breaks for the summer recess.

I am extremely grateful to the Opposition parties for their co-operation in this matter. I also fully appreciate that, like other Members, they will not be able to judge the merits of the Government's proposals fully until the details are available.

The background to this statement is as follows. As long as there has been crime, criminals have sought to intimidate witnesses in order to avoid punishment. Criminal justice systems across the world have sought to deal with this problem. Criminals do not operate by the rules, but the rule of law requires that justice should not only be done, but be seen to be done. The right of a defendant to confront his or her accusers in open court has been a key feature of all systems of justice worthy of that name. That right should be modified only where it is fully justified.

In recent years, witness intimidation has become an all too common feature in crimes of a serious nature, especially those involving guns, gangs or drugs. Such is the fear that can be engendered by such criminals that entire communities in an area may be reluctant to come forward to give any evidence about what they know.

In the Court of Appeal judgment in Davis, the president of the Queen's bench division, Sir Igor Judge, quoted the evidence of a detective who specialised in murder investigations. He said the following—I hope I shall be permitted to quote at some length:

"Most people opt not to co-operate and do not get involved. Doors are not opened, arranged meetings result in a witness not turning up, telephone messages go unanswered...This is not a problem that exists on an occasional basis...it is a problem that exists in practically every investigation in one way or another. Such problems exist on a daily basis. I have spoken to witnesses about a reluctance to give evidence. The common factor between all of them is fear. They are in fear of their lives and that of their families and friends. There is a very real danger to such persons of death or serious injury, either to prevent them from giving evidence, or to punish them for giving evidence and to send a warning to those who may be thinking of assisting the police. This risk, I know and the witnesses know, is not necessarily at the hands of the defendants themselves, but at the hands of the associates of the defendant. If the defendant is in custody, it is often the associates who are the physical threat. In many but not all cases, the witness knows of the defendant and their associates. They know they have easy access to firearms and the 'ease' with which they are prepared to use them".

To deal with this situation, our courts had developed careful and proportionate measures by which the trial judge, where he or she believed it necessary, could order that evidence be given in such a way that the identification of certain key prosecution witnesses was disguised. In some cases, the key witnesses concerned may themselves have been involved in crime; others will be innocent bystanders, and still others may be, and are, undercover police officers or agents. In the Davis case, key witnesses were screened from sight of the defence, were given pseudonyms and had their voices electronically distorted.

In the Davis appeal, the Court of Appeal reviewed all of the circumstances, the common law authorities and the Strasbourg jurisdiction, and held that measures of this kind were both necessary and just to defendants in this case. Their appeals were therefore dismissed. In the House of Lords, their lordships took the opposite view. In the lead judgment, the senior Law Lord, Lord Bingham, said:

"By a series of small steps, largely unobjectionable on their own facts, the courts have arrived at a position which is irreconcilable with long standing principle"

and common law authorities.

Lord Mance, who extensively reviewed the Strasbourg jurisprudence, said that he did not believe that the Strasbourg Court would

"accept that the use of anonymous evidence in the present case satisfied the requirements of article 6".

However, Lord Mance went on to say that the

"admissibility of evidence is primarily a matter for national law",

and that the Strasbourg Court has repeatedly stated that the use of anonymous evidence is

"not under all circumstances incompatible with the Convention".

And importantly, Lord Mance said it is not certain that

"there is an absolute requirement that anonymous testimony should not be the sole or decisive evidence".

In other words, there should be caution about treating the convention, or apparently general statements by the Strasbourg Court, as containing absolutely inflexible rules.

All of their lordships accepted fully what Lord Bingham said was the "reality of the problem" of witness intimidation, "vividly described" in the Court of Appeal judgment. Lord Bingham went on to say that,

"this is not a new problem, but it is a serious one. It may very well call for urgent attention by Parliament".

Lord Rodger said:

"Parliament is the proper body both to decide whether such a change is now required, and, if so, to devise an appropriate system which still ensures a fair trial".

Lord Mance echoed these views. He referred to the experience of New Zealand and the Netherlands, which have introduced statutory frameworks for the use of anonymous evidence, and said that

"it may well be appropriate that there should be a careful statutory modification of basic common law principles. It is clear from the Strasbourg jurisprudence…that there is scope within the Human Rights Convention for such modification".

Since the judgment was handed down last week, we have been looking urgently at how a statutory framework could operate, taking account of overseas experiences, not least that of New Zealand. Because of the urgency of the matter, the Bill is literally being drafted as I speak. The House will, therefore, excuse me if I now simply outline our thinking—although I may say that this unusual situation at least has the advantage that the draft can take account of comments made in the House and in the other place today, and it will do.

The essence of the scheme that will be published in the Bill is that the trial judge will have to be satisfied that the need for anonymity is established, that a fair trial will be possible and that it is in the interests of justice to make such an order for anonymity. There will also be other factors that the judge will have to consider in reaching this decision.

Parliament should never legislate at the speed at which I am proposing unless it is convinced that there are overwhelming reasons for doing so, but I suggest to the House that this requirement is satisfied in this case. Anonymous evidence is these days fundamental to the successful prosecution of a significant number of cases, some of which involve murder, blackmail, violent disorder and terrorism. Such cases could be jeopardised if we do not quickly fill the gap created by their lordships' judgment. The Crown Prosecution Service is urgently conducting an assessment of the total number of cases in the prosecution pipeline that may be affected. Neither my noble Friend the Attorney-General nor I can yet give definitive estimates of the number of cases involved, but as soon as we do have such accurate estimates we will, of course, make them available to the House.

In addition to those cases in the prosecution pipeline, there is great concern among the CPS, the police and the wider public that a number of serious criminals convicted by a jury, whose trials satisfied article 6 and common law requirements, and whose appeals have failed, would seek to make use of the technicality of their lordships' judgement to have their convictions quashed. The Bill will, therefore, contain measures to ensure that the appeal courts should not quash convictions solely on the basis that the trial court lacked jurisdiction under the common law to provide for anonymity measures. The aim is to ensure that defendants cannot take unfair advantage of this technical defect in the law, which until last Wednesday had been unidentified and unsuspected.

I will publish this Bill just as soon as it is ready, and I will arrange to hold an open meeting for Members of both Houses in advance of formal consideration in this House.

Let me finally provide an additional but important reassurance. My right hon. Friend the Prime Minister has already announced in the draft legislative programme for the next Session the law reform, victims and witnesses Bill. We had for months planned in this Bill to provide a statutory basis for anonymous evidence. I can, therefore, give the following undertaking of what amounts to a sunset clause for this urgent measure: the provisions of this Bill, if passed, will be included in next Session's Bill as well, so there will be a full opportunity for both Houses to give further consideration to this important area of the criminal process.

I commend the statement to the House.

Nick Herbert (Arundel and South Downs) (Con): I am grateful to the Justice Secretary not only for early sight of his statement but for the open way in which he and the Attorney-General have consulted the official Opposition as they tackled what we all agree is a very difficult question. We recognise that the Law Lords'

[Nick Herbert]

judgment revealed a dilemma. On the one hand, the use of anonymous evidence has allowed witnesses to be protected and successful prosecutions to be brought. As Sir Igor Judge said:

"Without witnesses, justice cannot be done."

On the other hand, it must be paramount that trials be fair. However valuable anonymous evidence can be, it cannot be justified if its use undermines justice.

Does the Justice Secretary agree with me that while the judgment of the Law Lords has caused immediate problems that must be addressed, their duty is to uphold justice and the law, and that some of the personal attacks on the judiciary that we have seen this week are wholly unjustified? The Law Lords have invited Parliament to settle this question. Indeed, as the Justice Secretary noted, Lord Bingham said that the problem of witness intimidation may very well call for Parliament's urgent attention. We appreciate the danger that trials will collapse. No one wants to see a situation where violent criminals evade justice because of a hiatus in the law.

We recognise our constitutional duty to scrutinise as best we can all legislation, especially emergency legislation, and not to attempt to hinder the Government improperly. However, for emergency legislation to be justified, the House will want to be assured that there is a pressing need and to understand the scale of the problem. Estimates of the number of cases affected have varied widely—from the claim of around 40 by the president of the Association of Chief Police Officers, to other suggestions of hundreds. Can the Justice Secretary say when he will be in a position to indicate more clearly the number of cases affected and their nature? Will he also undertake to publish an assessment of the growth and nature of witness intimidation, so that judgment may be exercised about the severity of the problem? Can he tell us what the Government are doing to ensure that victims and witnesses receive the support and protection they need, beyond the granting of anonymity during a trial?

We welcome the Justice Secretary's indication that these measures could be refined in the forthcoming law reform, victims and witnesses Bill, but will he accept that the sunset clause to which he referred in this emergency legislation should be an express time limit on the face of the Bill? The House should be wary of emergency legislation with an open-ended time scale.

My party is committed to working with the Government in a constructive way to deal with this problem, but will the Justice Secretary consider carefully whether it is wise to rush through all stages of the Bill in this place in one day? The history of one-day legislation is not a happy one. Even if we need to pass laws urgently, we must do so carefully, particularly where public safety and the liberty of the individual are concerned.

Can the Justice Secretary provide more clarity on the Bill's application and how it will apply retrospectively? In particular, what will happen in cases in which anonymous evidence has already been given but the trial is still in progress? Will these provisions act to ensure that existing convictions are not threatened unless the trial was otherwise unfair? Where the adversarial system cannot operate fairly because one side is denied vital information, is there not a case for adopting a more inquisitorial approach? In the New Zealand legislation, the judge is permitted to appoint special counsel to investigate important considerations of witness credibility. What consideration has the Justice Secretary given to granting similar powers to English judges?

The use of anonymous witnesses in criminal trials should always be a last resort, not a first response. Does the Justice Secretary therefore agree that the purpose of the legislation that he has announced today should be not simply to allow the use of anonymous evidence, but to ensure above all that justice is done?

Mr. Straw: *I thank the hon. Gentleman for his comments* and, as I said earlier, for the co-operation that the official Opposition and the Liberal Democrats separately have offered the Government. I of course accept what he says—that there is a balance here, with two competing considerations: the need for the public to be protected from serious and dangerous criminals, and the paramount need to ensure that the trial process is fair and that those for whom the evidence does not exist are not convicted. That has to be the paramount consideration, but what the courts have sought to do over some decades is properly to balance those considerations. I had never been aware of any complaints about the way in which the courts, up to and including the Court of Appeal, had secured the anonymity of witnesses but the fairness of the trial process. Just one indication of that is that my parliamentary branch tells me that it knows of no parliamentary questions on that, and I have had no ministerial correspondence on it. That contrasts with the hundreds of parliamentary questions and thousands of letters on all the issues that concern the British public and Members of this House.

Let me run quickly through the points that the hon. Gentleman raised. I am very grateful to him for what he says about the gratuitous attacks on the judiciary; they are totally unjustified. As in any country that runs by the rule of law, we have to have a judiciary that is separate and independent from the Executive and the legislature. By definition, that means that there will be occasions when an independent judiciary make judgments that are inconvenient to the Executive and the legislature. That is their job. Ultimately, this is the high court of Parliament, because central to our constitution is the sovereignty of Parliament and we, ultimately, can decide. But within that system, that independence must be respected and preserved.

On the issue of the numbers, the hon. Gentleman is right to say that the president of ACPO suggested that there could be 40 or so. What I understand—it is for him to say this, not for me—is that he was describing the police estimate of the number of really serious cases involved. The other estimates that have been around are all-encompassing ones of any potential cases in the pipeline—they could involve, for example, test purchases of drugs—which I think could be more. However, it is precisely because there is a definitional problem that I do not wish to give this House estimates, unless I am satisfied that they are reasonably accurate.

The hon. Gentleman asks whether we can provide an assessment of the growth and nature of this problem. I will do my best—there is simply an issue of time here, and the capacity of the officials involved. I understand the point that he is making.

Great steps have been made, going back to the early 1990s, progressively to improve victim and witness protection. Victim Support funding has greatly grown,

there are measures in a whole series of statutes going back to 1997, and there will be further measures in the Bill in the Queen's Speech at the end of this year. That said, however effective witness protection and witness support measures are, there will still be some cases where the only effective protection to ensure that the witnesses come forward is to anonymise their evidence.

The hon. Gentleman asks about the sunset clause. The promise that I have made is an absolute promise, and if I may, I might consult him and the Liberal Democrat spokesman outside this House about some of the difficulties in putting that on the face of the Bill, but I promise that that does not detract from the absolute commitment that I have already given. On the question of taking all the stages in one day, I will discuss that with the usual channels, without any commitment, because the usual channels are a law unto themselves—always have been, always will be. *[Interruption.]* And often anonymous.

On the Bill's application, it will apply to England, Wales and Northern Ireland. On how it will apply retrospectively, the question is how it will apply for the future in respect of out-of-time appeals, appeals that may be in time, and trials that are under way in respect of events that have already happened, which may involve a conviction. That way forward is as I described towards the end of my statement, which is that there will be measures to ensure that the appeal court will not quash convictions solely on the basis that the trial court lacked the jurisdiction under the common law, as is now known but was not known before Wednesday, to provide for anonymity measures. More detail will obviously be given in the Bill.

We have considered the inquisitorial approach in New Zealand. The New Zealand drafters, although not formally subject to the convention, took full account of it in their drafting. There is a lot to learn from that. Whether to shift further from an adversarial to an inquisitorial approach in our courts is a big issue that is not for an emergency Bill.

Mr. Andrew Dismore (Hendon) (Lab): I congratulate my right hon. Friend on his statement on a difficult issue. He is doing the best that he can in an urgent position. Clearly, we have to respect the human rights of the victims, their families and the witnesses in this process, but will the legislation include as part of the framework a list of factors that the judges ought to take into account in exercising their discretion? Will he also confirm that the legislation will not be inconsistent with what the Judicial Committee of the House of Lords has said is required by article 6?

Mr. Straw: I am grateful to my hon. Friend, who is extremely well versed in human rights legislation as Chairman of the Joint Committee. There will be a list of factors. The overarching principle will be that the trial judge has to assess whether the arrangements that he or she is making will be fair. Section 19 of the Human Rights Act 1998 requires me to sign a certificate on the face of the Bill stating whether I judge the Bill to be consistent or inconsistent with the convention, and I will do that.

David Howarth (Cambridge) (LD): I also thank the Secretary of State for early sight of the statement and for the informal consultations that have taken place. It is a basic principle that defendants should be able to confront the witnesses against them, but it is also fundamental that the rule of law must be defended against intimidation and threats. Will the right hon. Gentleman acknowledge that Liberal Democrat Members also fully recognise that the law has to strike a balance between those two fundamental principles, and that ultimately the details of how to do that lie with Parliament, not with the judges?

I also want to associate Liberal Democrat Members with the comments that have been made about the attacks on the judiciary, which have been scurrilous and completely misunderstand the constitutional function of the judges. In this case, the judges are doing their job well because they are forcing us to think clearly about something that has not been thought about clearly up until now.

May I take it from what the Secretary of State has just said that he does accept what Lord Carswell said in the Davis case—that there should be a presumption in favour of openness, and that anonymity should be allowed only where a clear case is made out for its necessity?

I agree fully with what the right hon. Gentleman said about the risks of legislating in haste and I have some detailed points to make, but they are designed to help the Bill rather than to hinder its progress. First, I must urge him to go back to the point made by the hon. Member for Arundel and South Downs (Nick Herbert) about the New Zealand Evidence Act 2006, which includes the provision for independent counsel to make a report about credibility. Not only is that an important safeguard for the defence, but it is important for the prosecution in safeguarding the case against the accusation that it is unfair.

Secondly, as the right hon. Gentleman said, the Bill will be essentially temporary. Its most important provisions will be those transitional provisions about the pending and recent cases. I shall be grateful for the figures about how many cases there are when they are available, and I am already grateful for what he said about overruling the House of Lords' decision only prospectively. That is quite proper in such circumstances. However, the right hon. Gentleman did not properly cover the problem of cases that have started now and will continue after the new law is in place. What he said about the common law situation does not apply to those cases. He might want to think about that further.

Lastly, I am far from convinced that anonymity is required in the magistrates court for less serious crimes. I know that there is the Al Capone point that sometimes very bad people can be nailed for only quite minor offences, but how frequent is that? Could the right hon. Gentleman tell the House, either now or later, how many of the pending and recent cases are magistrates court cases?

I assure the right hon. Gentleman that Liberal Democrat Members will do what we can to help the passage of the emergency legislation that he proposes, but we reserve the right to revisit the details of the scheme in the permanent legislation in the autumn.

Mr. Straw: I am grateful to the hon. Gentleman. I was glad, although it was not wholly unexpected, to hear him join the Conservative Front-Bench spokesman and me in deprecating the attacks on the judiciary that

[Mr. Straw]

have taken place. I do not think that anyone argues with Lord Carswell; it is not a point exclusive to him, but is common to all the judgments in this case, by the Court of Appeal as well as by the House of Lords, and it is a central part of the way in which we operate, that there has to be a presumption in favour of openness. That is the basis on which the trial courts and the Court of Appeal have always operated and is not particularly in issue. The question is on what basis courts should move against that presumption and how they judge that. We are looking at the issue of independent counsel. There are circumstances in which use is made of special advocates in our system, which amounts to the same thing, but there are problems with that.

We should not get ourselves into a huge lather about transitional arrangements. There is a world of difference between legislation that is retrospective to create substantive criminal offences, which has been regarded as totally out of order in all circumstances, and legislation that changes criminal procedure, which can operate only from the day when it comes into force but then makes a difference as to how cases are judged prospectively, including cases that are in the pipeline, whether that pipeline is trial or appeal within the normal time limits, and cases that come into a new pipeline, which are cases in our system referred well out of time by the Criminal Cases Review Commission or which gain direct access to the Court of Appeal.

The Bill is effectively designed to say that from the time that it comes into force, which will be very shortly, the courts will not have to quash a conviction, nor, by the same token, will the trial be aborted, simply because the arrangements made might have been regarded as outwith the Law Lords' judgment. That is the point of it. We are working hard on the drafting, but it is so that there is as little disruption as possible to trials currently taking place and in the pipeline, to normal-time appeals and to out-of-time appeals.

Mrs. Betty Williams (Conwy) (Lab): I congratulate my right hon. Friend on the way in which he has dealt with what I am sure all hon. Members appreciate is a difficult issue. Does he agree that if the Government were not taking this immediate action to overturn an irresponsible judgment, hundreds of cases would be in danger of collapse?

Mr. Straw: I am grateful to my hon. Friend. As in her area in the north-east, which is no different from many other areas throughout the country, most people—an increasing majority—are law-abiding, but there are some serious criminal gangs, and it is vital that those involved in such gangs are brought to justice, but they will receive justice only if the trial process is fair. As I have already explained to the House, I have not given numbers today because we have not been able to pin down precise estimates. The ACPO president, Ken Jones, has provided the police's best estimate of the serious crime cases, and there have been some other estimates, which are much more all-embracing, of any cases that potentially come within this category. As soon as we can pin down the estimates, we will bring them forward.

Sir George Young (North-West Hampshire) (Con): In his statement, the Secretary of State said that it was essential that the Bill receive Royal Assent and come into force before Parliament enters the summer recess. Can he explain to a layman the practical consequences if we do not get Royal Assent by the summer recess, and might he consider delaying the start of the recess if we need more time to consider the Bill?

Mr. Straw: Like the right hon. Gentleman, I am always happy for the House to sit longer, and I recall that he and I were on the same side on the issue of hours, Thursdays and such matters. I would be happy to see those issues revisited, but the question of delaying the start of the recess is a matter for the usual channels.

The need for urgency arises because some cases are currently in court, and others in the pipeline. Given the clear intention on both sides of the House to rectify the gap created by the Law Lords' judgment, we do not want to see applications made by the defence in those cases either for acquittals or for very expensive retrials. Although this is entirely a matter for the judiciary and not for me, I hope—in the light of what I have said today and of the Bill, if it is passed as I hope it will be—that at worst, cases will be adjourned until the Bill comes into force.

Mr. Khalid Mahmood (Birmingham, Perry Barr) (Lab): I thank my right hon. Friend and his colleague for taking time yesterday to discuss this serious and urgent issue with me. I have a real concern about this in relation to events in my constituency that involved anonymous witnesses. There is huge fear in the community that if the ruling continues, people will be allowed out to intimidate more people. As the hon. Member for Arundel and South Downs (Nick Herbert) says, the problem is not only the cases before the courts now, but possible future cases in which defendants may seek to intimidate, bully and victimise people to ensure that no one comes forward to stand up against them. That is why it is important that we get this measure through as soon as possible.

Mr. Straw: My hon. Friend had a meeting with me to express his concerns on behalf of his constituents in Perry Barr, and I am well aware of the cases to which he refers. There is real concern in his area, as in others, that witnesses who have been guaranteed anonymity might find that the cases in which they were involved have altered. The purpose of my statement, and of the Bill that will be introduced shortly, is to ensure that the guarantees that the police and the prosecution made to those witnesses continue. That is our urgent intention.

Sir Alan Beith (Berwick-upon-Tweed) (LD): Clearly society cannot allow people to escape the rule of law by virtue of their known ability to intimidate witnesses or terrorise whole communities. I welcome the Lord Chancellor's careful and proportionate attempt to address the problem. But what course of action would be open to the defence if they had good reason to believe that a witness given anonymity might be someone whose credibility the jury would seriously doubt were the full facts about them to be known?

Mr. Straw: I am grateful to the right hon. Gentleman for what he has said. The issue that he raises is inherent in the problem of whether to grant anonymity. Some categories of witnesses do not raise questions of credibility, such as innocent bystanders—as often happens in-gang

and gun-related crimes—or undercover police officers. In either case, the defence may still try to challenge their character or credibility, but they are unlikely to succeed. In other cases, crucial evidence that is believed by the jury can come from the mouths of people with a criminal past and probably present, and whose character is certainly open to challenge. That was one of the main issues in the Davis case. The trial judge sought to make, and the Court of Appeal laid down, arrangements by which the nature of the witness's character and antecedents could be brought out, so far as humanly possible without directly identifying him. Warnings were given to the jury, but ultimately the essence of our trial system is that the evidence is put before the jury, with appropriate warnings where necessary, and 12 good people and true—it used to be 12 good men and true—make their judgment. On the whole, and especially with all the other safeguards that we have in place, the system rarely allows for anybody who is innocent to be convicted.

Andrew Miller (Ellesmere Port and Neston) (Lab): Each and every one of us has dealt with constituency cases in which people are frightened to give evidence for fear of intimidation and reprisals. Today, with support from both sides of the House, my right hon. Friend has made an important statement in respect of the more extreme cases. However, whether anonymity is granted or not, can we not use the forthcoming legislation as an opportunity to make it unambiguously clear that this House accords the utmost importance to the protection of witnesses and encourages them to do their civic duty? Should we not use the opportunity to make it clear to all public authorities that the duty of care that they have towards people who have been witnesses in serious crime cases should be as high as possible?

Mr. Straw: My hon. Friend is right. I dare say that there is no constituency in the country—whether inner-city, urban or rural—where that issue has not been faced at one time or another. I agree with him about the importance of the legislation and the duty of care that the police, the prosecution and everyone else involved with such witnesses owe. In fact, I cannot think of any case in which the undertakings given to witnesses in respect of anonymity have been broken. There may be some, but it is very rare because not only is the witness involved put in jeopardy, but so is the credibility of the whole system. We will use the opportunity of the emergency legislation to deal with the immediate gap created by the Law Lords' judgment, and then more slowly, as is appropriate, we will think about other measures that might be included in the Bill that I will introduce just before Christmas.

Mr. Geoffrey Cox (Torridge and West Devon) (Con): As I am sure the Secretary of State will agree, it is important to recognise that all those accused in our courts are innocent until they are proven guilty. One of the most effective tools for the uncovering of an unjust allegation is cross-examination, but that can be emasculated if the defendant does not know who his accuser is. However, I welcome the approach that the Government are taking, and provided that the measures taken are "careful and proportionate", in the words of the Law Lords, I am sure that my colleagues and I will support whatever the Government propose.

Will the Secretary of State clarify two points? First, to what categories of case will the new provisions apply, and how will they be defined? Secondly, will the Secretary of State give consideration, at least, to applying the new provisions to defence witnesses? There are cases in which defence witnesses can experience the same types of intimidatory pressure as prosecution witnesses, especially if the defence run is one that is in conflict with that of a co-defendant.

Mr. Straw: I am grateful to the hon. and learned Gentleman for what he has said. He asked what categories of case would be involved. I do not intend the change in the law, to bring it back as far as possible to where we thought it was, to apply to specific categories of case. In a sense, the categories of case define themselves. For that reason—I am sorry, I was asked this question earlier and did not answer it—I do not propose at this stage to restrict the cases to Crown court cases. I am open to representations about that, but the law as applied at large is the best way. There have been some cases in the magistrates court where, I am told, these measures have been used. It is for judges and magistrates in individual cases to make the judgment about whether such measures are appropriate. We intend to ensure that proper guidance is made available to the courts and prosecutors about the circumstances. That might meet the hon. and learned Gentleman's concerns. On the point about the availability of such measures for defence witnesses, I agree. He will be pleased to hear that yesterday, in determining the instructions to parliamentary counsel, I decided that such provision should be made available to defence witnesses, too.

Business of the House

1.11 pm

The Leader of the House of Commons (Ms Harriet Harman): With permission, I should like to make a statement about the business for next week.

MONDAY 30 JUNE—Opposition Day [16th Allotted Day]. There will be a debate on energy security followed by a debate on food security. Both debates will arise on an Opposition motion.

TUESDAY 1 JULY—The House will be asked to approve Ways and Means resolutions on the Finance Bill followed by remaining stages of the Finance Bill—day 1.

WEDNESDAY 2 JULY—Conclusion of remaining stages of the Finance Bill.

THURSDAY 3 JULY—Topical debate on Zimbabwe followed by motions relating to MPs' pay and allowances.

The provisional business for the week commencing 7 July will include:

MONDAY 7 JULY—Estimates [3rd Allotted Day]. Subject to be confirmed by the Liaison Committee. At 10 pm, the House will be asked to agree all outstanding estimates.

TUESDAY 8 JULY—Proceedings on the Consolidated Fund (Appropriation) (No. 2) Bill.

WEDNESDAY 9 JULY—Opposition Day [Unallotted Day] [First Part]. There will be a debate on an Opposition motion in the name of the Democratic Unionist Party, subject to be announced, followed by motion to approve a statutory instrument, followed by all stages of the Statute Law (Repeals) Bill [*Lords*].

THURSDAY 10 JULY—Topical debate: subject to be announced, followed by remaining stages of the Regulatory Enforcement and Sanctions Bill [*Lords*].

I should also like to inform the House that the business in Westminster Hall for 10 and 17 July will be:

THURSDAY 10 JULY—A debate on the report from the International Development Committee on reconstructing Afghanistan.

THURSDAY 17 JULY—A debate on the report from the Defence Committee on medical care for the armed forces.

My right hon. Friend the Lord Chancellor has just announced that we will be bringing forward emergency legislation on witnesses. We anticipate that that will be in the week beginning 7 July, and there will be consequences for the timetabling of other business that week. I shall give full details next week of the business as it has changed for the week beginning 7 July.

Mrs. Theresa May (Maidenhead) (Con): I thank the right hon. and learned Lady for her statement. Earlier, she made a statement on the equality Bill. As Leader of the House, she has a responsibility to ensure that Ministers take Parliament seriously. Indeed, on 10 January she said that

"it is important that Ministers are answerable to this House rather than the media." [*Official Report*, 10 January 2008; Vol. 470, c. 538.]

Will she explain to the House why, as the Minister for Women and Equality, she gave details of the equality Bill to the press yesterday, and on television and radio this morning, before her statement to the House?

Last month, I tabled a written parliamentary question to the Cabinet Office asking whether it had met its self-imposed senior civil service diversity targets by the April 2008 deadline. The Cabinet Office replied that the figures would not be published until the autumn. Soon after, in a desperate attempt to stop *The Guardian* from publishing an article on diversity target cover-ups, the Cabinet Office released its figures to that newspaper. Does not the Leader of the House agree that it is unacceptable for a Government Department to refuse to give figures in a written parliamentary answer but to disclose them to a national newspaper? Will she undertake to write to the Cabinet Office on behalf of all Members who expect proper answers to their written parliamentary questions?

May we have a debate on the workings of the Government Equalities Office, for which the right hon. and learned Lady has responsibility? It was set up to ensure equality and fairness, yet it is the only Government Department that has failed to set up a database to monitor its equality performance. In the paper "Framework for a Fairer Future", the table on the percentage of staff who are disabled shows under the title "Government Equalities Office" not a figure but the words "Under review". The Government are very willing to point the finger at the private sector, but they would do well to set their own house in order first.

We had a statement yesterday on the Pitt review of last summer's devastating floods, which recommended urgent action that needs to be taken to prevent a recurrence. The Government have announced that they will publish draft legislation in 2009, which might not be in force until 2010. The two-year timetable suggests that the Government have failed to grasp the urgency of the recommendations. As the Government's business manager, will the right hon. and learned Lady make a statement to the House to explain that delay?

May we have a debate on the property market? Many would-be first-time buyers are not only being turned down by mortgage lenders but faced with having to pay higher rents, which eat even more into their savings. Home ownership is getting beyond the reach of many more people under this Government, so may we have a debate on the subject?

May we have a debate in Government time on the structure of Government Departments? We learned yesterday that the loss of the personal details of 25 million people was a direct result of the reorganisation of Departments brought about by the Prime Minister when he was Chancellor. We also know that the changes that he introduced to banking supervision through the tripartite approach to supervision were a factor in the failure to identify Northern Rock's problems at an earlier stage. The Midas touch turned everything into gold, but the Brown effect turns everything into chaos.

Speaking of the Prime Minister, and given that we are at the anniversary of his taking over, may we have a debate on the effect of his first year in office on the state of the nation? That will enable us to discuss the 2,500 post office closures, the first run on a bank in 150 years, soaring food, fuel and energy costs, overcrowded prisons and the early release of criminals, the doubling of violent crime, the closure of maternity departments and accident and emergency departments, and the loss of

the personal details of half the population. In a year, he has gone from Flash Gordon to Crash Gordon. When will he accept that it is time for change?

Ms Harman: The right hon. Lady asked about this morning's statement on equality. As she will know, a year ago a consultation document was published, and since then there has been a great deal of debate and discussion in both the public and the private sector about the different measures that should be taken forward. There has been a lot of public discussion and debate, which I, as well as many others, have taken part in. The document that we have published today was not circulated to or seen by anybody before it was placed in the Vote Office of this House.

The right hon. Lady mentioned the release of information in relation to the senior civil service targets on equality. I shall look into the sequence of events following her written question. Obviously, if information is available it should be given. I shall write to her to let her know what the sequence of events was.

The right hon. Lady mentioned the Government Equalities Office and said that the public sector must set its own house in order. Indeed it must, and that is why we have published for the first time the gender pay gap between different Government Departments so that we can see where things are, take stock and make progress.

The right hon. Lady asked about the legislation arising from the Pitt review on floods. Her point was answered when the Secretary of State for Environment, Food and Rural Affairs made his statement yesterday. I leave her with the answer that he gave: that we need to legislate as swiftly as we possibly can, while ensuring that we get it absolutely right. I cannot add to his extensive and detailed statement.

The right hon. Lady asked for a debate on the property market and expressed concern about the situation for first-time buyers. I remind her that last Thursday, the subject of the topical debate was eco-towns, and the increased supply of housing was very much an issue of debate. The House had a full chance to raise that subject for an hour and a half.

The right hon. Lady asked about the review of data protection, published yesterday. The House had a full statement from the Chancellor on the details of the Poynter review and the Government responses to it, so I do not think that it would be right or necessary to have a further debate. If hon. Members want to make any further points on the matter, we will have the opportunity this afternoon to debate the draft legislative programme and the range of legislation included in it. Members might find the opportunity to make their points.

Ms Sally Keeble (Northampton, North) (Lab): Is my right hon. and learned Friend aware that the review of the use of restraint in secure training centres, which was set up following the death of Gareth Myatt and was supposed to report quickly, reported to the Government last week? However, it is not to be published until October, when the Government will publish their response. Does she agree that by any stretch of the imagination, taking a year to publish is not very quick? Will she arrange for publication to be brought forward to before the recess, so that people have the opportunity to read the report before the Government publish their response, which may well be in October?

Ms Harman: I pay tribute to my hon. Friend, who has raised this issue persistently. She will know that we are considering how young offenders are treated as part of the youth crime action plan. The use of appropriate, but not excessive, restraint is being considered as part of that. On 8 October the Minister of State for Justice, my right hon. Friend the Member for Delyn (Mr. Hanson), announced the appointment of Williamson and Smallridge as independent co-chairs of the review. On 20 June it was announced that they had reported their recommendations. The Government have welcomed their report and will give its recommendations careful consideration. We will consider my hon. Friend's point about getting the response of hon. Members before the Government publish their response.

Simon Hughes (North Southwark and Bermondsey) (LD): May I repeat a request that I make fairly frequently of the Leader of the House? She has announced that two Bills will have their Report stage in the next two weeks—the Finance Bill and the Regulatory Enforcement and Sanctions Bill. Has she yet been able to come up with a formula to allow Opposition amendments and new clauses to be considered, but to allow additional time if the Government wish to make changes to their own legislation, rather than time being taken out of the normal, agreed time for considering the Bill that has come from Committee?

The situation in Zimbabwe is desperate and ever worsening. The Leader of the House has announced that there will be a debate on Zimbabwe. Can we find a way of ensuring that that debate is given the time necessary for colleagues in all parts of the House to express their views? I am sure that that will be agreed to across the House. I do not think that there is a single person in Britain who would not think it perfectly proper for us to spend a full day, after questions, debating Zimbabwe. I am conscious that there are to be motions on Members' pay and allowances the same day, but I do not think that the public will understand if we do not have adequate time to debate Zimbabwe, and instead take up time debating our own pay and allowances. I am sure that colleagues throughout the House would be willing to sit later to deal with our own domestic arrangements and remuneration. Like the public, we would think it far better to give Zimbabwe the time that it needs. There are many links with Zimbabwe in the House and there is huge concern, and next week presents an opportunity to debate the matter properly.

As other hon. Members will, I welcome the work of the Leader of the House and her colleagues on the Members Estimate Committee in producing their report, which we are to debate. The right hon. Member for Maidenhead (Mrs. May) is also on the Committee. Given that one of the objectives that it has set is to get public confidence in the new systems for dealing with our pay and allowances, if the chairman of the Committee on Standards in Public Life makes comments and observations on the report in good time before next Thursday, will the Government take them into account and be willing to reconsider specific proposals in the light of that external advice? That way, we could see that we were doing something that not only commanded confidence among MPs, and was put to MPs to decide on, but had support outside the House.

[Simon Hughes]

Last week, the Prime Minister went to Jeddah to discuss the global energy crisis. May we have a debate on that issue and on the profits of oil companies? Ideally, we would have the Prime Minister here so that we could quiz him on the benefit of that trip and whether it will make any difference in the short, medium or long term to families in Britain. They are still seeing their bills go up, without any immediate prospect of the energy companies contributing to their going in the opposite direction.

Finally, as the right hon. Member for Maidenhead pointed out, it would be wrong for us not to mark the fact that this week is our Prime Minister's first anniversary in office. He told us a year ago, and told the nation again in September, that he wanted to carry on rather than call a general election so that he could set out his vision for Britain. As he has had 12 months of doing that, and as Labour's ratings in the opinion polls have gone down in that time by a record 13 percentage points to their lowest ever recorded figures—

Mr. Andrew Robathan (Blaby) (Con): What about yours?

Simon Hughes: Ours have not gone down at all in that time, just so that the hon. Gentleman is clear.

In view of all that, may we have a debate on the highs and lows, and successes and failures, of the Prime Minister's first year in office? In particular, could we link that to considering whether it would have been better for the Prime Minister and the Government to have signed up long ago to fixed-term Parliaments? In that case, the Prime Minister would not have had the embarrassment of last September—will he, won't he, and then no election happening at all. We would all have known that four years after the previous election there would have been another, so that we could have decided whether we really wanted this Government to continue in office in any longer.

Ms Harman: The hon. Gentleman raised the point about having sufficient time to discuss amendments on Report. We timetable Report stages with programme motions precisely to take into account the issues that need to be debated. Obviously the timetable varies from Bill to Bill, but his distinction between Opposition and Government amendments is sometimes quite blurred. Quite often, the Government table amendments because we have undertaken to do so at the request of Opposition Members or our own Back Benchers.

The hon. Gentleman asked about Zimbabwe. The House had a chance to hear from the Foreign Secretary in his statement on Zimbabwe on Monday. On Wednesday the Prime Minister answered questions on the matter and reported his and the Government's action. Next Thursday the House will have a one-and-a-half-hour debate, which will be the first opportunity to debate the matter after the elections. Unfortunately, I doubt that that will be the end of the matter, and no doubt we will need to have further debates, but I thought it important that we should have one as soon as possible after the elections. I think that we would all welcome Nelson Mandela's comments last night denouncing Mugabe and the Zimbabwean regime as a total failure of leadership.

The hon. Gentleman asked about the Members Estimate Committee and whether the Government could take into account the comments of the Committee on Standards in Public Life when bringing the matter to the House. Perhaps I could make it clear to him and to the House that the Members Estimate Committee reports to the Speaker, and it is therefore not for the Government to bring that matter forward. As Leader of the House I am a member of the Committee, but next Thursday's debate on the report will be led by the hon. Member for North Devon (Nick Harvey). I pay tribute to the three members of the MEC—the MEC three—for all the work that they have done in conducting their root-and-branch review. We must ensure that there is proper transparency and public confidence in Members' allowances, which should be commensurate with their ability to live both in London and in their constituencies, and run effective offices, in the interests of our democracy and of their constituents.

I want to help the House by explaining what will happen next Thursday. After the Zimbabwe debate, we intend to move a motion making it clear that the first debate will be on the Baker review proposals, which we will table in the Government's name—in fact, they should already have been tabled today—for the House to see and for hon. Members to try to amend. The Government's approach has been set out in our written ministerial statement. Thereafter, there will be votes on the question of MPs' pay, and the future comparator and review systems. We propose that they will be followed by a debate on the MEC and also, following the early-day motion tabled by the hon. Member for New Forest, East (Dr. Lewis), on the question of the privacy of hon. Members' addresses. That is how the debates will go, and I shall bring forward a proposal to the House to that effect. If colleagues want to make different proposals, perhaps they will do so as soon as possible.

Martin Linton (Battersea) (Lab): May we have a debate on the insane competition among developers to build taller and taller buildings in London? A proposed 38-storey block in Clapham Junction and a 39-storey block in Wandsworth high street are to be joined by a tower that is 1,000 ft high—equivalent to 100 storeys—next to Battersea power station. That will be exceeded only by a tower in my right hon. and learned Friend's own borough, which will be 1,117 ft high. May we have a debate about reintroducing height guidelines to stop that madness?

Ms Harman: My hon. Friend raises a matter that is important in his constituency and all other London boroughs, but perhaps he should seek a debate in Westminster Hall.

Sir Michael Spicer (West Worcestershire) (Con): What is the point in having an independent review body on Members' pay if its recommendations are always turned down, however modest they may be?

Ms Harman: The point of an independent review is that it can be reported to the House, as has happened with the review by Sir John Baker, whom I should like to thank once again most warmly for his work. The House will have a choice whether to accept his proposals or the alternative resolutions tabled by the Government. That will be a matter for the House, but I pay tribute to Sir John Baker: he has given the House a review, which it can choose, if it so wishes.

Mrs. Madeleine Moon (Bridgend) (Lab): May we have a debate on the role of the third sector in international disaster relief? Last Saturday I was in Porthcawl, where members of Rotary were collecting money for that organisation's Shelterbox scheme. A Shelterbox contains a 10-person tent, a water purification system, bedding, cooking equipment and a small toolkit. The boxes are pushed out of the back of aeroplanes flying over inaccessible regions and are used to help families survive until international aid efforts are put in place. The kits save lives, and we should acknowledge them. Can we debate that?

Ms Harman: My right hon. Friend the Chancellor of the Duchy of Lancaster led a debate a week or so ago on the important role of the voluntary sector. It focused on the work done by many organisations such as Rotary in Porthcawl. This country makes a great contribution to development through the work of the Department for International Development, but my right hon. Friend the Secretary of State for International Development recognises that that is added to many times over by the work done by individuals and organisations in constituencies around the country. I shall draw my hon. Friend's comments to the attention of my right hon. Friend the Secretary of State.

Mr. Robathan: May we have a debate, or at least a statement, on today's reports that the powers of the Criminal Records Bureau are to be extended? As I understand it, people who have foreign exchange students in their houses would have to be subjected to a CRB test, as would I if my children's friends came for a sleepover. We could also then look into the fact that most child abuse takes place within families, including extended and step families. We could consider whether parents or step-parents—or girlfriends and boyfriends—should have CRB tests, and determine whether there is a real issue, which would be addressed by the proposed powers.

Ms Harman: I think that we would all agree that if a person with a criminal record, especially one featuring sexual offences against children, applies for a job with an organisation, especially one involved with the care of children, it is important for the relevant data to be kept and shared. In that way, paedophiles who seek out work with children will be prevented from getting jobs with organisations that are unaware of their criminal background. It is very important that we support the CRB's work in that respect. I shall ask my right hon. Friend the Home Secretary to write to the hon. Gentleman setting out what changes to the CRB are likely to be forthcoming, but it is most unlikely that parents will be subject to criminal record checks before their children bring friends home.

Sir George Young (North-West Hampshire) (Con): May I press the Leader of the House on an issue raised by the hon. Member for North Southwark and Bermondsey (Simon Hughes), which she elegantly sidestepped? It has to do with the views of the Committee on Standards in Public Life that we are to debate next Thursday. I remind her that at business questions last week she said:

"It would help the House's debate for Sir Christopher Kelly to have an opportunity to put forward his views on the proposals on which the House will decide". —[*Official Report*, 19 June 2008; Vol. 477, c. 1092.]

Does she agree that it would not be in the interests of good governance if this House were to take a final decision on allowances and salaries next Thursday, only to find that the Committee on Standards in Public Life was dissatisfied with the process and then reopened the whole issue? Will she do all that she can to ensure that we have the Committee's views before next Thursday's debate?

Ms Harman: I understand that when the MEC three drew up their report they had discussions with the Chairman of the Committee on Standards in Public Life. However, the right hon. Gentleman raises a good point when he asks how the House will know what that Chairman's views are when the debate is held. Perhaps I will invite the MEC to liaise with the Chairman to see whether he wants to write a letter to hon. Members, so that they will know his position before the debate. That would be better than having the House debate the matter and come to decisions, only to see on the television that something had been missed that the Chairman would have wanted to draw to our attention.

Dr. Julian Lewis (New Forest, East) (Con): May I ask the Leader of the House to clarify a little more the procedures that we can expect in the various debates to do with Members' own concerns on Thursday?

First, it has been proposed that MPs' private addresses should not be published. In no small part thanks to the robust support exhibited by the Leader and the shadow Leader of the House, it is clear that that proposal will be carried overwhelmingly. Indeed, there is a danger that it may not come to a vote at all. Given that one of the purposes is to express on the record the strength of feeling in the House, can arrangements be made to ensure that, one way or another, a vote is held on the matter? In that way, Mr. Speaker will be able to gauge how many hon. Members feel strongly that our private addresses should not be disclosed.

That is a rather simple matter, but my second question has to do with the much more complex issue of the additional cost allowance for hon. Members' second homes. Is the Leader of the House satisfied that enough time has been allocated for us to debate all the complexities involved? For example, one might want to raise the hypothetical situation that would arise if there were a change of Government. In that case, certain Opposition Members would become Ministers and therefore have to spend many more nights in London than previously. As a result, they might fall foul of the rules that say that their main home must be the one in which they spend most nights.

Unless we get rid of the wretched allowance system, those are the sort of complexities that we will need to consider next week. I am not happy that we will have enough time.

Ms Harman: The hon. Gentleman will be able to raise those points in the debate. If he wants clarification before then on the detail of the Members Estimate Committee report—on what it intends and what lies behind it, but is perhaps not explicit in it—he should get it from the House authorities. The hon. Gentleman has time to do that before the debate next Thursday; there is plenty of time, as the report came out yesterday.

[Ms Harman]

The hon. Gentleman said that a vote would assist the Speaker and everybody else to understand the strength of feeling about the privacy of Members' addresses—and about the protection of democracy in this House, so that Members can speak up without fear or favour and without looking over their shoulders. All the hon. Members who have signed his early-day motion have contributed to that understanding, and no doubt signatures can still be added to it. It is important for there to be an opportunity for a formal motion of the House.

If no one votes against a motion, that is not because people do not feel strongly about it, but because there is unanimous support for it. I am sure that we will not need to debate it at huge length next Thursday, because there is a fair degree of unanimity across the board. Even some of the usual suspects, who can usually be counted on to be on the other side of the argument, are on the side of the hon. Gentleman's early-day motion.

Pete Wishart (Perth and North Perthshire) (SNP): May I, too, support the calls for some sort of parliamentary review? I agree that now is an appropriate time, given that the Prime Minister and the right hon. and learned Lady have taken over the helm and so effectively engaged the public with a range of popular policies. She will know that this is not the only parliamentary anniversary: it is also one year since the Scottish National party Scottish Government came to power. Has she any explanation for why we are experiencing high satisfaction in the opinion polls, while her Government are at historic lows?

Ms Harman: I must draw the hon. Gentleman's attention to another forthcoming anniversary: 60 years of the national health service.

Mr. Mark Lancaster (North-East Milton Keynes) (Con): May we have a debate on the future of the Post Office card account? Hon. Members on both sides of the House have expressed their concerns about the potential impact on the Post Office Network should the franchise not be given back to the Post Office. I should like to highlight one particular concern: the actions of the Department for Work and Pensions, which appears to be ringing Post Office card account holders and encouraging and coercing them—perhaps even misleading them—about the supposed need to have a bank account rather than the Post Office card account. Is that fair? Is it fair to the Post Office?

Ms Harman: I cannot comment on what is happening in relation to the Post Office card account contract, as it is subject to the rules on public procurement. However, as the Post Office has made clear, I can say that it has put in a strong bid for the contract and regards it as very important in respect of the services that it provides through its extensive network.

Mr. Philip Hollobone (Kettering) (Con): The cryptosporidium outbreak at Pitsford reservoir in Kettering constituency this week has caused widespread alarm across Northamptonshire and is forcing some 250,000 people to boil all their drinking water. It is the largest-scale contaminated water scare in Anglian Water's history. May we have a statement, verbal or written, next Thursday from the Secretary of State for Environment, Food and Rural Affairs about the response of Anglian Water and other agencies to the outbreak?

Ms Harman: I understand that the Secretary of State was asked about that issue yesterday during his statement on the Pitt report. The House has already had an opportunity to hear his views on the matter. However, I understand that the drinking water inspectorate will investigate the incident. As the hon. Gentleman has said, it is important that in the meantime customers consider the information that the water company has given them.

Draft Legislative Programme

1.44 pm

The Leader of the House of Commons (Ms Harriet Harman): I beg to move,

That this House has considered the matter of the draft legislative programme.

This is the second time that the Government have published their legislative programme in draft for consultation. This opens up the legislative process, increases its transparency and, most important, enables Parliament and the public to have their say and feed in their views before the programme is finalised in the Queen's Speech. This year, we have improved the process. We have published the programme two months earlier in the year to allow more time for comments and discussion and to take comments into account. We have also included non-legislative actions in the draft legislative programme report to set the programme in its wider context, following recommendations to that effect from the Modernisation Committee.

The work of the House and the Government is about a great deal more than legislating. Many things can be done by non-legislative means and it is important to allow the House the time to spend on its other roles such as scrutinising Government, debating key issues affecting the country, considering private Members' Bills and engaging with our constituents. The Government are therefore committed to improving and simplifying the legislative process from beginning to end. The draft programme sets out our aim to publish nine Bills in draft for pre-legislative scrutiny this Session. We have also begun publishing draft bills in plainer English alongside the statutory language, to make our laws easier to understand and debate.

As well as improving the openness of legislation at the outset of the process, we have this Session introduced a systematic process of post-legislative scrutiny, to look back at past legislation. Departments are now required to assess Acts passed three to five years ago to ensure that the legislation that we pass is measured against what it was intended to achieve.

We have so far received more than 450 comments through the Leader of the House of Commons website since the draft legislative programme was published on 14 May. That is already considerably more than last year, and I am sure that the process will build year by year.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): The Leader of the House talked about the importance of Parliament in not just legislating but in holding the Government to account and examining other measures that go through Parliament. In judging the legislative programme, an important consideration for Members is the length of time over which the programme is to be implemented. The Queen's Speech is not until December. Does the Leader of the House have an idea of how long a legislative year she is planning to allow for the programme to be delivered? In the following year, will the Queen's Speech be in December again, or will it go back to an earlier, more normal date?

Ms Harman: I can give the hon. Gentleman the time of the Queen's Speech this year, but I cannot give him the date of next year's. He will see from the draft legislative programme that some Bills are due to appear in draft and then to be taken forward in the Queen's Speech after next; some are ready for more immediate implementation. There are different time tracks for the different Bills in the programme.

As well as the detailed consultations that Departments undertake on proposals that form the Bills in the programme, the Ministers for the English regions and the Secretaries of State for Scotland, Wales and Northern Ireland are holding a number of events in their areas to consult a range of different sections of the public, including businesses, the third sector and local authorities. We have arranged for ministerial colleagues to engage in a co-ordinated national day of consultation on 11 July, with events held across the country, involving local Members of Parliament and stakeholders. The consultation will run until 6 August and I will publish a summary of the comments made in the autumn, ahead of the unveiling of the final programme in the Queen's Speech on 3 December.

Sir George Young (North-West Hampshire) (Con): Given the extent of the scrutiny before the Queen's Speech, do we really need five days debating the programme all over again after the Queen's Speech has been made? Could that time not be put to better use?

Ms Harman: That suggestion has been made, particularly as some hon. Members would like to see a debate on the pre-Budget report. I shall take the right hon. Gentleman's suggestion into account, and we can discuss it through the usual channels.

We will explain how the final programme has changed as a result of the consultation and, when we are not acting on comments, we will explain why. For example, we acknowledge that, in the time available, it will not be possible to bring forward completely new ideas into legislation for the next Session. However, we can explain our view on new ideas and whether it will be possible to develop them in future years.

The purpose of the programme is to build a more prosperous and fairer Britain. Our first priority is to help hard-pressed families and to ensure economic stability. A banking reform Bill will ensure that Britain underpins its banking system with the best protection for depositors. A savings gateway Bill will give 8 million people on low incomes access to a national savings scheme, with each pound saved matched by a contribution from the Government.

We also want to equip this country to meet the challenges of the future by making the most of people's potential. The Education and Skills Bill will seek to reach the highest standards for schools and lifelong learning. It will also create a statutory right for every suitably qualified young person to obtain an apprenticeship. A welfare reform Bill will place a duty on the unemployed to have their skills needs assessed and to acquire skills. We will consult on further reforms to ensure that no one with the ability to work is trapped on benefits for life.

We are committed to personalising and improving our public services. This is the 60th year of the NHS—a very proud anniversary to celebrate. We propose to introduce an NHS Bill to enable the NHS to offer a higher standard of care and to focus on prevention as well as treatment, and to make it more accountable to local people and patients. The Bill will establish a constitution for the NHS that sets out what patients can

[Ms Harman]

expect to get from the health service, including entitlements to minimum standards of access, quality and safety. It will also set out the right of NHS staff to be consulted and involved in taking services forward.

Protecting the safety of the British people is paramount for any Government. A policing and crime reduction Bill will create directly elected representatives to give local people more control over policing priorities and responsiveness. A law reform, victims and witnesses Bill will give the victims of crime more legal rights. A citizenship, immigration and borders Bill will put in place our new and tougher test for permanent residence or British citizenship.

We are also committed in this programme to safeguarding and enhancing our heritage and our environment. A heritage protection Bill will increase protection of our historic sites and buildings. We will consult in draft on legislation to implement the recommendations of this week's Pitt review on the 2007 floods, so better to protect vulnerable communities in the future. A marine and coastal access Bill will protect our seas and our shores with new powers to designate marine conservation zones and to create a path around the whole English coastline, with public access for walking. We are also committed to a constitutional reform Bill, to a community empowerment Bill, and to the equality Bill, on which I made a statement this morning.

We will build on the themes of this programme—economic stability, making the most of people's potential, personalised and improved public services, and constitutional improvement and fairness—through legislation and a range of other Government action. The draft legislative programme not only sets out the Government's plans and priorities but enables this House and the wider public to consider and give their views on these plans before they are finalised. I commend it to the House.

1.52 pm

Mr. Shailesh Vara (North-West Cambridgeshire) (Con): This draft legislative programme is a massive disappointment for the people of Great Britain. It does not deal with the real problems of our country, such as the causes of poverty, falling educational standards, and the need to improve social mobility. In his speech to the House on 14 May, the Prime Minister spoke of choice and freedom for people, but a closer look at the proposals shows that there is little to give people more control over their lives and the communities in which they live.

Nor does the programme show that the Government have any understanding of what people really want. For example, their plans for polyclinics could lead to the closure of 1,700 doctors surgeries throughout the country—although not in the Prime Minister's constituency, of course—and there is no comfort for people who will see their local post offices close. The shutting of surgeries and post offices will rip out the heart of many communities. It affects not only my constituency but the constituencies of Members across the political divide. I note that the hon. Member for Portsmouth, North (Sarah McCarthy-Fry) is smiling. I hope for her sake that no post offices are closing in her constituency and that she will not be losing any surgeries.

Sarah McCarthy-Fry (Portsmouth, North) (Lab/Co-op): Is the hon. Gentleman's party prepared to put the funding into the post office network that we have put in? Has he received, as I have, representations from constituents who are working families and who are trying to juggle home and child care? They welcome the chance to have a doctor's appointment between 8 o'clock in the morning and 8 o'clock at night, seven days a week.

Mr. Vara: I am happy to put the hon. Lady out of her misery. First, I remind her that this debate is on the draft legislative programme. As for spending commitments, I will certainly not make any such commitments on behalf of the Conservative party, because we do not know what other horrors we have ahead of us after having just witnessed the first run on a British bank for 125 years. Given how this country is run at the moment, Lord only knows what it will be like in two years' time.

This is not a programme for the greater good of the country but a programme to try to save a failing Prime Minister who leads a discredited Government who have lost their way and have no vision. It clearly shows that the Government are bankrupt of any new and fresh ideas. That is why the proposals contain no fewer than 12 Conservative policies. As for the rest, they are recycled policies and measures to clear up the failures of the past 11 years.

Incidentally, the Leader of the House failed to give proper credit to the Conservatives even though the Government have taken on board our policies. I would like to be generous and say that that might have been an inadvertent error of omission, given that she has enormous responsibilities in other capacities. However, I hope that the Deputy Leader of the House will make good the omission and give credit to the Conservatives for yet again helping out the Government with their policies.

Let us consider some of the proposals in a little more detail. We welcome the Government's acceptance of our proposal to have directly elected police chiefs and the pledge to cut red tape in police departments. The House will appreciate, however, that this is the very same Government who have spent 11 years increasing red tape for the police force, only now to realise that it needs to be cut. It is regrettable that the programme makes no mention of dealing with the chaos of overcrowding in our prisons. Nor is there is any indication that the Government understand that when a judge sentences someone to serve time in prison, that does not take into account that part of the sentence that is served on early release outside prison.

At a time of enormous housing uncertainty, it is good to see that the Government have adopted our proposals to help first-time buyers to get on to the housing ladder through shared equity schemes. However, the public will appreciate the contradiction. The Government speak of helping people to get on to the housing ladder, yet through their nationalisation of Northern Rock they are repossessing people's homes. That brings me to the banking reform Bill, which is necessary because the procedure for financial oversight set up by the Prime Minister when he was Chancellor proved so ineffective when there was the run on Northern Rock. I am pleased that in this respect, too, our proposals have been adopted by the Government.

The citizenship, immigration and borders Bill is a perfect example of a Government in disarray. It is the seventh immigration Bill since 1997, during which time immigration has quadrupled. When will the Government understand that what Britain needs is an annual limit on economic migrants from outside the European Union? Until they recognise that such a limit is required for the greater good of the country, all their immigration policies will continue to fail.

In 1997, Tony Blair repeatedly proclaimed, "Education, education, education", yet the Education and Skills Bill comprises several rehashed announcements, while the Secretary of State for Children, Schools and Families indulges in empty rhetoric, showing that he is more interested in political scheming and manoeuvring than in looking after the welfare of British children's education and skills. May I respectfully suggest that he spend a little more time dealing with the problem that almost half the 11-year-olds in our country cannot read, write or add up? He should reflect on the fact that despite the Government's spending £1 billion on trying to deal with truancy; truancy has gone up by 45 per cent. since 1997 to a staggering 1.4 million pupils in 2005-06.

In a speech to the House on 14 May, the Prime Minister had the audacity to say:

"Every adult should have the right to a second chance in education". [*Official Report*, 14 May 2008; Vol. 475, c. 1386.]

He said that despite the fact that his Government announced in September last year that funding would be phased out for higher education institutions, directly affecting part-time students, lifelong learners and women returning to work.

We broadly support the measures in the constitutional renewal Bill, but I have to put on record the fact that they are not new. They were announced before the last draft legislative programme. That is not to say that the Bill is comprehensive, because it most certainly is not. Major issues have been ignored. Why, for example, is there no proposal to give English Members of Parliament the final say on English matters? Despite several high-profile cases of electoral fraud, why are the Government still dithering and not bringing in individual voter registration to safeguard effectively our electoral system? Failure to do so not only encourages the continuance of fraudulent practices, but further undermines an already damaged process.

The welfare reform Bill highlights the Government's desperate position. Mandatory skills assessment and training for the unemployed are not new measures. The Prime Minister announced them five years ago, in 2003. Our proposal that incapacity benefit recipients should undergo assessments has quite rightly been adopted by the Government, but this Bill is no way to deal with the serious issue of welfare reform. Almost 5 million people are on out-of-work benefits and 2 million people are economically inactive and want to work. One in six young people are not in employment or education, and the UK has a higher proportion of children living in workless households than any other European Union country. Apart from re-announcing five-year-old policies and acquiring Conservative proposals, what else have the Government done on welfare reform? It has had 10 strategies in two years and more than 30 announcements in one year alone, and none of them has delivered for the millions who desperately need the Government's assistance.

The NHS reform Bill is welcome, not least because it contains Conservative proposals, such as a constitution for the NHS and new rights for information about health care, but plans for hospitals to receive payments depending on patient satisfaction miss the point. The point is not whether a patient feels satisfied, but whether the treatment received by the patient has improved their condition.

Ms Harman: It is both.

Mr. Vara: The right hon. and learned Lady chunters from a sedentary position that it is both. If she looks at the small print of the draft legislative programme, she will find that it talks about satisfaction. It does not talk about end results. There is a distinction, and a very big distinction.

Continuing Government interference in the NHS will not help. If the NHS is to be truly successful, it must be at arm's length from political interference. Regrettably, the NHS reform Bill fails to address major concerns. Centrally imposed, politically motivated targets will not be scrapped. The scandal of mixed-sex wards continues and cancer survival rates are lower than almost all European countries except the Czech Republic, Poland and Slovenia.

As for the substance of the law reform, victims and witnesses Bill, we broadly support its measures to protect victims and witnesses. There are, however, matters that we oppose. We oppose the creation of a sentencing commission, which would consider the size of the prison population when setting sentencing guidelines. That simply is not right. There should be prison places for all those who have been sentenced to serve time in prison. Sentences should not be restricted because of a lack of spaces.

It is important to appreciate that we are debating a draft legislative programme—I emphasise the word "draft". By definition, that means that there is the possibility that the programme may be changed in some way. However, it is clear that the Government have already made up their mind, and that there is no intention to incorporate the points that may be made in the debate today. That was confirmed by the statement that we heard today on the equality Bill. The equality Bill is part of the draft legislative programme, but earlier this morning, the Leader of the House stood at the Dispatch Box and spoke about it as if it were a fait accompli and how it would now become part and parcel of the Government's legislative programme. So much for consultation of the people in this House or in the wider country.

The fact that the draft legislative programme is a sham is also confirmed by the online consultation programme to which the Leader of the House referred. She helpfully informed the House that there have been 400 responses to the survey, despite the fact that the five questions asked are of a broad, general nature. Members of the public wishing to contribute to the debate are allowed to use only 500 characters, including punctuation and spaces, for comments on each Bill. Incidentally, that is 500 characters fewer than they had last year. Perhaps the Leader of the House would like to explain why, despite the fact that she is so keen to tell the public about this consultation process, she is not so keen to listen to them, other than by restricting them to only

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500 characters. I would also be grateful if the Leader of the House would inform us how much has been spent on this sham consultation, which consists of meetings throughout the country. Perhaps she could inform us how many meetings there have been and how many people took the trouble to attend them.

This draft legislative programme leaves no doubt that this Government are tired, have run out of steam and have no vision. They have vision only when they borrow policies from my party. The Government do not understand people's concerns, nor do they want to understand those concerns. Instead of leadership, there is dithering. Instead of substance, there is rhetoric. Instead of hope, there is despair. The people of Britain deserve better.

2.6 pm

Mr. Ken Purchase (Wolverhampton, North-East) (Lab/Co-op): It is a pleasure to follow the hon. Member for North-West Cambridgeshire (Mr. Vara). A little later, I shall refer to one point on which I agree with him, notwithstanding the fact that we appear to have snaffled half of his programme.

If I welcome our programme, it is on the basis that there is room for a more open debate about the type of programme that Governments wish to implement in their years of office. I think that this is a welcome innovation, and I intend—notwithstanding the acres of empty seats today—to hold the House enthralled while I speak at length about the need for a Labour programme.

If I may wax a little philosophical, it seems to me that over the past 20 or 25 years, the country has become less of a community, and become more atomised and more individualistic. While one sees many merits in the enterprise, drive and real excitement that individuality can bring, it seems that opportunities have been wasted, lost and thrown away—opportunities to bring together those talents into a more meaningful whole by working together and understanding we can do certain things much better together than by providing for them individually. A little later I will mention the three core services that Government and local government should try to administer efficiently, effectively and in the interest of developing community opportunity, equality and fairness in communities.

This is the Labour party's programme. I make no apologies for that: it is a political programme that concerns the Labour party and the Labour Government. It has been a disappointment to me that fewer and fewer people seem to have a real understanding of what the Labour party does, what it is for and what its real aims are—its goals and its purpose. People do not seem to know what it wants to achieve, behind those glorious sentiments that we have held so dear for so long—equality, fraternity, friendship, community, equal opportunities and equal outcomes. I am not sure that the people whom I represent know quite what the Labour party means now. People in my constituency always knew where the Labour party stood on, for example, grammar schools, private health care and private schooling. They knew that we were working in the opposite direction and that we wanted to produce more collective responses to the needs of our people in education, health and equal opportunity. Now, they are not sure because, over the years, we seem to have adopted a pragmatic, right-of-centre view about the nature of our collective response to the need for housing, for example.

I have always believed that one of the great achievements of the Labour and Conservative Governments that immediately followed the war was the production of 400 million houses that the local authority owned, controlled and managed. For many years, they provided a safe haven for skilled, semi-skilled and unskilled workers who knew that they had a home that was protected and for which people were democratically accountable. People could go to their local councillor and say, "This hasn't been done, that hasn't been done. They're hopeless—they ought to do this." The opportunity to make representations through an elected person was valued—not spelled out, trumpeted from the roof tops or even articulated, but understood. It was in us—we knew that a councillor was not too far away to whom our mothers could go if they could not get on the housing list. We have taken much of that contact away and we are the poorer for it.

Council housing was a massive success and perhaps the greatest public health measure that an advanced country has taken anywhere on earth. It provided standards and made decent provision for the preparation of food, for hygiene and for sleeping accommodation that was not desperately overcrowded. I do not claim credit only for the Labour party because the Churchill, Macmillan and Eden Governments followed that path and recognised that people in our society do not have to aspire to home ownership. Council housing provided a huge safety net for people who otherwise would have fallen on the sometimes less than gentle mercies of private landlords. Housing shortages led to Rachman. Labour and Conservative Governments failed to tackle the post-war housing crisis and that provided the opportunity for Rachman and his like to exploit people to a terrible extent, at a huge price to family happiness and welfare.

I believe that 300,000 homes were built under Macmillan's rather benign rule, which did a huge amount to house the people of this country. Now we seem obsessed with finding new, different, more complicated—even labyrinthine—ways to fulfil the demand of the individual to be treated individually and not have to be part of the common herd. It is me, me, me and we have got to the stage at which we must introduce some corrective measures. I well recall and greatly admire—although I am not especially of his political persuasion—Anthony Crosland's view of housing provision. He said that there should be a role for the voluntary sector. He estimated that 2 per cent. of the housing stock should always be untrammelled by price or local authority rules, which must be open, fair and transparent. He said that there would always be 2 per cent. who did not fit, and he believed that the voluntary movement—dating back to Octavia Hill—could provide the little bit of space for those who simply do not fit to be decently housed.

Before the first world war, private landlords owned approximately 90 per cent. of all housing in Britain. Some were good, some were indifferent and some were frankly appalling. We were moving away from that. Building societies grew in the 1920s and 1930s and the idea of mutuality was adopted—the virtuous circle of local savers putting money into their local building societies and the local builder building houses for local

people. A feeling of belonging and warmth kept the virtuous circle going and people revelled in self-help and improvement.

Sir Robert Smith: The great advantage of the mutual building societies was that they had the savings to lend for the mortgages, so they did not over-extend themselves, get into trouble and put everyone at risk.

Mr. Purchase: The hon. Gentleman is right. The local nature of the building societies meant that they knew people and could help them before they got into serious trouble. The building society movement built on the idea of mutuality. It provided the opportunity for those who were earning more, doing better and aspiring to move not so much for social mobility but for geographical mobility to get to employment, to take advantage of living near relatives and so on. That movement has recently been crushed, again by the demands of selfish individuals: "I want my £600, £700, £800 by demutualising." Building society after building society has demutualised. For what? A few coppers. In the great scheme of things, people are no better off for breaking up a wonderful community facility—our local building societies—and taking a few pence from that.

The hon. Member for North-West Cambridgeshire mentioned Northern Rock. What a tragedy. Why did it happen? For the sake of a few hundred quid for the members of that building society. It resulted in overstretch, overreach, greed, incompetence and rules that were not intended to govern that sort of institution being smashed through. A few people got very rich, indeed, but that was not for our overall benefit. We wanted to ensure that everybody had a fair kick of the ball and our building societies did that job.

I am sad that the Queen's Speech contains no real understanding of how to put things back together, whether by again giving councils the right to build decent, proper homes for those who wish to rent, or revitalising our building society movement through the idea of mutuality and the virtuous circle that I mentioned. A Labour Queen's Speech should impress those virtues into the text, but they are simply not there.

Let me consider education. Everybody says, "Of course, I want the very best for my children." Don't we all. Would people sensibly express some other sentiment? However, we then have to consider how to achieve that. Again, let me give a Conservative example—Rab Butler, who introduced the Education Act 1944, which produced the mechanism for comprehensive schooling. That did not happen in a big way, although Catholic schools in my constituency admirably adopted the idea long before Shirley Williams came along with her circulars in the 1960s. The Act created the opportunity to provide a high standard, quality education and to get rid of the idea of the sheep and the goats. In the 1930s, the Hadow report stated that we needed three levels of schools, starting with secondary modern schools for ordinary, dull boys—it did not mention girls. We needed technical high schools for those boys who were going to do better and become engineers, and we needed grammar schools for the very bright children who would lead the nation into the future. It was a tripartite, three-legged system. Post-war, it delivered a Britain that was not performing, and that was wasting great swaths of talent. It was not employing our men and women who had fought through the second world war and who had returned to our industries. It was not giving them the tools that they needed to make a new start and to develop Britain in the way that it should have been developing from the end of the 19th century.

Mr. Greg Knight (East Yorkshire) (Con): Will the hon. Gentleman accept, however, that some of the blame for what he is describing must be placed at the door of teachers, who often encourage pupils to go into further or higher education when they are not suited to it? We now have the ridiculous situation in which we have a shortage of plumbers and carpenters, yet we have people at universities studying the pop group, the Beatles.

Mr. Purchase: I am not going to be drawn into an argument about the Beatles, because I know that the right hon. Gentleman knows much more about pop music than I ever will. Notwithstanding that, I have real sympathy with that idea. I am firmly of the view that a course of education should be open to every child who can benefit from it, whether in primary, secondary or tertiary education. The test should always be the same: is this course of study appropriate to this child, and will the child benefit from it? There is little point in taking swaths of children into higher and further education who simply will not benefit from that resource being offered to them. Our job, across the House, is to ensure that more and more children can take advantage of the quality education that abounds in many of our institutions across the nation.

The right hon. Gentleman suggests blaming teachers. Well, they are a very easy target. I take a somewhat different view. There are teachers who do not do their job well, but that is true in every walk of life. We need to deal with people who do not deliver properly. That might be in a private company, where the employer can see that obstructions are being caused to their production process. Something would need to be done about that; there is no way around that. Equally, in the public sector, people who are an obstacle to progress and who are preventing the very best service from being given have to be removed or dealt with. The right hon. Gentleman and I find ourselves at one on this matter. This is a pragmatic matter where we have to be sure that people's competences are right, proper and appropriate to the job that we are asking them to do, whether in the private or the public sector.

In education, however, we have found ourselves going down the road of diversification, choice and parent choice. People say, "We have not got enough; we must have more. We must have trust schools. We must have academies. We must have this, that and the other." It is all about the cachet attached to their boy or girl going to this or that school, but I say, "Look out." The more selfish people among the middle classes will get fed up with academies. Oh yes, they will get fed up and they will need something different to say about their kids. Just look out for the word "conservatoire" starting to creep into Education Ministers' vocabulary. It will not take long for that to happen.

It is problematic when we talk about parents aspiring for the very best for their children. It is such an easy track to take, and there is such a ladder to climb but, frankly, it is a bit like Jack and the beanstalk. We can never be sure where the ladder is going to end. We do

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know, however, that every child and every student is worthy of the best that we can give them, and that must be offered on the basis of affordability, even though we are a rich nation. The way we should do that is through a generalised education system, in which teachers are trained to give the best teaching and to recognise special ability where it exists and bring it out in every child.

I am a great fan of sixth forms, but I recognise that some young people do not prosper in sixth forms. However, if we put them into a less regimented further education college, we find that, a little further down the road, they start to see what their peer group is doing and they develop again. Development in children has fascinated generations, as people have asked how we can best deal with an uneven development and maturation process that cannot be addressed on a collective basis and has to be individualised, and how we can then encapsulate the opportunity within an affordable, comprehensive system of education.

I want to move on to health. Again, we hear people saying that we must have something different. First we had trusts; now we have foundation hospitals. There is an idea that everybody has to be involved, but not everybody wants to be involved. Generally, people want to see decent houses, decent schools and decent hospitals in their area. They then want to get on with their lives. They want to go to work and provide for their families as they grow up and grow old. There is a great deal of focus on getting people to participate in this, that and the other. Well, people do participate, but they do so at the point of use, be it in housing, education, health or local transport.

In the health service, we are paying the price for the atomisation of the service. We have a national health service, and what a remarkable achievement that was for a post-war Government who were so strapped for cash that they could scarcely afford to feed the nation, let alone develop a health service that was free at the point of use. Yet now, we regard the health service in terms of regions, districts, PCTs and hospitals. We need to get some coherence, because that is the best way to deliver the service that people want.

I promised that I would agree with something that the hon. Member for North-West Cambridgeshire said, and I am going to. He suggested that Labour had stolen his party's policies, and I am afraid that that is true. That is why we do not have the good Labour legislative programme that we should have. Not only have we stolen the hon. Gentleman's clothes; we have also gone in for re-announcement after re-announcement. It was a technique that was brilliantly developed by Mrs. Thatcher. We had not come across it before, but it was absolutely superb. We would have five announcements of the same thing over three or four weeks in the newspapers, and now my lot have learned the technique. It drives me absolutely insane. An idea, which was probably not a very good one to begin with, is re-announced and re-announced.

An example is the one about privatising part of the national health service. People have had it up to here! They do not want the national health service to be privatised. As I have said, they want a good hospital that does a proper job for them. They do not want private clinics and private this, that and the other. BUPA has been doing all that for years—I do not know whether it does it well or badly—but good luck to it, on one level. The truth is that we need a proper, funded state system of health care that is available to everyone at the time of need and free at the point of need. Frankly, I am fed up with the re-announcement of these initiatives, most of which I do not find very helpful anyway.

Mr. Knight: Is not the reason that the Government are so far behind in the opinion polls that they are not delivering what the public want? The hon. Gentleman touched briefly on transport. A classic example is the Government's plans for road-user charging and for forcing upon Manchester the proposition that people will have to pay a charge to go into the city every day. That is why the Government are so unpopular. People do not want things like road-user charging.

Mr. Purchase: I resisted the temptation to discuss the Beatles with the right hon. Gentleman, but this is irresistible. What he refers to is typical of what has been happening in housing, health and education, and certainly in transport. I am so proud of my local authority, because it has said, "No, we won't have congestion charging, and if you won't give us proper money to develop our transport infrastructure, we'll have to find another way." No, we in the west midlands—Birmingham, Wolverhampton, Coventry, Solihull, Sandwell, Walsall, Dudley—we are not having congestion charging.

Mr. Knight: May I therefore say three cheers for those councillors in the hon. Gentleman's constituency who have made that decision? Is he aware that Councillor Jones, who represented a safe Labour seat in Manchester and was the biggest proponent of road charging there, not only lost his seat in the May elections but came bottom in the poll?

Mr. Purchase: Yes, I am aware of that. At one level I am very sorry, because Councillor Jones is a fellow member of Labour. However, if he was so misguided as to introduce Conservative policies, I am very happy for him to be defeated. To give the other point of view, did the right hon. Gentleman know that in Barrow, three people stood as anti-academy alliance candidates, opposing the local academy, and ousted three sitting councillors, one of whom was the Tory leader of Barrow council?

Mr. Knight: Just for the sake of accuracy, road-user charging is not Conservative policy. We voted against it in the Local Transport Bill in Committee and we will vote against it on Report. I hope that the hon. Gentleman will join us.

Mr. Purchase: I thank the right hon. Gentleman for putting me right on that. It was my fevered imagination at work—I always think that schemes that are likely to be of no consequence to the rich are Tory ideas. In Manchester, the scheme will hurt a lot of people. There are people in Manchester who are strongly opposed to the scheme, but my Government have put them in a difficult position by saying, "Do this or you don't get that."

We had that with council housing, too, with authorities being told, "Either put it out to arm's length or you don't get money to refurbish your houses." That is an absolute disgrace. Why on earth is my party punishing the poorest 10 per cent. of people in this country? It is

an extraordinary decision not to let progressive councils—Tory or Labour, it does not really matter to me in that sense—not to keep their houses properly maintained without giving them away to some undemocratic body.

The situation is the same with schools. Building Schools for the Future looks like a great programme and, although we can argue about whether it is correct in every detail, a lot of money is involved. However, the programme comes with a little pair of handcuffs attached. Authorities are told, "Of course you can have all this money, provided you have an academy," because somebody somewhere has, for whatever reason, got the idea—it is quite mistaken—that academies can deliver where other head teachers and schools cannot.

There is a tendency—and it is not a nice one—for the Government to strong-arm local government. I say this to Conservative Governments and Labour Governments: they cannot deliver their programmes in this country without working hand-in-glove with local authorities. Local authorities are to be treasured and trusted, and they are to be given powers to do the things that they believe to be right in their local circumstances. That is why local democracy is so important. That is why the idea of accountability, democracy and elected representatives having a proper say and determining what is best for the people whom they represent should run through the draft Queen's speech like lettering a stick of rock.

At one level, it is great that we can have a draft speech. It is a pity that more hon. Members have not seen fit to be here on this Thursday afternoon. Indeed, I am very sorry that only a few hundred people have visited the website, with all its imperfections—I might add that more people look at the beautiful baby pictures that I put on my website. The website has not been a great success, but that illustrates another point. People want good services where they live and they want laws that are appropriate, fair and just. Although the proposals in the Queen's speech may, in the end and in law, deliver some of those things, I would have preferred a programme that had Labour running all the way through it just like lettering a stick of rock.

2.33 pm

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): It is a pleasure to follow the hon. Member for Wolverhampton, North-East (Mr. Purchase), who made a thoughtful contribution on the importance of community and expressed his concern about the direction of Government policy. On council housing, when I was not long elected, constituents came to me bewildered, because although they thought that the council was the best landlord, they were being bullied to vote for someone else as their landlord. If we really believe in local community, it would make more sense to reflect the wishes of local people in a fair and balanced way.

As the Leader of the House said, the Government's legislative programme must be seen in the wider context of the whole Session, which is not just about legislation. In fact, many of us would argue that it should be a lot less about legislation. There is a great danger of regarding the number of Bills as a measure of the vibrancy of the Government, but if things are going reasonably well and legislation is not required, introducing another Bill just to get another headline is not an effective use of Parliament's time or an effective way of avoiding extra bureaucracy and red tape.

It is important to recognise that although the Government have a wider programme, they will be working in a much changed world. The economy will be far more challenging and energy prices will still be a major issue, as will food security, and the Government will have to cope with those challenges. With the economy, world factors may well be at play, but over-extending Government borrowing and allowing private borrowing to get out of control has reduced the flexibility for coping with economic changes. Perhaps it was dangerous to believe the rhetoric that the economic cycle had been abolished; recognition that economic cycles are fairly relentless would have allowed better preparation for coping with a downturn.

As the hon. Member for North-West Cambridgeshire (Mr. Vara) said, the everyday bread-and-butter concerns of our constituents, such as the future of our post offices, are important. Post offices in my constituency are going through a closure consultation. It is quite frightening that the head of the Post Office has said that if the Government fail to award the contract for the Post Office card account to the Post Office, another 3,000 to 6,000 closures will be needed. At this stage of the Government's thinking, the drawing up of the terms of that contract seems farcical, when this funded closure programme could prove to be just the tip of the iceberg, to be followed by yet further piecemeal closure programmes.

It is crucial to recognise the value of services that are delivered locally. To that end, the Department for Work and Pensions must avoid getting back into its bullying ways with pensioners and others in receipt of benefit—an issue raised during business questions earlier. If people have chosen to use their post office and they prefer the POCA, they do not want to receive phone calls badgering them to switch to a bank. They had a choice and they freely made it, so they should not be bullied out of it. It is even more frightening for those who find the card account too difficult to cope with. As they could not handle PINs or had visual problems or needed others to collect money for them, they were led to believe that they could keep their girocheques going. Those people are now receiving letters saying that they will have to switch to a bank account. It is worrying when people who have learned and grown up budgeting in one way are suddenly told to change their whole way of life at the behest of, and to make life easier for, the Department for Work and Pensions. That Department should remember that it exists to serve the people it provides pensions to; it is not the master but the servant of the recipients of pensions.

As well as all the big issues posed by the legislative programme, I hope that the Government will turn their attention to, and focus their energies on, the day-to-day practice of good governance. They must not be distracted from that by an excessive amount of legislation.

Let me return to the intervention I made earlier on the Leader of the House. People are too often asked to comment on the priorities in a draft programme without knowing the length of time within which the programme is to be delivered. Dealing with 18 Bills over 18 months is different from dealing with 18 Bills over 10 months. It

[Sir Robert Smith]

may be time for the Government to get more grown up about sharing their thinking about the legislative timetable with the whole of Parliament.

When the programming of Bills was introduced, it was part of "modernisation". It is easy to see why securing a more systemised scrutiny of legislation is tempting and attractive to all Members. It was understood at the time that individual Bills would be programmed, but also that, in the long run, Parliament would get a programme for the year's legislation, which would enable Members to look ahead and discover when Bills were likely to be introduced. The idea was that that would facilitate input from outside lobbying and allow people to influence legislation as it developed. We should build on those ideas. We now have a draft programme and the Queen's Speech will happen later in the year. The Government must have an idea of what they are thinking of doing for the rest of year, and they could share that with Parliament so that we could make better use of our time and provide better scrutiny. Above all, that would engage the public and the outside world, as is meant to happen. Announcing the business a week or so in advance does not give the public a real chance to influence their Member of Parliament's response to the next Bill. More delivery is required from the Leader of the House on the wider agenda of programming and the efficient use of parliamentary time.

To a Government who have been in power for 11 years, I also suggest that one of the other inevitable cycles — although they might plan to avoid this — is that Governments, Parliaments and those in power change. It would be sensible for them to consider whether the systems in place would make life easy or difficult for them if they find themselves in opposition. They should start to think about how Parliament can scrutinise and hold Governments to account, rather than being frightened of creating such a system. One day they might not be in government, in which case they might welcome such a system.

Similarly, those of us who aspire to be in government should resist the trappings of power that have accrued to the Executive, and recognise that Executives who are held accountable stand a better chance of long-term credibility and popularity in the country. Executives who get out of touch with the country and Parliament are the ones that start to fall foul of the electorate.

Let me turn to some of the specific Bills in the draft legislative programme. In some ways, the banking reform Bill is an attempt to put right the Chancellor's legacy, and to pick up the pieces after the damage has been done. The general trend of the banking reform Bill is welcome, but again it should be recognised that allowing private borrowing to get out of control put a lot of pressure on individuals and the economy, which even that Bill will not tackle.

The business rate supplement Bill could go further to reinvigorate local economies through restoring business rates to local authorities. Currently, business rates go to central Government and are divvied out on a formula. Therefore, making the local area more vibrant benefits individuals, but has no direct payback to the local authority. When a planning authority considers, for example, whether a quarry is a good development, it cannot even calculate the benefits to the local community from a business rate increase.

The marine and coastal access Bill has been a long time coming. We generally welcome the idea of greater structure in marine planning, but are concerned that the marine management organisation might not be adequately funded to deliver the intentions of the Bill. Reassurance is needed that the means will be willed as well as the ends. The marine and coastal access Bill in this Parliament would govern all the waters off the shores of England and Wales, as well as all the waters around Scotland outside the territorial limit. How will co-operation and co-ordination be ensured between the two authorities with regard to installations and wind farms that cross the border between territorial waters in Scotland and territorial waters covered by UK legislation?

The Education and Skills Bill could go further in giving full independence to the education standards authority, because the Department still has control over the appointment of its chair and setting directions. That does not create independence from political interference in educational standards. I very much welcome any attempt to improve the apprenticeships scheme, which is also long overdue.

The welfare reform Bill will operate in a growing economy, with increasing numbers of jobs. Trying to get those who could work back into employment can be quite a positive message to give out. But if we are entering a period of growing unemployment, especially in certain regions, the challenges faced by those who cannot find jobs, because there are not jobs to be found, must be handled sensitively and carefully.

The Government have referred to directly elected representatives in connection with the policing and crime reduction Bill. We should like some reassurances about the role of those people and their relationship with day-to-day policing. I should be seriously worried if the Government adopted the American model of elected sheriffs to direct policing. As a councillor, I was a member of the Grampian joint police board. We were able to work with the police, but it was the responsibility of the chief constable, as head of the local police force, to deliver day-to-day policing. It was not for politicians to tell him how he should do that job. We do not want a vigilante-style model to be developed in this country.

A transport security Bill would provide some reassurance, especially if it went further and ensured that foreign workers would be checked for criminal records, given that they would be working in such secure environments. We have severe reservations about the communications data Bill and its intrusion into private life. There is a danger that by continually producing anti-crime legislation in order to be seen to be doing something, the Government will make the state's role in our private lives far greater than it needs to be unless there are proper checks and balances.

As we heard in the statement earlier, the issue of victims' anonymity is to be revisited more fully in the law reform, victims and witnesses Bill. I welcome that. I also welcome the creation of a sentencing commission, which will take sentencing out of day-to-day headline party politics. Sentencing should involve long-term understanding of deterrence, reform and effectiveness, and should not be judged on the basis of day-to-day interference by politicians.

May I make a plea for proper funding for those who must implement the immigration Bill? There is nothing more frustrating for a Member of Parliament than

dealing with casework involving individuals who have themselves been frustrated by the operation of the immigration and visa system, which has forced them to surmount many hurdles and experience much delay before they are eventually found to be entitled to what they set out to obtain in the first place. Many of my constituents in north-east Scotland work in the oil industry and move around the world a good deal. Their lifestyles do not fit the simple models used by those who are trying to police the immigration and visa service. It is important to recognise that marriages can be genuine even if they do not accord with the idea of a genuine marriage that someone in London may have.

One of my constituents who had married in Malaysia was transferred to Angola, and wanted his wife to stay at home. He was told that she must go and live with him in Angola, because that was where he would be working. That is not the way in which people in the oil industry work: their families stay at base, and the breadwinner goes out to the more hostile countries where life is more difficult. Eventually the couple won their case on appeal, but the most frustrating aspect of the case, highlighted by the judge, was what had been said by the immigration authority: if the couple had filled out the form in this country, there would have been no problem. At that point the judge said, "I have been told that I must go away and consider the case, but I want to make my judgment now." Bureaucracy should not be allowed to destroy people's lives, or take years out of their lives, when immigration measures could be implemented so much more effectively.

The coroners Bill is long overdue. As for the constitutional renewal Bill—a rather grand title—I share the view of the hon. Member for North-West Cambridgeshire (Mr. Vara) that individual voter registration should be introduced. Eleven years ago the Government embarked on quite a strong path, recognising that changes to our constitution can greatly benefit and influence our way of life. They delivered on their early promises—on, for instance, their commitment to devolution in Scotland and, perhaps to the despair of many Members of Parliament, on freedom of information legislation—but they lost momentum when it came to recognising the fundamental importance of the constitution and the way in which we are governed to the effectiveness and accountability of the country.

I still strongly feel that the Government should deliver on reform of our election system, so that every vote in the country counts once again, and people can get engaged. In a politically evenly balanced nation with a two-party system where votes are spread evenly across the country, first-past-the-post can work, but when geographical concentrations of support for parties start to develop and there are many safe seats and only a few marginals, there is disfranchisement, because the political parties all have finite resources—albeit some have greater resources than others—and they decide to engage their campaign resources in those parts of the country where they think they can make a difference to the result. As a consequence, the party message and resources are targeted at those living in marginal seats; and the situation is, in fact, even more serious than that, as the parties work out that only certain people are likely to switch votes. Therefore, very few people in the country are actively engaged in general elections. If they live in what the parties consider to be a safe seat, they are less engaged in the debate and in having a say in the result of the election. Changing our electoral system so that every vote counts is, therefore, not just about altering the balance in Parliament so that it reflects the views of the country more accurately and therefore holds the Government to account more effectively, but about ensuring that, because their vote counts, every voter is seen to be valued by all the parties as someone who has to be influenced and engaged with at election time.

In 1987, I stood for election in Aberdeen, North, which was considered a safe Labour seat. Frank Doran was the Labour candidate in Aberdeen, South, which was considered a marginal seat with the Conservatives—he is now the hon. Member for Aberdeen, North. Money poured into Aberdeen, South; leaflets cascaded out, and people living there had a real sense of being part of a general election. In Aberdeen, North, my Labour opponent put out a wee postcard saying, "The Labour candidate is Rob Hughes". He was so well known and popular that that was all he needed to do. I remember that I was outside a polling station on election day and a Labour activist said to me, "I'm awfully worried; we've put all our troops into Aberdeen, South," and I thought, "Well, I'm going to come second here, so I don't quite see why you're so worried." They won both seats. The north half of Aberdeen had no engagement on the doorstep with the election, but the south had every engagement. That highlights an important reason why we need to reform our voting system.

On constitutional renewal, as my hon. Friend the Member for North Southwark and Bermondsey (Simon Hughes) said at business questions, I would have thought that the Government themselves had started to see that fixed-term Parliaments have benefits, as having them would have avoided a very messy situation last year. It would give Members and those in the outside world a date that they can plan around, too. Having a fixed term for the life of a Parliament also fits in with the idea of pre-legislative scrutiny and of having a draft legislative programme, because it gives a natural cycle to the political process, which cannot be interfered with on a day-to-day basis by the Government.

I reiterate that although this debate is about the legislation, the delivery is about much more than that. It is time that the rest of the House was allowed to know how long the year will be in which we are planning to legislate. It is time that we had far more foreknowledge of the Government's thinking on the programming of legislation. The Government should reinvigorate themselves to be ambitious about constitutional renewal, and should not forget that there is still much to be delivered if we are to have an effective modern democracy that engages all our citizens in the day-to-day life of the governance of our country.

2.54 pm

Mr. Michael Meacher (Oldham, West and Royton) (Lab): I, too, welcome this innovation of a prior debate on the Government's draft legislative programme. It is worth while, so it is disappointing that so few Members are present, but I hope that when it becomes a permanent fixture that will begin to change. I welcome it not least because it is an opportunity for Members to raise our eyes to the bigger picture—to see the wider landscape. We find it so easy in this place to be borne down on by the relentless treadmill of nitty-gritty legislation. To

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look at the themes behind the Government's intentions for the next year, and perhaps beyond those, is very worth while.

I congratulate my right hon. and learned Friend the Minister for Women and Equality on her statement about the equality Bill, which is excellent and much-needed legislation. There are several items in the draft legislative programme that I strongly welcome, but I want to measure it against the problems that we in this country actually face, which seems to me the relevant index.

Three major breakdowns in the British state are seriously threatening both our economy and society. One could probably say that of any year that one is discussing, and I want to discuss the issues in this particular year. One is the over-centralisation of power and the virtual collapse of accountability in this country, to which my hon. Friend the Member for Wolverhampton, North-East (Mr. Purchase) eloquently referred; he was absolutely right. The second is the breakdown in financial markets and the manifest and comprehensive failure in banking regulation. The third—there is no originality in any of this, of course—is the collapse of the housing market, which will deprive perhaps up to one fifth of the population of any reasonable opportunity of getting a decent home for the foreseeable future. I am pleased to see and welcome the fact that there are items in the draft legislative programme that touch on all these points, but none of them adequately addresses the depth of the problems.

I turn to the first of my three issues. The hon. Member for West Aberdeenshire and Kincardine (Sir Robert Smith) spoke about constitutional renewal at some length and ended his speech on it, and he was absolutely right. He did so in the context of preparing for opposition; I do not accept that point, but irrespective of a party's being in opposition or in government, it is for the whole House—all of us have an interest in this—to strengthen the procedures of Parliament. Parliament is weaker today vis-à-vis the Executive than at any time in my political memory, and I have been here quite a considerable time.

It is proposed in the draft legislative programme that Parliament be given the final say in ratifying treaties, which is obviously right, and—I am very pleased to see this—that the civil service should for the first time be put on a statutory basis. There has been a great deal of discussion in the past about Governments and Ministers overstepping the line of propriety between politics and the civil service. To clarify the position is very helpful. However, on the wider constitutional issue, that is hardly even skirting the problem. There is a huge democratic deficit in this place and outside. Within Parliament itself, a whole series of reforms is urgently needed to redress that imbalance of power between the Executive and the legislature. Let us not forget—I am sure that none of us does—that this programme was the centrepiece of the Prime Minister's first major statement to Parliament after he became Prime Minister in July of last year. I think that we all thoroughly welcomed it, and I still welcome it, but the heady atmosphere of ambitious reform that it generated has yet to be realised.

I want to make some proposals that I hope will command support across the House. Members of Select Committees should be elected by secret ballot of all non-Executive Members of the House in accordance with party quotas and should choose their own Chair. That would give Select Committees an independence and standing that would greatly improve the scrutiny of the Executive by the House. In addition, the Prime Minister's nominations for the Cabinet should, as in the US Congress, be subject to ratification by the appropriate Select Committee.

The terms of reference and membership of committees of inquiry, an extremely important part of the power of a Prime Minister and of enormous relevance to Members of the House and the wider public, should be ratified by Parliament. I am sure that in the vast majority of cases they would be, but there should be that ratificatory process. In addition, Parliament—this would be an innovation, and an important one—should be empowered and funded to set up its own parliamentary commissions of inquiry where it believed it necessary. That is not a radical proposal. I remind hon. Members that that is exactly what the Victorians did, and it is only to return to some of the excellent scrutinising work that Parliament did more than 100 years ago.

The Liaison Committee should have the right—again, not an original idea of mine; it happens in the French Assembly's equivalent of the Liaison Committee—once a month, or at some other agreed interval, to table a motion for debate and a vote on the Floor of the House. That would make a great deal of difference, whether we are talking about Select Committees or the Liaison Committee. Such a debate should not be on the Adjournment of the House, a mere discussion shop or an Oxford union-style debate, but for a vote of the House, decided not by the Government but by the House, and once a month is not an unreasonable proposal.

I could go on, and I hope that others will do so, but perhaps we should also have a Select Committee on the democratisation of the House. Others may say that we have the Procedure Committee, which I am perfectly well aware of, but what I mean by a democratisation Committee is that its terms of reference, membership and Chair would be elected by the House, not by the Executive or the Whips. It is our House and we should treat it as such, and we should take upon ourselves the rights and responsibilities that that entails.

Reform is also just as necessary in the wider society outside the House. We are regaled with the evidence for that virtually every day in the newspapers. In the last few months alone, I have kept a record of several events that are linked by one common thread. Discs containing the sensitive personal details of 25 million people were lost by a private contractor in transit. Metronet's tube refurbishment programme went bust, leaving the taxpayer with a £2 billion bill. A disc containing DNA profiles of more than 2,000 people linked to serious crimes abroad went unchecked for a year by the Crown Prosecution Service. The rescue of Northern Rock, as everyone knows, has cost the taxpayer some £25 billion—I have lost sight of the exact figure—but the former chief executive has walked away with a bonus of £750,000. The National Audit Office recently found that the Ministry of Defence had spent at least £400 million on eight Chinook helicopters that were still not airworthy 13 years after being ordered. I could go on, because there are many more examples.

What is the link between those examples? It is that nobody was ultimately held responsible. That is what I mean by the collapse of accountability, and it is very

unhealthy. I am not being punitive: I am simply saying that we have to consider the negligence, the mismanagement and the other causes. People have to understand that rights and power carry with them responsibilities.

Why has that collapse in accountability occurred? There are several reasons. Civil service liability is shielded by the myth that the Minister is always responsible. The Minister should be responsible for all things political, but the ambit of responsibility often goes considerably wider and we need to recognise that. Another reason is regulatory capture by the vested interests. One worrying example, which I noted yesterday, was the announcement that an ex-private equity chief has been selected to head up Her Majesty's Revenue and Customs. That is an instance of regulatory capture that I find disturbing.

Another problem is that the regulators, especially in the Treasury, are given too little staffing and funding to be really effective in pursuit of the endemic culture of tax evasion and avoidance. In the unfettered neo-liberal economy in which we live, the big companies and the big financial institutions have largely captured the state—as we repeatedly see. Whatever they demand, they usually get, as is laid out in the newspapers for us week after week. That is where constitutional reform is needed, because the big companies have too much power relative to the democratic forces in this place that are supposed to hold the ring in managing the state.

The Government like to talk about empowerment, and I am pleased about that. They talk about empowering the citizen, whether through citizens' juries or participatory budget making, but the key is that the Government have to mean it. It does not happen all that often, but when consultations of public opinion take place—notoriously on nuclear energy, genetically modified foods or the third runway at Heathrow—it only generates cynicism when most people give one view and the Government still go ahead with their predetermined view.

My hon. Friend the Minister may share some of these views, although perhaps I should not say that. It is very difficult to make the case for constitutional renewal when only 24 hours ago the Planning Bill removed all democratic accountability from the licensing of nuclear reactors, incinerators, airports, large road-building schemes and waste dumps. In my view, it is just as difficult to make the case for constitutional renewal when, under the draft legislative programme, the Attorney-General, although he or she will be less able to direct prosecutors, will still be able to prevent prosecutions, as was the case in the recent BAE corruption investigation. I cannot see how that cannot be a conflict of interest. I hope that when we come to debate the matter the House will examine it very carefully.

The second area of major breakdown concerns the neo-liberal economic order that, as I said, has been dominant in this country and throughout the west—in the US and Europe—for the past three decades, together with the light-touch regulation, which is fairly unique to London, that has always accompanied it. The proposed Bill on banking reform, which I welcome, will make it easier in future for the Treasury, the Bank of England and the Financial Services Authority to intervene when a bank gets into difficulty. That is fine. It will also strengthen the financial services compensation scheme. No one would disagree with that. It is perfectly sensible, good stuff, but it does not begin to address the fundamental underlying causes of the banking crisis.

Several reforms are clearly urgently needed and I want to mention some of them. Structured investment vehicles—SIVs, as they are known in the trade—collateralised debt obligations and all the other fancy, new-fangled financial derivatives through which the sub-prime securitised contagion was carried across the world should surely now all have to be approved, if they are to be approved at all, by a much revamped and more robust FSA. Otherwise, when the economy eventually recovers—it will, even if it is several years down the line—will we not return to where we are now? Where is the evidence of a fundamental rethinking?

Credit rating agencies, staggeringly, are now paid by the institutions they assess for creditworthiness. That is almost like something out of "Alice's Adventures in Wonderland". It is extraordinary that that has gone on for so long. Those agencies should clearly be regulated to ensure that they are wholly independent with no conflict of interest. That is obvious, but where is the evidence that that will happen?

Investment banks should be legally separated from commercial banks. That was exactly what happened in the US in an earlier era and we have to look again at that precedent. The financial system, which has been recklessly overextended in recent years almost like a giant pyramid selling scheme to fund the enormous City bonuses, clearly needs urgent regulation. I am not objecting to high pay or a pretty good bonus as long as they genuinely reflect public welfare and are not a creaming-off of wholly artificial financial froth, which is what so many of the current payments are.

Robust capital adequacy ratios are also clearly urgently needed if western banks are not going to need increasingly to be bailed out. Only yesterday, we saw Barclays being bailed out by a Qatari bank and sovereign funds from China, Asia and the middle east.

We need to spend a lot more time in the next year on banks. They should also understand that they have responsibilities besides their drive for self-enrichment. They should be required to co-operate in establishing a public mortgage bank—I am rather sorry that Northern Rock did not stay in the public domain to do exactly what I am proposing—focused on credit provision for households with low incomes or irregular work. The banks should also have an obligation—I do not say this to be radical or to speak out of turn—similar to the one in the United States, where banks have to contribute at least 2 per cent. to 3 per cent. of their lending to community projects or social enterprise. If they do that in the States, the apogee of capitalism, why in goodness' name do we not do it in this country?

We need much more public debate on the subject. It is astonishing that since August, when the crisis began, there has been virtually no systematic discussion of it in this House. We need that debate, and preferably a high-powered committee of inquiry to investigate the whole range of problems. There is not just one problem; they are all interconnected—the lack of prudential controls, the regulatory capture, the obscure accounting, the absence of auditor independence, and the existence of an economic élite driven by reckless short-term profit-making at the expense of taxpayers, who then have to bail them out.

The third area of serious breakdown is the housing market. I welcome the proposed housing Bill, which will do some useful things. It will give social housing

[Mr. Michael Meacher]

tenants more influence over the management of their homes, which is fine, and give people in general more influence over decisions made by their local councils. I am sure that we would all applaud that. However, it does not begin to address the depth of the crisis that is now enveloping housing in this country.

There has never been a time when the divide between rich and poor has been as great as it is today. I say that with great sadness. I am in favour of people getting better off, and I am not opposed to people being rich, but I am opposed to the enormous gulf between the people at the bottom and those at the top.

Mr. Purchase: Does my right hon. Friend share my revulsion at the sentiment that the Labour party is

"intensely relaxed about people getting filthy rich?"

Mr. Meacher: I believe that my hon. Friend is referring to a statement made by a previous Labour MP, who is now a Trade Commissioner in Brussels, shortly after we came into government in 1997. I was saddened by a current Minister commenting that we should celebrate people being very wealthy. I certainly do not object if people become wealthy by honest work, but the Labour party did not come into existence, and it is not its rationale, to celebrate the very wealthy. It is there to protect the poorest, give them more opportunity and reduce the divide between rich and poor.

Against that background, the epicentre at which the credit crunch will strike the poorer half of the population hardest is housing. There are already 4 million applicants on lists for council and housing association accommodation. That is an average of more than 6,000 per constituency. Obviously the situation varies a great deal in different parts of the country—in my constituency, it is double that number. There are 80,000 people registered homeless nationwide. One way of preventing that huge pool of housing need from ballooning even further—this is a radical proposal, but I would like it to be considered seriously—would be to allow houses at risk of repossession to be bought by public authorities and their owners converted to tenants until such time as they are able to buy again. I should like that possibility, and the economics that might bring it about, to be considered very seriously.

The Government have made a commitment to build an extra 15,000 social or affordable houses a year by 2016. That is probably less than half the number necessary to remove the backlog, but it is very welcome. Yet the housing situation is desperate because, tragically, even that lower total is disappearing before our very eyes.

The Government's objective is to build 240,000 houses next year, and we would all like that to be achieved. Like me, however, other hon. Members will have read the announcement about a week ago from the House Builders Federation that it expects the total to be only 80,000—that is, one third of the objective.

Although the financial backdrop is very difficult, the Government recently promised an extra £200 million for housing. I would be the first to say that that is very welcome, but it is only enough to build around 1,000 or so extra homes. There are also plans for more shared equity, an objective that the Conservative party shares. However, that is almost irrelevant to the core of housing deprivation today.

The hon. Member for North-West Cambridgeshire (Mr. Vara) can correct me if I am wrong, but the Conservatives have made it clear that they would not build a single new council house. They are completely opposed to building council houses, but they are obsessed with home ownership. Home ownership is fine for those who can afford it, and all of us in the Chamber are probably home owners, but a quarter of our population cannot afford it. All that they get is a cavalier, ideological dismissal of their very great needs.

We are all aware of the state of the public accounts. Given that, the only way out of the present housing crisis that I can see is to allow local authorities to build social or affordable housing by borrowing against the collateral of their housing stock. That is how it should be done, and I desperately hope that the Government will consider that.

In conclusion, I am sure that the Government wanted this welcome debate on the draft legislative programme to restore some momentum to their direction. I strongly urge them to pursue many of the matters that I have raised, as that would significantly help them to achieve that purpose.

3.22 pm

Sarah McCarthy-Fry (Portsmouth, North) (Lab/Co-op): I, too, am delighted to be able to take part in this debate about our draft legislative programme. This is only the second year that this debate has been held, and I am disappointed that more of my colleagues have not taken the opportunity to speak.

This opportunity to look at the Government's draft legislative programme is very welcome. I never saw the point of revealing the legislative programme as one would drag a rabbit out of a hat, with no chance of consultation before it was finalised. We last debated the draft programme last year, and there has been a very big change in the economic backdrop since then, but I am certain that only a Labour Government can see the country through and deliver for families and fairness. When people consider what is really important, I think that they will see that the Conservative party has not changed, and that it cannot be trusted with our public services. The Labour party is the only party that is truly progressive, and we have a really good record of delivering on public services.

The American sub-prime mortgage market was not something that many of us gave a great deal of thought to. Whatever the problems in the US, even fewer of us expected them to erupt into a financial crisis here—a crisis that has coincided with a huge rise in the world price of crude oil. We acknowledge that people everywhere are struggling and finding that filling the car with petrol—or getting the essentials from the supermarket or even paying gas bills—has become harder to do. However, we have the right policies to see the crisis through. We have the depth and strength of commitment to steer Britain through these difficult times.

I am pleased that the Government and the Prime Minister have made the economy their absolute top priority. I remember the bad old days and, without the stewardship of our Chancellor and his economic team, I know that we would go back to the bad old days of the triple whammy, when inflation and interest rates were both three times higher than today and 3 million people were unemployed.

It is clear what the Government have to do and what the people of this country are asking them to do: to get on with the job, to steer the country through the difficult times and not to be distracted from the bigger picture. Most people acknowledge that there have been significant improvements under Labour. However, it is also true that there has not been a strong enough narrative from us about what we are doing and how we are trying to change Britain. That is what this draft legislative programme is about—bringing forward Bills to help people, such as those who live in my constituency in Portsmouth, to have the opportunity to succeed.

This is also about bringing our legislative programme together into a coherent sense of something bigger, so that people can see that we are not just being driven by daily events or a crisis, but honing a thoughtful agenda, with people's everyday concerns as our top priority. A solid economy is the bedrock, but fairness is a key aim.

Mr. Purchase: I thank my hon. Friend for bringing out that flavour of a coherent programme. However, I would like her to develop that further and give a little more detail about how to make that narrative understandable among the general public—Labour supporters in particular—as the kind of Labour programme that I referred to earlier. The programme needs to relate to the kind of things that my hon. Friend is talking about, which are relevant to her constituency and others, such as housing problems and the other matters that she mentioned. We need to hear a little more detail about how that progressive narrative could be developed.

Sarah McCarthy-Fry: I ask my hon. Friend to be a little patient and allow me to develop those points. At the moment I am setting the scene, but he has mentioned exactly the point that I am trying to put forward. My hon. Friend said that he was disappointed because he did not feel that this was necessarily a true Labour programme. Through my discussion of the two particular Bills that I want to emphasise, I want to make the point that it is absolutely a Labour programme.

I want to focus on one particular aspect of the programme and, as I said, on two Bills in particular. I want to focus on the part relevant to the people whom I represent and to the reasons why I came into politics—that is, making the most of our potential. If one thing inspired me to be a politician during the 18 long Tory years, it was seeing the waste of talent and the young lives blighted by lack of opportunity and lack of work. We have made massive strides. We have created the jobs so that people can work. There were 3 million unemployed; now, more people are in work than ever before, and under a Labour Government. We have better-educated young people through our investment in schools, which has increased the number of teachers. We have also recognised the value of teachers by improving their pay.

We have a healthier population thanks to investment in hospitals, primary care and an emphasis on preventive health care—and that against a backdrop of a rising elderly population and of more new drugs and treatments, the cost of which were unenvisaged when the national health service started.

However, when there is generational unemployment and lack of hope, is it any wonder that people lack the confidence and self-esteem to believe that they can achieve? Whatever the protestations of the Conservative party, we cannot change that generational feeling overnight, in a few years or even over 10 years; it will take generations to change. The best route to a well-paid job and achieving all we want is through education, and that is the main reason why we are raising the education participation age to 18. That is not an easy task to set ourselves, because we have committed to making the training places available and offering alternatives to school and college post-16 so that everybody—not just the academically able—can participate.

Some people may seem not to be academically able, but they may not have had the same life chances and opportunities as others. That was brought home to me in my constituency last month when I visited the Paulsgrove Baptist church project, where young people who find the school environment difficult are being taken into a church hall. The project is working closely with the school. A dedicated group of teachers is painstakingly working on a one-to-one basis with those young people, who had previously been totally written off, and getting them through their GCSEs. I had a splendid morning at the project. The kids were really feisty and bright, but they did not believe in themselves; they thought they were thick because people had told them they were thick. It just took some encouragement and support to show them that they were not thick—that they had a bright future in front of them and could achieve things. That is what we mean by unlocking Britain's talent.

Mr. Meacher: I am interested in my hon. Friend's argument. I have always thought that what happens outside the school classroom as regards relationships with the wider community, particularly with the parents, is extremely important. As she rightly says, the lack of motivation that comes from young people feeling that they are not up to it has a devastating effect on morale. We have put huge resources into buildings, but does she agree that it is important that we should put more resources into improving educational performance not only through targets or buildings but by building on the relationships of those around the children, which mean so much to them?

Sarah McCarthy-Fry: I could not agree more. When we talk to young people, we understand some of their problems. In some cases the school was too big, in other cases it was too impersonal, and in other cases they were being bullied by other kids because they were slightly different. When young people are given the opportunity of that little bit of extra support through one-to-one tuition, we can see the light shining through as they think, "Oh, maybe I can do it after all." Unlocking Britain's talent sounds like just a phrase, but it is more than just words from a party that has been in power for a decade. It is what I passionately believe in and what drove me as a Labour MP—that everybody should be able to achieve all that they aspire to, irrespective of their background, but also that Government have a role in making that happen.

Work is the best route out of poverty—we all acknowledge that—but it is more than that. People need good jobs in which they can see that there is a career ladder that they can climb, and something they can aspire to. Having a job can be part of the social glue that binds a community or a family together. Parents who aspire and can see a future for themselves are much

[Sarah McCarthy-Fry]

more likely to help their children to aspire. As my right hon. Friend the Member for Oldham, West and Royton (Mr. Meacher) said, parental involvement is one of the key factors in driving educational achievement.

Turning to the Bills in the draft legislative programme, I want to concentrate on two, both of which are very much about people making the most of their potential. One of the most important things that any Government can do is to free up the system so that those with talent can rise as far as they can without any barriers to success based on class, race, gender, educational background or social background. That is why I welcome the Education and Skills Bill. People in my constituency will welcome its focus on promoting excellence in schools and ensuring that every school is a good school. In my area, we have seen a huge improvement since 1997, with the number of children leaving school with five good GCSEs doubling from 25 per cent. to 50 per cent. However, that still means that 50 per cent. of young people are not getting those necessary qualifications.

Mr. Purchase: May I refer my hon. Friend to the work, surprisingly, of Sir Keith Joseph and his senior researcher, Rodney Lord? They found, many years ago when Sir Keith Joseph was at the Education Department, that the key elements to successful outcomes were absolutely committed parents. Using a statistical analysis called multiple regression analysis, they looked at a number of factors and put them together to show what the relationship was between one particular element and the outcome. Parents came out on top every time, and the second most important factor was experienced teachers. That shows that we have to give full commitment to teachers and parents to get the very best opportunities for our children. I recommend the work to my hon. Friend, who may find it still relevant today.

Sarah McCarthy-Fry: I thank my hon. Friend for his intervention. I certainly notice that when I go into schools. Many of my local schools have programmes for bringing parents into the school in order to help them. Often, parents who have had a bad experience at school themselves are remarkably reluctant to go into the school and help their children. Programmes with a bit of psychology that tell parents they are coming into school to help their child, while helping them with their own educational attainment, remove the stigma and work remarkably well.

The other important aspect is that of skills and apprenticeships. I welcome the right for those already in work to take time off for training and development. It means that young people, whether they go down the academic or vocational route, will find that both have the same respect and value. They will have the opportunity to develop skills that are useful to a current employer, but also to their personal development later on. Strengthening workplace training can only help that process, and by allowing people time off to train, we are recognising that it is no good saying, "Yes, you did have the opportunity to gain skills at school and in higher education, but you didn't take it up, so forget it." Many people do not take up that opportunity, and we are now saying that people who did miss that chance will have the opportunity to take it later in life, when they are ready.

The flexibility of allowing people to train and upskill later in life means that they will be better equipped for the world of work. We will have to enable people to change professions later in life, as their lives change, and as our economy changes. That is not only good for those people, but essential for our economic prosperity. That is why I welcome the provision in the Bill to provide a statutory basis for the apprenticeship programme, establishing the first statutory entitlement to apprenticeships for all suitably qualified young people. The Bill will also create a new national apprenticeship scheme and ensure that careers teachers and advisers provide comprehensive information about apprenticeships, which is absolutely key. A lot of research has been done showing that young people have no idea that apprenticeships have changed, or of the number of apprenticeships on offer, and we will have to offer "training the trainer" courses to ensure that careers services make those opportunities available to young people.

Recently, I visited VT Shipbuilding in my constituency, which has a thriving apprenticeship programme, and the young men whom I met—they were all young men; VT was at great pains to tell me that it has women shipbuilding apprentices, but they were not there on that day—were confident, articulate and passionate about what they were doing. A couple of them freely admitted that before they went on the apprenticeship programme, they were well on the way to going off the rails. Since they had been involved in this programme and given responsibility, as second and third-year apprentices, they had found self-esteem and the confidence that they had a future and something to aspire to.

Sir Robert Smith: I was thinking of some of the apprentices whom I have met in the new schemes set up in the offshore oil and gas industry, and of how enthusiastic and motivated they were by those schemes. The hon. Lady talked about the importance of being able to see a future. Getting it across to people that a career can be had through apprenticeships, once they have the skills, and that future employment is possible, is an important part of motivation.

Sarah McCarthy-Fry: It is important to VT Shipbuilding, because it is struggling to find skilled people to fill its orders in the workplace, and we will have to move further on that.

We have to ensure that it is not just large companies, such as VT Shipbuilding, that have the opportunity to offer apprenticeships. Smaller organisations should also have the chance to do so. When I visited one of the smaller companies in my constituency, which was keen to offer apprenticeships, I found that we are often not equipping young people with the sort of life skills required for the world of work. It is important that we go for the five GCSEs, but when I did a seminar with employers, they said that they needed people with skills such as the ability to turn up on time and the ability to work as part of a team. Such life skills are far more important.

One of the smaller companies in my constituency was having that difficulty. It was bringing apprentices in, but the amount of management time taken up with ensuring that they understood what the world of work was about was becoming counterproductive. It got round that problem by saying that it would only take on apprentices

who already had a relative employed. It worked on the basis that if a person's father, uncle or mother was working for the company, they would make sure that the apprentice in question got up and came into work. That is all very well, but it means that a huge crowd of people do not get the opportunity to work. If we can offer support to smaller enterprises, allowing them management time and mentoring time, it would help us to move forward.

Raising the education participation age to 18 will be a key enabler of the provisions in the new Education and Skills Bill. Contrary to the Conservative party's views that raising the participation age to 18 is a gimmick or a stunt, I believe that it is a radical, fundamental reform, which shows that we are serious about fairness and maximising the potential of all young people.

In my maiden speech, I referred to the motto of one of the schools in my constituency, the Admiral Lord Nelson school: "Dare to Dream, Aim to Achieve". We should bear those sentiments in mind in ensuring that we have the right framework in place so that every child who dares to dream also has the opportunity to achieve.

Mr. Purchase: I believe that my hon. Friend shares my view that some young men and women do better in a college setting post-16 than they do at school in formal fifth and sixth forms. I am concerned about the arrangements that we need to make to allow that simple choice to be exercised at 16. Perhaps we have not thought it through properly, because the funding is fraught with considerable difficulties. Colleges find it difficult to run an appropriate equivalent sixth form without proper funding. Perhaps my hon. Friend will develop that point. Can we continue with that choice between college and school, and ensure that it remains real through appropriate funding?

Sarah McCarthy-Fry: There is a question about cost-effectiveness and the size of the unit. Often, the problem with small sixth forms is that they cannot offer the breadth of subjects that colleges can. However, I take on board my hon. Friend's point that we must offer a variety of settings and that it is no good saying that we will raise the education age to 18 and letting people assume that everybody will pour into the colleges. We must offer a variety of training. We are not saying that everybody has to stay in academic educatjon till the age of 18, but that we will not allow 16-year-olds simply to leave school and do nothing. We are there to ensure that a variety of options is available, be they workplace-based or college-based training. We have a lead-in period to ensure that that variety is in place. As I said at the beginning, we have set ourselves a hard task, but there is no problem with doing that if we are serious about making it work.

A solid economy and a fairer education system are the founding principles of a good society. More than that, we need a society based on fairness, with fairness and opportunity enshrined and codified in our national life. In modern Britain, nobody should be discriminated against because of the colour of their skin, their gender, age, religious creed, disability or sexuality. Everybody should have an equal chance to succeed, and it is right that those equalities should be properly enshrined in law.

That leads me to the second Bill that I want to consider this afternoon—the equalities Bill. We have already made good progress in achieving our aim of equality for all, especially thanks to some of the progressive legislation that we have passed in the past decade, which no other Government were prepared to do. However, it is right to move to a single equality duty, which reflects modern Britain in the 21st century and encourages opportunity. If the first pillar is education, the Government must also ensure that people who take the opportunity to gain skills, training and formal qualifications are not thrown off course by lazy prejudice. I therefore welcome the provision to require public bodies to consider the diverse needs and requirements of their work force and the communities that they serve. It is right for those who work in those bodies and for organisations that are based in and serve the community, and for which taxpayers pay, to reflect the diversity of all the taxpayers of this country. It is also right that, under that legislation, we should make public bodies more transparent, in recognition of the fact that inequality can be hidden. It cannot be tackled if we cannot see it.

Britain seems to be a more tolerant society than it was a decade ago, but I am sure that we have all seen examples of people who are still being discriminated against. It is therefore right that we should introduce the equality Bill, to ensure that there is no room for discrimination in today's Britain. And what better place to start than in this House? It is a source of shame that of the 646 Members elected when I joined the House in 2005, only 125 were women. It is, however, a source of personal pride that 96 women in the House are Labour MPs. This was achieved by one means, and one means only: positive action, in the form of all-women shortlists.

Female colleagues on this side of the House will be acutely aware of the recent passing of a very good friend, Val Price, who ran the Labour Women's Network. Many of us owe her a deep debt of gratitude for her strong belief and determination. She championed all-women short lists and devoted herself to giving women the confidence and self-esteem that they needed to follow their dreams. It is easy to forget how few women there were in Parliament before this Government came to office, but fortunately, these days it is difficult for political parties to ignore women and women's issues in politics. I am convinced that much of that is down to the work of Val Price. It is right that we should embed these positive changes, and the progress that we have made so far, and I welcome the commitment that will ensure that we allow political parties to use all-women short lists until 2030.

All-women short lists are a prime example of positive action. The new equality Bill will enable companies that wish to have a diverse work force that reflects the environment in which they exist also to take positive action. Where there is equal ability and equal talent, employers will be able to make a positive decision to redress inequalities in their work force. This will benefit employers as well as employees. Surveys have shown that employees value working for an organisation that has a strong corporate responsibility ethic and a mature approach to equality. Organisations that want to attract the best employees will have to demonstrate their commitment to equality. When we were discussing the equality Bill earlier, we talked about getting the private sector involved. I am very keen that the organisations in the private sector that contract with the public sector, and therefore use public funds, should be subject to these considerations.

[Sarah McCarthy-Fry]

The private sector should also remember that many people these days have opportunities to make investment choices that they did not have before. Investment has opened up. Thanks to the child trust fund, every parent in the country now has a nest egg to invest for their child, and there is now a whole army of investors among people who never dreamed that they would have a choice about where to invest their funds. People who have a choice about financial returns might also want to make their choices on an ethical basis. There is therefore a huge advantage in companies starting to look at such factors, and for the private sector to start taking them on board as well.

The gender pay gap represents another huge inequality, and despite all the efforts through equal pay legislation, men who work full time still earn 40 per cent. more per hour than women who work part time. A veil of secrecy is often drawn over pay and, as I said, hidden discrimination is much more difficult to tackle. I therefore warmly welcome the requirement for public sector organisations, and organisations that contract with public sector organisations, to publish their gender pay gap. As I said earlier, I hope that the private sector will follow suit. We can look at the facts and find out where the gaps are. We can see who is following best practice and identify the organisations that need to improve.

We are the party of equality, and we have made progress. We were the party that challenged disability discrimination, tackled the pay gap, fought racism and supported equal treatment for gay people long before it was the accepted wisdom or the current fashion. The new equality Bill shows that we have an unwavering commitment to those values, and I hope that the other parties in the House will support it.

Building on our proud list of achievements, steering the economy through difficult times, fairness, opportunity and equality for all — these are the hallmarks of a Labour Government. We have made solid progress that has all too often been sneered at by the Opposition, but it has been welcomed by the people whom I came here to look after. They are the people who do not have the loudest voices and who are not the most articulate. They are the people to whom life has not dealt a great hand to start with, but they have dreams and aspirations just like everyone else. That is what we are about as a party. The Conservatives might think that they talk a great talk, but I think that that is all empty froth. I believe that what we are delivering in office is not soundbites but sound action, and long may that continue.

3.49 pm

The Deputy Leader of the House of Commons (Helen Goodman): It is a great pleasure to have the opportunity to reply to this important debate on the Government's draft legislative programme for the next Session. We have heard some interesting and thoughtful speeches.

Let me begin by saying something about the process, which a number of hon. Members raised. Some hon. Members may be aware that I was a civil servant before I entered the House. At one stage, I was tasked with briefing the then Chancellor of the Exchequer on what should be in the legislative programme. At that time, 10 or 12 years ago, the process was rather random. There are some things that any Chancellor has to support — there has to be a Finance Bill, for example — but I would look down the list, think, "That looks quite good," and then brief him to support certain things. We have taken a major step forward in opening the process up, so that there can be proper scrutiny and so that the entire nation can take part in considering not just the individual items of legislation, but the programme as a whole.

I felt that the speech of the hon. Member for North-West Cambridgeshire (Mr. Vara) was a little contradictory. On the one hand, he said that he was disappointed, but on the other, there were 12 items that he completely agreed with.

Mr. Vara: I thought that I was very clear, but obviously I was not. For the record, let me say that I was very pleased with the contribution that the Conservative party had made to the draft legislative programme, but disappointed with all the rest, which was simply rehashed policies or efforts to make good the damage of the past 11 years.

Helen Goodman: The hon. Gentleman has again set out what is essentially a contradictory position. He criticised the Government for being closed minded, but then said that we borrowed policies. He said that not just about the general shape of the programme, but about specific items. Early on in his speech, he said that we were not doing anything about overcrowding in prisons and prison places, yet when he talked about the law reform, victims and witnesses Bill, he criticised the fact that the new body will take account of the prison population.

Mr. Vara: Given that the hon. Lady is trying to pick up on what she says were contradictions in what I said, let me make the position absolutely clear. My first comment on crime and prison was simply that when somebody is sentenced to prison, they should serve their sentence in prison, not outside as part of the early release programme. My second comment was about the Government's proposal to have a separate committee to consider sentencing and whether it should be influenced by the amount of space available in prisons. The two are separate and distinct issues. I am sorry that she was not paying attention and therefore got a little confused.

Helen Goodman: The hon. Gentleman then talked about the constitutional renewal Bill. He said that it contained some good elements, but wondered why English MPs could not vote solely on English legislation. Publishing the draft programme in its entirety enables us to look at the territorial extent of different Bills. The situation is different for different Bills. The banking reform Bill, for example, applies to the whole of Great Britain and Northern Ireland, as does the saving gateway Bill, but the business rates supplement Bill applies to England and Wales. The marine and coastal access Bill applies in its entirety to England, but as the hon. Member for West Aberdeenshire and Kincardine (Sir Robert Smith) acknowledged, only some parts of it apply to Scotland, Wales and Northern Ireland. The Education and Skills Bill applies in its entirety to England, but only the provisions on the Learning and Skills Council apply to Scotland, while other parts apply to Wales and Northern Ireland. That reflects the different devolution settlements with different parts of the country.

The notion that we should have only English votes on English Bills is so over-simplified that it fails to do justice to the complexity of the current situation. Even when a piece of legislation applies to only one part of the United Kingdom, it is often used as a model for secondary legislation in other parts. I thus hope that the hon. Member for North-West Cambridgeshire will think again about this issue.

The hon. Gentleman went on to criticise the effectiveness of the Government's education policies, but he did not take sufficient account of the very significant achievements that my hon. Friend the Member for Portsmouth, North (Sarah McCarthy-Fry) described in the context of her constituency. We also know that at the overall national level, literacy rates have improved by 26 per cent.—a very substantial improvement—over the last 10 years.

The hon. Gentleman similarly criticised the welfare reform Bill. He said that there was nothing new in it and that we could not be proud of our record. Well, I am proud of the fact that unemployment is half what it was 10 years ago and I think that that is a significant achievement. I also think that it is good that young people have opportunities for paid work, training and voluntary work, which they did not have 10 years ago.

The hon. Gentleman asked about the costs of the consultation process. We have 60 events planned across the whole country and the consultation period carries on until 6 August, so we do not know the full costs at the moment. When we have completed the programme, we will inform the House how much it cost.

Mr. Vara *rose*

Helen Goodman: I will give way to the hon. Gentleman one last time.

Mr. Vara: There is one further point. I asked the Leader of the House to be gracious enough to acknowledge the contribution of Her Majesty's Opposition to the draft legislative programme. I am gracious in thinking that her failure to do so was an oversight on her part, so I invite the Deputy Leader of the House to give due credit to the Conservative party for the policies that Labour has adopted from us in the draft legislative programme.

Helen Goodman: I do not accept the hon. Gentleman's premise and I am very sorry if he is disappointed with that.

My hon. Friend the Member for Wolverhampton, North-East (Mr. Purchase) made a very different speech. He reflected on the nature of change in modern society; he reflected on the world becoming more individualised and atomised; he talked about the importance of community and the Labour party's traditional role in working in communities; and he spoke about housing. My hon. Friend took the time to develop an argument, which made his speech excellent and enjoyable to listen to. I hope that he will look more deeply at the community empowerment legislation when it is introduced. The Bill will facilitate many of the measures to build up communities that he seeks.

One of our aims is to improve democratic accountability in local communities. The policing and crime reduction Bill will do that by giving people further opportunities to control the way in which their local community is policed. Although I recognise that the law applies nationally, my hon. Friend's constituency in Wolverhampton is very different from mine in County Durham, so a different policing approach is appropriate.

I hope that my hon. Friend will feel that the saving gateway Bill promotes fairness and equality, which he was pressing the Government to take into greater account.

My hon. Friend mentioned his concerns about housing. One can be sceptical about the theory, but then see what happens in practice. In my constituency, when the tenants in Wear valley voted for the move to an arm's length management organisation, the management of the housing improved as well as the level of resource. The involvement of tenants in the management of the housing has also significantly improved some of the communities that were suffering most from low-quality housing and local environments.

My hon. Friend said that not everyone benefited from being in a classroom for a long time. I am sure that he understands, however, that the legislation on changing the entitlements to education up to the age of 18 does not relate solely to class-based education. Entitlements to learning while having a job, or in other training environments, are also covered.

My hon. Friend spoke about what he saw as the over-egging of choice in the NHS. I would ask him to draw a distinction between different kinds of care. He has a good point—if he and I break our arm, we both want it mended, and we want it done quickly. The skills to mend one arm are much the same as those to mend another. But if he and I needed psychotherapy, it would be reasonable for us to say that we required a more personalised and individualised approach. Therefore, empowering patients in some circumstances, as the Health Minister responsible for personal care is doing, can improve the quality of care.

Finally, my hon. Friend criticised what he saw as too many re-announcements. Sometimes consultation can look like a re-announcement when it is not intended as such. For example, he saw part of the draft legislative programme as just a re-announcement of the banking reform Bill. I would say to him, however, that it is good that we had consultation on the previous banking Bill. It is good that we had a White Paper on the business rates supplement Bill. It gives more people the opportunity to have an input into the drafting of the law, and it allows stakeholders to influence the laws that particularly affect them.

The hon. Member for West Aberdeenshire and Kincardine spoke of the importance of giving legislation its appropriate place and not seeing it as the only lever of Government policy. The point was well made, and that is what we have tried to do. I am sure the hon. Gentleman noticed that chapter 2, which refers to the main themes of the programme—economic stability, potential, handing power back to the people—combines Bills with other significant policy initiatives. Our objective was to achieve the kind of rounded approach that the hon. Gentleman wants.

The hon. Gentleman asked how long the next parliamentary year would be. The average length of a parliamentary year is 155 days, and apart from short years in which general elections take place, parliamentary years do not vary significantly in length. However, I

[Helen Goodman]

think that the hon. Gentleman's point was reasonable. We have made a small but significant improvement in our planning: this year we produced the draft programme before deciding on the length of the parliamentary year, which we have not always done on other occasions.

The hon. Gentleman welcomed the business rates supplement Bill, but thought that it should go further. The Bill will promote long-term growth, and should facilitate investment that will increase economic activity. He asked about co-ordination with the Scottish Executive on the marine and coastal access Bill. Ministers are fully conscious of the importance of that, and are working on it. He went through the Bills in a very systematic way, but I shall not respond to all his points, because I have dealt with some of them in responding to other Members.

Sir Robert Smith: Will the Deputy Leader of the House expand on how she sees the role of elected representatives in the policing and crime reduction Bill? Does she recognise the need for operational control of the policing function to remain with the police service itself?

Helen Goodman: Yes, that will happen. The hon. Gentleman will not have to wait too long for the Green Paper, in which he will be able to read our proposals in more detail.

Sir Robert Smith: The Deputy Leader of the House might wish to improve the proofreading of the legislative programme document. According to page 48 the Green Paper is expected in May, but according to page 18 it is expected in June. I hope we shall not have to wait too long, but it would be sensible at least to stick to the same month in a single document.

Helen Goodman: As the hon. Gentleman will realise, that probably means July.

The hon. Gentleman found the constitutional renewal Bill somewhat disappointing, as did my right hon. Friend the Member for Oldham, West and Royton (Mr. Meacher). The Bill contains 61 reforms relating to such matters as the civil service, treaties and the role of the Attorney-General. Those are all important matters, even if they are not widely understood: they make a significant difference to the way in which the country is governed, and to the openness with which it is governed.

The hon. Gentleman made a plea for electoral reform to be included in the Bill. As I am sure he appreciates, a key element of constitutional change is a degree of consensus so that changes can be sustainable and long-lasting. I do not believe that there is that degree of consensus on electoral reform.

My right hon. Friend the Member for Oldham, West and Royton congratulated my right hon. and learned Friend the Minister for Women and Equality on the proposed equality Bill, and spoke of the importance of promoting equality in this country. He wanted us to look at how the draft legislative programme fitted in relation to three issues: what he sees as the over-centralisation of power and the collapse of accountability, problems in the financial market, and problems in the housing market. I have already outlined some of the measures in the constitutional renewal Bill, but my right hon. Friend needs to ask himself whether it is correct to assert, as he did, that Parliament is significantly weaker now than it was 20 years ago. I am sure he is familiar with the statistics put together by Professor Cowley at Nottingham university, which demonstrate that this Parliament, the one before that and the Parliament elected in 1997 are far more assertive than Parliaments were in the previous 50 years. That is not always applauded by my colleagues in the Whips Office, but it is true. That shows that parliamentarians are taking an assertive approach to scrutinising proposed legislation.

I am sure my right hon. Friend is also aware of the significant programme of parliamentary reform that is under way. He knows that we will introduce regional Select Committees, and I hope that he knows that we are looking at the petitioning arrangements and at having an e-petitioning system. We have also opened up the EU scrutiny process. The Minister for the Cabinet Office is taking forward the practice of pre-appointment hearings for many public sector posts. While I do not know what happens in the other political parties, the truth is that Labour Select Committee members are not chosen by the Whips; there is a negotiation with the elected committee of the parliamentary party. I am not saying that we have a perfect Parliament and that we do not need to make further reforms, but it is right to acknowledge the good things that have been happening in recent and current Parliaments.

My right hon. Friend talked about empowerment and citizens juries, and about the role of the Attorney-General. Ministers are, of course, primarily responsible for maintaining national security, so it is reasonable for there to be an exception in respect of the involvement of the Attorney-General in national security cases. The benefit of the proposed legislation is that the conduct of such cases will be clearer and more transparent.

My right hon. Friend talked about the banking reform legislation. He displayed a far greater expertise in, and understanding of, all the different financial instruments that are used internationally than I have, so I cannot say that I know exactly how all the points he made will be addressed. However, we will pass Members' suggestions on different Bills to the relevant Departments.

My right hon. Friend also talked about inequality and his concern about the level of pay and bonuses in the City, which he feels have reached irresponsible levels. I hope that he saw the remarks of the Governor of the Bank of England to the Treasury Committee a couple of weeks ago.

My right hon. Friend referred to the current significant housing need, and his interest in the forthcoming housing Green Paper. I hope that in addition to his appreciation of the equality Bill, he will be pleased to see that legislation will be introduced on agency workers and on the right to request flexible working time.

My right hon. Friend was right to say that the Opposition seem to be opposed to building more council housing, and he pointed to the need for a significant increase in affordable housing. In fact, the Opposition seem to be opposed to most house building.

Sir Robert Smith: The Government might not be opposed in principle to house building, but how committed are they to council house building?

Helen Goodman: One of the new flexibilities will look at council house building, as well as building in the housing association sector.

My hon. Friend the Member for Portsmouth, North made an excellent speech about the importance of economic stability and fairness. She spoke particularly eloquently about the Education and Skills Bill – in fact, she spoke so eloquently that I cannot really add anything to what she said. She was absolutely right, however, about the importance of giving young people better advice on what is available to them. That was brought home to me when I discovered that 1,200 different apprenticeship courses are now available from employers, which really is remarkable.

My hon. Friend also talked about the importance of the equality Bill and about the fantastic work that Val Price has done in supporting Labour women in coming into this House. I echo absolutely what she said. Val Price was a remarkable woman who was always supportive when we were in our darkest hours and unsure about how the future would turn out.

My hon. Friend also talked about the importance of tolerance in a more diverse society, but she did not, unfortunately, refer to the proposals on breastfeeding. I was a little disappointed about that. The other day, my teenage son was in the National Gallery, in the room with the early Italian paintings. As you are well aware, Madam Deputy Speaker, there are lots of paintings of the Madonna feeding the child. There was a woman in the gallery feeding her child, and the attendant said to her, "You must not do that in here – this is totally unacceptable." So she unlatched her baby, and the baby began to scream. The attendant came back and said, "Can't you make that child be quiet?" The tolerance that my hon. Friend is looking for would be very welcome for every generation.

I am about to close today's debate, but consideration of the programme is not over. We are already receiving comments and feedback on the website, and people can give evidence until 6 August. There will be national events across the country on 11 July to enable people to have their say on where they think the draft programme should go. This draft programme contains 18 important Bills. It demonstrates that the Government remain committed to the key issues that matter to people: economic stability, making the most of potential, improved public services and handing power back to the people. I commend it to the House.

Question put and agreed to.

Resolved.

That this House has considered the draft legislative programme.

ADJOURNMENT

Resolved.

That this House do now adjourn. *[Mr. Watts.]*

Adjourned accordingly at eighteen minutes past Four o'clock.

House of Commons

Monday 30 June 2008

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

CHILDREN, SCHOOLS AND FAMILIES

The Secretary of State was asked

Bullying

1. **Lynne Featherstone** (Hornsey and Wood Green) (LD): What steps his Department is taking to reduce the incidence of bullying of children with disabilities and special educational needs. [214249]

The Parliamentary Under-Secretary of State for Children, Schools and Families (Kevin Brennan): In May, we produced new guidance that provides schools with comprehensive advice on how to prevent and tackle the bullying of children with special educational needs and disabilities. The guidance outlines statutory duties for heads and governors to prevent the bullying of those children. We are funding the Anti-Bullying Alliance and national strategies to provide support and challenge for local authorities and schools to ensure that the guidance is implemented effectively on the ground.

Lynne Featherstone: I thank the Minister for his answer. The recent Government guidance is a welcome step towards tackling such bullying, but it has not been given any serious promotion, so it is unlikely that many teachers or parents will even be aware of its existence. What specific measures does he plan to ensure that the guidance is given sufficient publicity to be effective in its aims?

Mr. Speaker: Order. I did not want to stop the hon. Lady when she was speaking, but I would prefer the supplementary question not to be read from a note. It is a response to the reply given by the Minister.

Kevin Brennan: I disagree with the hon. Lady that the guidance has not been given any publicity. It was launched by the Secretary of State and gained considerable publicity from that. Although, for obvious reasons, the Department does not send documents to every school in the country, we notify local authorities and schools through regular updates that guidance documents are available. As I said, we are funding the Anti-Bullying Alliance and the national strategies to provide the support and challenge for local authorities and schools to ensure that the guidance is implemented effectively on the ground.

Lynda Waltho (Stourbridge) (Lab): Does my hon. Friend agree that proposals to abolish independent appeals panels for excluded children would remove an important safeguard and possibly lead to further inappropriate exclusions for children with special needs?

Kevin Brennan: Yes, I do. It is all very well hon. Members coming to the House and occasionally asking us to do more for pupils with special educational needs, but the Special Education Consortium says that it is concerned that such a move would increase the vulnerability of children with special educational needs to exclusion. Children with SEN are already disproportionately represented in the exclusion statistics and that change would remove one of the few checks and balances operating in the country. John Dunford, general secretary of the Association of School and College Leaders, the head teachers union, has said:

"Ending the right of parents to appeal to an independent panel against exclusion would, as I have said consistently in the past, lead to more parents going to the courts in an attempt to overturn their child's exclusion."

John Bercow (Buckingham) (Con): As the bullying of children with special educational needs and disabilities by other children is still, sadly, a relatively widespread phenomenon, I warmly welcome the guidance and some of the initiatives that are unfolding. Will the Minister accept, however, that sometimes, in the form of inadvertent unkindnesses and unawareness of the duty to deliver to disabled children, there can be cases of bullying committed by teachers and other work force professionals? In that context, would he like to say something about the special educational needs units within initial teacher training, which are, I think, to be rolled out later in the year, and could yield some benefits?

Kevin Brennan: Yes, and as the hon. Gentleman knows we want to strengthen those units within teacher training. We had quite a discussion about that on the Floor of the House during consideration of a recent private Member's Bill. He is absolutely right that on occasion, things can be said and actions taken that might constitute inadvertent bullying. It is clear that the most important thing is for all of us to see pupils with disabilities and special educational needs principally as pupils and human beings, not as people with a disability or a special educational need.

Mr. Nigel Evans (Ribble Valley) (Con): To follow on from that, clearly there cannot be any excuse for bullying, whether it is inadvertent or otherwise, but one group of people who may find themselves victims are those who are seen to be slow learners, and indeed specifically those with dyslexia. Will the Minister therefore give some hope that the Government will ensure that there are specialist dyslexia teachers in each school to make sure that the untapped potential of youngsters is unlocked for the rest of their lives?

Kevin Brennan: The hon. Gentleman will be aware that Jim Rose's review is looking at the issue of dyslexia and dyslexia teaching in schools, and he is quite right that pupils with dyslexia might find themselves subject to bullying of that kind. It is fair to say that this Government have done more on bullying than any Government ever. We are spending £3.7 million this

year on anti-bullying programmes. I think it is also fair to say that there used to be a culture in schools of "Bullying does not happen in our school." I am glad to say that that is no longer acceptable.

Tim Loughton (East Worthing and Shoreham) (Con): I visited a special school in the midlands a while ago. It was facing closure, although children with special educational needs had flourished there after failing previously in mainstream schools where they had been bullied. They now face the prospect of being returned to those self-same schools.

Given Mencap's estimate that eight out of 10 children with a learning disability have been bullied and six out of 10 of them physically hurt, together with Baroness Warnock's findings that enforced inclusion makes children with disabilities and SEN likely to encounter bullying, is not the only way, or one way, to reduce this problem for the Minister to announce an immediate moratorium on the closure of special schools?

Kevin Brennan: Children should go to special schools because such schools are right for them and their special educational needs. The idea that a child in mainstream education who has a special educational need should be sent to a specialist school because he or she is being bullied is a fundamental misconception.

The rate at which special schools have been closing has slowed in recent years, and the percentage of pupils attending them went up last year.

Academies

2. **Dr. Vincent Cable** (Twickenham) (LD): How many academies he expects to be operational by the end of 2008. [214250]

The Secretary of State for Children, Schools and Families (Ed Balls): May I request your indulgence and that of the House, Mr. Speaker, and ask the House to join me in offering best wishes to my Department's parliamentary clerk, Mr. Mike Watts, who is retiring from the Department today after 21 years of loyal service?

Eighty-three academies are already open. A further 49 will open this September, and two more in January 2009. As part of the national challenge, we plan to open a further 80 in 2009 and 100 in 2010. That will bring the total to more than 300.

Dr. Cable: As one who is working with my local council and the Department to facilitate two of those academies in the face of a strong anti-academy campaign from the local Conservatives, may I ask the Secretary of State to help remove one of the obstacles to the programme, namely his Department's insistence that the council carry financial risk from cost overruns although the schools will not be owned or run by the council?

Ed Balls: We are very grateful for the hon. Gentleman's support and that of the local authority, Richmond, in connection with the two academies being planned in his constituency. As he will know, discussions are in progress with the Swedish education group Kunskapsskolan. It is probably true to say that Labour and the Liberal Democrats have always been rather supportive of aspects of the Swedish model, but it does not surprise me that when pushed into power the Conservatives find supporting it rather more difficult.

As for the hon. Gentleman's point about cost overruns, it is important for us to obtain value for money and to ensure that local authorities work closely with the sponsor, the governing body and our Department. We work to get things right on a case-by-case basis, but it is important for the risks to be shared. I assure the hon. Gentleman that cost overruns will not be an obstacle to progress for the academies in his constituency.

Derek Wyatt (Sittingbourne and Sheppey) (Lab): Two weeks ago, the final appeal against the Isle of Sheppey academy was lodged by Cheyne school governors. If my right hon. Friend cannot answer my question now, could he possibly make a statement clarifying to parents on the Isle of Sheppey where their children will go this September? They have not a clue at the moment.

Ed Balls: It is obviously important for us to provide certainty for parents and for the young people themselves. I am sure that we shall be able to proceed. In our experience academies win the support of both parents and young people, but I am happy to examine the details and clarify the position for my hon. Friend as soon as possible, so that no more concern will be caused locally to children and parents.

Mr. David Evennett (Bexleyheath and Crayford) (Con): What information are the Government collecting on academies' individual policies in order to understand what makes certain academies very successful, and then spread best practice to others?

Ed Balls: It is important for us to do that. What we know from our education system is that strong leadership, great teachers, a motivating curriculum and a culture of aspiration are key ingredients in schools. The reason why, in recent years, academies in some of the most deprived parts of our communities have achieved faster-rising results than the average is the strong leadership that they have established. However, I am keen to ensure that as we expand our academies programme in the coming years we do more to enable the lessons we have learnt from academies to be used in other parts of our school system. There is currently discussion of the possibility of one of the best head teachers in the state system, who works in a community school, moving to an academy in Leeds. Learning can go in both directions, but we must make use of it.

Kate Hoey (Vauxhall) (Lab): As the Secretary of State will know, a separate but linked aspect of the academy programme is studio schools, which are more vocation and business-oriented. There is a fund to be bid for, and a bid will be made by the Beaufort institute in my borough. Can the Secretary of State assure me that the money for studio schools will be separate from the money for Building Schools for the Future in the local authority?

Ed Balls: I can give my hon. Friend that assurance. We are currently discussing about six studio schools, which are a particular kind of school that brings the workplace into the school environment, and we will make sure that the funding is genuinely additional to

the funding that is already going into the Building Schools for the Future programme in the areas that are chosen.

Building Schools for the Future

3. **Ann Coffey** (Stockport) (Lab): If he will make a statement on progress in the Building Schools for the Future programme. [214251]

The Minister for Schools and Learners (Jim Knight): Following the selection of eight authorities for an accelerated start this summer, announced on 23 June, 80 local authorities are now engaged in BSF. With 13 BSF schools now open and 23 more to open in September, rising to 200 a year from 2011, there is real pace and momentum in the programme. We are consulting on the management of waves seven to 15, and we will announce details of when the remaining local authorities will join BSF when that process has concluded.

Ann Coffey: I represent one of the most deprived areas in Stockport and the UK, and the attainment of the young people in the area at GCSE grades A* to C is significantly worse than that of young people in other parts of the borough. The schools they attend need either rebuilding or extensive repairs. I hope that Stockport will bid for BSF capital, and I hope it will be successful, but does my hon. Friend agree that that bid is an opportunity for Stockport to bring forward proposals that will improve the attainment of young people in this particularly deprived area and enhance their life chances?

Jim Knight: I agree with my hon. Friend. She has been a hearty champion of the needs of the children she represents, and in particular their attainment and the relationship with the BSF programme. It is important that the Liberals, who run the council concerned, understand in submitting their strategy for change that it is more than a building programme; it is about educational transformation. While I cannot prejudge the outcome of the consultation, which closes this week, the proposals it contains include criteria additional to those of educational and social need in the prioritisation of projects, and ensuring that deliverability and readiness to deliver are important aspects of the new programme.

Mr. Andrew Turner (Isle of Wight) (Con): In what year is it anticipated that the Cowes high school on the Isle of Wight will be rebuilt?

Jim Knight: It is up to the hon. Gentleman's friends in the Isle of Wight council to come forward with the appropriate plans. We have increased tenfold the amount of capital allocation to local authorities. As I have just explained, we are currently consulting—that will finish this week—on the authorities that are in waves seven to 15 of the BSF programme. That includes the Isle of Wight. If it can put in a good enough proposal that meets the criteria that will be agreed around the turn of the year, and that includes Cowes high school, it is possible that the rebuilding could be moved forward.

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): I ask my hon. Friend to remember that the Education and Skills Committee conducted a thorough inquiry into BSF. There was a Treasury examination of the programme at that time, which I think is still going on, but does he recall that the key recommendations we made were that the new buildings must be more sustainable in this age of climate change, and that new ways of teaching and learning needed far more research and implementation in these schools?

Jim Knight: I remember well the Select Committee inquiry that my hon. Friend chaired, and I am looking forward to returning to the Select Committee in due course to discuss the latest inquiry into BSF. Sustainability is important; all schools in BSF must meet the minimum environmental standard of BREEAM—Building Research Establishment environmental assessment method—"very good". We have released additional funding for 234 schools in BSF and the academies programme to support the implementation of energy efficiency and renewable energy measures in school sites to enable this requirement to be met, and we have a zero carbon task force which is looking to go beyond that. On teaching and learning, as I have said, this is an educational transformation programme, and not just a school building programme. How we can use the opportunities of a new environment to inform better teaching and learning is a fundamental part of what authorities need to consider when they submit their strategy for change.

Mr. Brian Jenkins (Tamworth) (Lab): May I first say to my hon. Friend how pleased I and the people of Tamworth are that we are in one of the accelerated schemes, with up to £100 million being spent on our schools by our Labour Government? However, given that it is an accelerated scheme, he will appreciate that we had little time for consultation. Can he therefore give me, and my constituents, a guarantee that consultation will be meaningful and that if we come out at the end with a different model, that will be given full consideration if we have to change the original concept?

Jim Knight: It is certainly important that parents and local communities be consulted as authorities plan for and deliver the huge investment that the Government are putting into schools in my hon. Friend's constituency. I am very happy to discuss further with him his concerns about the current plans, if he needs to reflect them on his constituents' behalf.

Teacher Recruitment

4. **Simon Hughes** (North Southwark and Bermondsey) (LD): What steps he has taken to recruit more teachers of (a) mathematics, (b) science and (c) modern foreign languages. [214253]

The Minister for Schools and Learners (Jim Knight): There are significant financial incentives for students taking a postgraduate certificate of education in priority subjects and courses to improve subject knowledge in mathematics, physics and chemistry. Transition to Teaching will encourage more career changers to teach mathematics, science and information and communications technology. Teach First's expansion will allow more top graduates the opportunity to teach shortage subjects in challenging schools. We have trained 4,000 new primary teachers with a languages specialism to support the development of language teaching in primary schools, which is expanding fast.

Simon Hughes: That is a good general answer, but the Minister will know that a report published today states that we have a reduction by more than a quarter of applicants for teacher training in physics. We know that about 25 per cent. more physics teachers are already leaving the profession than are joining, that a quarter of all state schools have no qualified physics teacher, and that in the inner cities half have no such teacher. Is the only answer in the short and medium term that schools should now recruit abroad for the specialist teachers whom we need?

Jim Knight: I have seen the claims made by Professor Smithers this morning regarding the shortage of physics teachers. The combination of the higher bursary of £9,000 and a £5,000 golden hello when people start teaching will certainly help. The expansion—the doubling—of Teach First over the next five years, announced by the Prime Minister last week, will add to that. The £140 million investment in science, technology, engineering and maths, and the improvement that we are just starting to see in the take-up of physics A-level will be important. Over the medium to long term, I therefore certainly do not see it as a necessity for people to recruit physics teachers from abroad, but in the short term individual schools in local authorities will have to do what they need to do to ensure that we have the necessary specialisms in our classrooms.

Mr. David Chaytor (Bury, North) (Lab): On foreign language teachers, does the Minister agree that it is not just a question of financial incentives, and that we have a much bigger cultural problem? As long as our national debate is dominated by anti-European and anti-foreigner sentiments—driven, it has to be said, by the Conservative party—there will always be a difficulty in recruiting modern foreign language teachers.

Jim Knight: We are focused on reducing the decline in language learning in secondary schools, which is why I was particularly pleased that on Thursday, we were able to publish statistics showing that the take-up of primary school pupils studying a language has gone up from 70 per cent. last year to 84 per cent. The figure was only 44 per cent. in 2002, so we are starting to make progress with younger children, who more easily take to learning a language, as part of addressing a decline over a number of years at secondary level.

Such attitudes towards Europeans and other foreigners have, I hope, been compensated for by the excellent football that we have seen in the past couple of weeks in the European championship, and by people in all our communities joining other Europeans who live among us in celebrating their various teams. I was very pleased to see the result last night.

Mr. Nick Gibb (Bognor Regis and Littlehampton) (Con): Does the Minister accept, however, the basic premise of today's report from the university of Buckingham on the supply of science and physics teachers, referred to by the hon. Member for North Southwark and Bermondsey (Simon Hughes): that the drive in schools towards general science at the expense of the three separate sciences—biology, chemistry and physics—is the underlying cause of the 10-year decline in the numbers taking A-level physics, which have fallen from 29,000 in 1997 to 24,000 last year? Only a quarter of comprehensive schools teach the three separate sciences. Does he agree with us that every child should be entitled to study the three separate sciences to GCSE, regardless of his or her performance at key stage 3 and regardless of the idiosyncrasies of particular school governing bodies?

Jim Knight: We certainly want every child who achieves level 6 in science at key stage 3 to be able to study the three separate sciences as an entitlement, and we are working with schools with science specialisms to deliver that. I am pleased that we are beginning to see an improvement in the numbers taking and achieving A-level physics, as well as maths and further maths, which are so closely allied to the study of physics. That is reversing the long-term trend away from science. My hon. Friend the Member for Bury, North (Mr. Chaytor) mentioned an anti-foreigner culture: well, there is certainly an anti-science culture in much of our media. We need to address that head on and, perhaps through the science diploma, show people the exciting routes into a range of jobs that require maths and physics. For example, if people want to design computer games, they need A-level physics.

National Schools Challenge

5. **Barbara Keeley** (Worsley) (Lab): How many schools in Worsley are taking part in the national schools challenge. [214254]

The Minister for Children, Young People and Families (Beverley Hughes): There are two schools in Worsley where fewer than 30 per cent. of pupils achieved five or more A* to C GCSE grades, including both English and mathematics, and are therefore part of the national challenge. The schools are already receiving bespoke support from the Greater Manchester challenge, which is aligned with the national challenge, to help them achieve this target by 2011 at the latest.

Barbara Keeley: Harrop Fold school in my constituency was already tackling the challenges, because attainment in maths on entry was only 24 per cent., compared with 48 per cent. in English, so it knew that it had some work to do. Under the excellent head teacher, Antony Edkins, it has had maths weekends, a weekly power hour and other super-learning days. Can the Minister assure me that the Government will do what they can to encourage and support schools in that situation as they work hard to meet the targets that have been set?

Beverley Hughes: Like my hon. Friend, I welcome the improvements being made at Harrop Fold school, thanks to the hard work of the staff, the pupils and the parents. As she said, the results for those achieving five A* to C grades have improved significantly, from 24 per cent. to 47 per cent. Improvements in English and maths are still needed, but from what I know of the school I am confident that we will see even better results this summer and beyond. Certainly the Greater Manchester challenge will provide the school with the dedicated support that it needs to continue that upward trend.

Jeff Ennis (Barnsley, East and Mexborough) (Lab): Many schools in challenging circumstances in Worsley and elsewhere are already offering students a mix of courses, including GCSEs and BTEC vocational courses.

How will schools that are adopting that strategy be affected by the national schools challenge? I have concerns about that.

Beverley Hughes: We intend that the national challenge will give schools the opportunity to assess and diagnose, with expert assistance, the particular issues for each school. They will then be assisted in putting in place a package of support to address those issues. Schools that are trying to provide a wide range of options will get the support they need and BTEC courses will count as part of the challenge.

Secondary School Standards

6. **Ms Dari Taylor** (Stockton, South) (Lab): What plans he has to raise secondary school standards in Stockton, South constituency. [214255]

The Secretary of State for Children, Schools and Families (Ed Balls): Secondary school standards have risen since 1997 and I am pleased to say that progress in Stockton, South has exceeded national rates of progress. The national challenge programme will ensure that, by 2011, every school will have at least 30 per cent. of its pupils achieving five or more GCSEs, including English and mathematics. That will include Thornaby community school in my hon. Friend's constituency.

Ms Taylor: I am grateful for my right hon. Friend's confidence and for his statement about Thornaby community school. My right hon. Friend met the school's competent and professional head teacher and deputy head teacher. My concern is about how, and in what way, they will benefit from the challenge fund. Will parents be included in whatever support level we could see being delivered? Most particularly, will the quality of teaching supply staff be affected?

Ed Balls: I enjoyed very much our meeting with Mrs. Russell-Bond, the head teacher at Thornaby community school. The school has seen its results for those with five GCSEs go from 28 per cent. to 39 per cent. in just one year, and the number including English and maths has gone from 12 per cent. to 18 per cent. I was impressed by her commitment and drive. I am sure that the school can get there, but she also made it clear to us that it will need extra help. Our £400 million is available to provide support for schools, including specialist teaching and learning support, but that support needs to be tailored to the context of the school. That is why, in the coming months, it is important that local authorities and schools, with our Department, work hard to ensure that schools get the support they need. We have also said that governing bodies and parents should be consulted. Our aim is to ensure that schools get the support that they need so that every parent can have a good school in their local area. We will support schools to meet that challenge.

Sure Start

8. **Mr. Adam Holloway** (Gravesham) (Con): What recent assessment he has made of the progress of the Sure Start programme. [214257]

The Minister for Children, Young People and Families (Beverley Hughes): In March this year my Department published the latest findings from our rigorous national Sure Start evaluation. The report highlighted that living in a Sure Start local programme area is associated with a number of positive outcomes. Children living in those areas exhibited more positive social behaviour and greater independence and self-regulation, while parents made greater use of support services, exhibited less negative parenting and provided a better home learning environment.

Mr. Holloway: Some childminders say that they want to provide home from home care but that they do not want to get completely bogged down in paperwork. What would the Minister say to them about that?

Beverley Hughes: That is rather remote from a question on Sure Start programmes, but none the less I shall try to make the links for the hon. Gentleman. It is very important that whatever setting a child is in—whether they are with a childminder, in a Sure Start centre, in a nursery, in a maintained school or in the reception class—parents and children can be assured of the highest-quality provision. That is why, through the early years foundation stage and a number of other measures, which include a great deal more training for childminders and the establishment of local childminding networks, we are supporting all childminders in doing what the best childminders are already doing—providing a caring but positive learning environment for young children.

Ms Karen Buck (Regent's Park and Kensington, North) (Lab): With new children's centres shortly opening in my constituency, may I say how much I welcome the Government's investment in Sure Start, even though, sadly, the Conservative local authority is always quick to claim the credit for the investment from the Government? Is my right hon. Friend aware that the mainstreaming of Sure Start, although it is to be welcomed in many ways, has led to some concern about a marginalisation of the role of the voluntary sector and parents? Will she look again at the guidance to local authorities on Sure Start to ensure that parents and voluntary organisations are in the leading position and are steering Sure Start delivery?

Beverley Hughes: I thank my hon. Friend for her question. She is quite right about some Conservative councillors. Indeed, some Conservative Members are still rather ambivalent about Sure Start. I was hoping to get the opportunity to thank the hon. Member for Gravesham (Mr. Holloway) for the praise for Sure Start on his website, which I welcome very much. As my hon. Friend said, some councils are quick to claim the credit although they are not necessarily supportive in practice.

I have made it clear that I want all local authorities to work closely with the voluntary sector. I am pleased to say that about 74 per cent. of children's centres involve the voluntary sector in some way. We think that about 58 per cent. of centres have their child care provision run by the voluntary sector. Some local authorities, at least, are paying heed to that. I want to see more, because I think that the voluntary sector has an important role to play.

Mrs. Maria Miller (Basingstoke) (Con): Sure Start should be uniquely placed to help to support our country's most deprived children. That is why the Opposition

support it. The Government's new departmental report, which perhaps has slightly more up-to-date information than that referred to by the Minister, shows that after spending £10 billion they have completely failed to reduce the achievement gap endured by children in the most deprived areas. Does the Minister not agree that Sure Start has to start delivering for the families and children who are most in need? Will she start by agreeing that outreach should be led by health visitors and reverse her announcement about cutting outreach levels in the most deprived areas by a third?

Beverley Hughes: We have been around this course before with the hon. Lady, and she is completely wrong. We have doubled the funding to ensure that in disadvantaged areas there will be two outreach workers in every children's centre. We are also revising and publishing guidance, because there is a great lack of clarity about what outreach should be and how best to provide it. Some health visitors provide it very well, but there is a role for other people to do that outreach work, particularly in the voluntary sector, as I have said. For many families—and particularly people who do not find it easy initially to take up services or be associated with them—there is less stigma attached to a voluntary sector worker visiting their home and trying to encourage them to join in.

We are absolutely determined that the Sure Start programme should make the most difference to the most disadvantaged children. That is why we have given local authorities the duty to close the gap to which the hon. Lady referred. I hope that she will support us when we ask local authorities to collect data on what is happening with young children, to support the early years foundation stage. That is how we will make the necessary difference for the most disadvantaged children.

Hilary Armstrong (North-West Durham) (Lab): I congratulate my right hon. Friend and the Government on the improvements that are clearly coming through as a result of Sure Start. Does she agree that much of that improvement is down to more systematic and rigorous intervention with the most disadvantaged, so that they are brought to a level at which they really do stand a chance? Will she perhaps outline to the House just how the Government intend to develop that progress and roll it out in future?

Beverley Hughes: I agree completely with my right hon. Friend, who has done much to promote services for the youngest children, children generally and families. The Sure Start programme is just one of an array of measures. As she rightly says, the focus has to be on early intervention and prevention, so that we not only provide an excellent quality of environment for the child, but work closely with parents to help them improve their parenting skills—that includes fathers as well as mothers. Those are all ways in which we want to develop the Sure Start programme progressively over time, making sure that quality, outreach, support for parents and improving parenting skills are part of an early intervention approach.

Singing

9. **Mr. Robert Flello** (Stoke-on-Trent, South) (Lab): What plans he has to increase provision for singing in schools. [214258]

The Parliamentary Under-Secretary of State for Children, Schools and Families (Kevin Brennan) *rose*—

Tim Loughton (East Worthing and Shoreham) (Con): He is going to sing the answer.

Kevin Brennan: I will turn down the hon. Gentleman's invitation.

We want all children of primary school age to have the opportunity to engage in quality singing, and we are investing £40 million in Sing Up, the national singing programme spearheaded by Howard Goodall, our singing ambassador. Our aim is that by 2011 singing will be an integral part of the culture of every primary school in the country. Since the launch in November, 17,000 adults have received training directly through Sing Up, some 10,000 schools have signed up to the Sing Up website, which already contains more than 150 songs, and 100,000 children have experienced singing activity. I recommend the programme's magazine to Opposition Members. This morning, we were happy to greet pupils of St. Matthew's primary school, Westminster, who sang for us in the Department on our first birthday.

Mr. Flello: I am grateful to my hon. Friend for that answer. In Stoke-on-Trent, City Songbirds does a fantastic job, working with more than 500 young people across 24 schools. It uses song to help children develop key skills such as listening and self-confidence, as well as giving them the opportunity to use their voices and show their talent. Will my right hon. and hon. Friends join me in congratulating Stoke-on-Trent city council—it is unusual for me to say that—on its work with City Songbirds, as well as the City Songbirds' hard-working staff and dedicated volunteers, and indeed the songbirds themselves?

Kevin Brennan: Yes, I should like to take this opportunity to congratulate everybody in Stoke who works on the project. I know that my hon. Friend recently attended a concert given by City Songbirds, which is a locally funded programme. We very much hope that the national Sing Up programme that I mentioned will help to maintain and build on the momentum behind singing in Stoke's schools. I would also like to take this opportunity to wish my daughter good luck in her school musical tonight.

Sir Nicholas Winterton (Macclesfield) (Con): Well done to the Minister. On Saturday night I attended a concert organised by the Macclesfield and district lions club, in aid of the Stroke Association and SightFirst, the club's own charity. Part of the programme was presented by the young children of the Prestbury Church of England primary school. They were wonderful. Young boys and girls came together to sing in the most delightful way. The programme was hugely well received by the big audience. What is the Minister doing to ensure that there are enough music and singing teachers available to ensure that standard of singing and music, which is so important?

Kevin Brennan: I presume that they sang "Supercalifragilisticexpialidocious" if they sang in the most delightful way, as the hon. Gentleman said. We are investing £332 million in music education from 2007 to

2011, including £40 million specifically for the Sing Up programme, which includes the training of teachers to help children to learn and experience the joys of singing.

David Taylor (North-West Leicestershire) (Lab/Co-op): I have the privilege of serving as the president of the Coalville festival of music, which every year organises a competition, including a category for school choirs, which Hugglescote school won this year. Is that not a way ahead: to encourage more competition in the locality to produce more singers at primary school level? For an appropriate answer to my question, I am quite happy to provide the Minister with a tenor.

Kevin Brennan: My hon. Friend and I do not always sing from the same song sheet, but—

Michael Gove (Surrey Heath) (Con): You are in harmony.

Kevin Brennan: On this occasion we are in harmony, as the hon. Gentleman says.

I agree that competition has its place, but it is not the only thing that we should worry about. Coming from south Wales as I do, I might add that the Eisteddfod provides a good model; perhaps it could be copied more in England.

Angela Watkinson (Upminster) (Con): I welcome the Minister's encouraging words and invite him to congratulate Havering music school, which nurtures musical talent among the borough's pupils, on including the category of voice in its annual competition, so that singers have an equal chance with players of musical instruments to become Havering musician of the year.

Kevin Brennan: That is a wonderful initiative, and I will not try the House's patience any further with more puns.

National Schools Challenge

10. **Helen Jones** (Warrington, North) (Lab): What support will be available to schools included in the national schools challenge; and if he will make a statement. [214259]

The Secretary of State for Children, Schools and Families (Ed Balls): We are investing £400 million in the national challenge in the next three years. All schools will benefit from an adviser and special tailored support. We will also be able to fund an additional 70 academies and national challenge trusts for schools most at risk of missing the target. Funding for schools needs to meet the individual circumstances of the school and will be discussed with my Department and the local authority in the coming weeks.

Helen Jones: I am grateful to my right hon. Friend for that answer, but can he reassure me that his Department will carefully scrutinise the plans produced by local authorities and keep monitoring them to make sure that that level of support continues, and not allow authorities to hide behind saying, as officers told me last week, that their overall results are very good, thereby ignoring huge educational disparities across the borough?

Ed Balls: I can give my hon. Friend that assurance. The national challenge is a challenge school by school. We are determined to make sure that every school gets the support that it needs, and we are asking local authorities to submit plans which we will scrutinise in detail in the coming weeks. This is a challenge for individual schools, but it is also a challenge for local authorities around the country. It is important that they play their part to make sure that we meet the challenge. We have made it clear that, where we do not get satisfactory plans and engagement, we will go back to those local authorities with advice and support. In the end, however, we will take action if we do not think that there is sufficient engagement. I hope that that is not what happens in Warrington and that we can move forward together.

Annette Brooke (Mid-Dorset and North Poole) (LD): In what ways can the Secretary of State encourage grammar schools to support secondary modern schools in the same local authority if those secondary modern schools, not surprisingly, happen to have fallen into the national schools challenge? If a grammar school has trust status, would that present any obstacles to that support?

Ed Balls: Trust status will prove no obstacle at all. About 40 per cent. of secondary moderns are in that category, which means that 60 per cent. are not. For that 40 per cent., we will give extra support and help. Teaming up with another secondary modern is often the best way to get help and support, but if that can be done in partnership with grammar schools, it will be welcomed by the Department. Indeed, it has already happened in Kent, where the Skinners school is working closely, and teaming up with Tunbridge Wells high school precisely to drive up standards and to use best practice and learning and support between the two schools.

We are clear that if grammar schools can play that role they will have our full support. What we do not support is there being more grammar schools. That is something on which I can make a commitment but the Opposition cannot at this time.

Training

12. **Mr. Adrian Bailey** (West Bromwich, West) (Lab/Co-op): How many 16 and 17-year-olds in Sandwell are in education or work-based training. [214261]

The Minister for Children, Young People and Families (Beverley Hughes): The most recent estimates of education and work-based learning at the local authority level relate to the end of 2006, when in Sandwell 80 per cent. of 16 and 17-year-olds were participating in education and in work-based learning.

Mr. Bailey: I thank the Minister for her reply. In 2006, a relatively high number of young people not in education, employment or training—NEETs—were identified in Sandwell. Will the Minister tell us just what is being done to tackle that problem?

Beverley Hughes: In addition to the national figures, we also produce local estimates from Connexions data, and the latest data show that the proportion of young

people who are NEETs in Sandwell fell from the 2006 figures that I mentioned to 12.3 per cent. in 2007. The fall is a result of the September guarantee and a raft of other measures. We are working on them with Sandwell and with a number of other local authorities to reduce the NEET figures, and the measures are showing results. The national figures for 2007, which we released this month, show the highest ever proportion of young people aged 16 to 18 participating in education or training and the lowest proportion of NEETs for some eight years. I expect Sandwell's 2007 confirmed results to reflect those very welcome trends.

Topical Questions

T1. [214239] **Norman Baker** (Lewes) (LD): If the Secretary of State will make a statement on his departmental responsibilities.

The Secretary of State for Children, Schools and Families (Ed Balls): My right hon. Friend the Minister for Children, Young People and Families has today issued a written statement on the early years foundation stage. In that statement, she has asked Sir Jim Rose to review the literacy goals for five-year-olds as part of his review of the primary curriculum. The small number of parents and child care workers who feel that some specific parts of the EYFS are incompatible with their philosophy will now be able to apply for a time-limited exemption ahead of a review of all early years foundation stages in 2010.

The Minister for Schools and Learners has also issued a written statement today, in which he set out a further package of support for the delivery of our new diplomas, including £23 million to help pupils from rural schools to travel in order to access diplomas, and to provide fair arrangements between independent schools and other schools, colleges and local authorities in consortiums.

I am also pleased to announce that as we take forward our three general diplomas in science, the humanities and languages, about 40 employers have already engaged with them, including AstraZeneca, ITN, G & J Seddon, Lovell, Kier Group, the Association of the British Pharmaceutical Industry, the national health service, the Eden Project and the Victoria and Albert museum.

Finally, today I placed in the Library a copy of a letter that I sent to the Community Security Trust after it raised concerns that Jewish schools are finding it more difficult than they should to access capital funding for security. In that letter, I confirmed that if the trust can provide evidence that the current system is not working, I shall consider whether there is a case for a different system of central or targeted funding, so that all parents can know that their children are safe at school.

Norman Baker: In one instance in a school in my constituency, a little girl who fell over and injured herself in the playground was clearly distressed, but the teacher felt unable to put her arm around her and comfort her as she would have liked to have done. In a second instance, a disruptive pupil went under a desk, disrupting the class entirely, but the teacher did not feel able to intervene until one of the parents had been summoned, which took a couple of hours. Is it not time that we had some common sense in our schools, that we gave some support to our teachers and that we stopped the effective ban on teachers ever touching children?

Ed Balls: The common-sense thing would be for the hon. Gentleman to advise that school that there is no reason at all not to provide such comfort and support—whether the issue is about reasonable restraint or comfort. Of course teachers should be comforting children. Rather than raise the matter with me, the hon. Gentleman should go back to the school and tell its staff that they should have given that comfort and that they should do so in future.

T5. [214244] **Ben Chapman** (Wirral, South) (Lab): Given that citizenship education has the power to tackle issues such as diversity, shared values, ethnicity and community cohesion, is the Minister content that Ofsted's previously expressed worries have been addressed, that its recommendations for better citizenship education have been put into effect and that the issue is being addressed within and without the classroom?

The Minister for Schools and Learners (Jim Knight): My hon. Friend will be aware that we asked Sir Keith Ajegbo to carry out a review of citizenship education, and we are implementing the outcome of that review to improve the standard of citizenship teaching and learning. My hon. Friend will be pleased to know that last week was "Who do we think we are?" week, which was an opportunity for more than 500 schools across the country to explore their roots and to celebrate them collectively, as recommended by Sir Keith. I visited excellent examples of that in Bradford, at Guru Nanak secondary school in west London, and when I went back to my very first primary school, Brooklands primary school in Greenwich.

Michael Gove (Surrey Heath) (Con): The Government are reducing the amount of literature in GCSE English so that it makes up only 20 per cent. of the examination. One of the questions in the 2006 GCSE English exam was:

"Describe the room you're sitting in."

The chief examiner of GCSE English decreed that pupils who began their answer with a swear word—"Expletive off"—should get 7.5 per cent. of the available marks. If they added an exclamation mark, they would get 11 per cent. Does the Secretary of State believe that we drive up standards in English by downgrading the importance of literature and rewarding the use of bad language?

Ed Balls: It is clear to me that in this particular case the exam board, AQA, and the Joint Council for Qualifications have already responded by saying that examiners are required to report the use of "inappropriate" material in exam papers and that that could lead to a loss of marks or disqualification. The report that the hon. Gentleman read may have been wrong. Of course it is important that we have creativity in our curriculum, but it does not need to go that far. The people at the Qualifications and Curriculum Authority board and Ofqual are there to mark the exams and then drive up standards. It is for them to ensure not only that the proper standards are in place but that there is proper monitoring of examinations and boards. In this case,

the QCA board made it clear that this was inappropriate and would be marked down, so I think that the hon. Gentleman has got his facts wrong.

Michael Gove: I am grateful for that qualification and for that rebuke to the chief examiner, who has been quoted today. It is also interesting that the use of such language is considered creative by a Government Minister.

In this year's key stage 3 science examination, pupils were asked the following questions: if a star-shaped fossil is found, could it be the remains of a snail, a slug, a ladybird or a starfish?; where does the power come from for a solar-powered mole scarer?; and what part of the rider's anatomy does a riding hat protect? Given that it is possible to secure a good pass—a level 5—in key stage 3 examinations having got just one third of the answers correct, is the Minister satisfied that he is providing a rigorous scientific education for 14-year-olds?

Ed Balls: We are entirely clear that we are providing a rigorous system of examinations. Standards are rising because we have the best teachers we have ever had, and we can give that assurance because we have Ofqual in place to ensure that standards are being raised in a consistent way across the country. The questions that the hon. Gentleman mentions are very interesting, but I have no more idea what the answers are than he does—perhaps we should discuss that afterwards.

T6. [214245] **Tom Levitt** (High Peak) (Lab): Thornsett school is a splendid small primary school in my constituency. We have recently managed to get Derbyshire county council to place it on the list of schools that are due for replacement, but it was quite a job to get it on the list, because although it has inadequate staff facilities, very poor access up steep steps on to the road, and half the playground taken up by a temporary classroom, we are advised that it does not meet other criteria on the Department's list. Will my hon. Friend look sympathetically at the Derbyshire list, particularly as regards Thornsett school, whose Victorian buildings need replacing?

Jim Knight: I will certainly look sympathetically, in so far as I am asked to, at the local authority's plans in respect of Thornsett. I am looking forward to visiting my hon. Friend's constituency, at his insistence, later this month, when perhaps I can discuss it a little further.

T2. [214240] **Mr. Henry Bellingham** (North-West Norfolk) (Con): Further to the question asked by my hon. Friend the Member for Surrey Heath (Michael Gove), does the Secretary of State believe that pupils should be awarded marks for writing expletives on exam papers? Did he see the article in *The Times* that found that pupils were being rewarded in exams for writing obscenities? It said:

"One pupil who wrote 'f*** off' was given marks for accurate spelling and conveying a meaning successfully."

Is that not a complete farce?

Ed Balls: As I made clear, it is possible to be marked down for expletives, as well as for not listening in class. It is pretty clear that that is what the hon. Gentleman has been doing, because I answered that question a moment ago.

T7. [214246] **Ms Katy Clark** (North Ayrshire and Arran) (Lab): My hon. Friend will be aware that in the past decade 64 teenagers have died in the workplace and there have been nearly 15,000 injuries. Could he outline what his Department is doing to ensure that health and safety are taught in the workplace and we can reduce the number of avoidable injuries and deaths?

Jim Knight: I am grateful to my hon. Friend for her question. In 2002, the Department issued guidance to schools in England on the teaching of health and safety in school as part of personal, social and health education. We are looking to deepen the quality of the teaching in that subject through a new PSHE subject association. Where appropriate, health and safety are taught in other subjects, such as science, in the context of carrying out experiments.

Mr. David Laws (Yeovil) (LD): I invite the Secretary of State to congratulate his predecessor, the right hon. Member for Kingston upon Hull, West and Hessle (Alan Johnson), who is now Health Secretary, on his remarkable wisdom and foresight in March 2007, when he predicted that the new diploma system could go horribly wrong. Now that the Health Secretary has been proved right, will the Secretary of State for Children, Schools and Families consider scrapping the complex 17 diploma system, which is clearly not working effectively? Will he consider replacing it with a general diploma that will build on existing qualifications?

Ed Balls: It is the hon. Gentleman who has got it horribly wrong. That was not what was said by my right hon. Friend, if I remember correctly. The fact is that our diploma programme is going from strength to strength, and we will continue to take it forward. The vice-president of AstraZeneca said just today:

"We believe strongly that the Diploma's ethos of applied learning, far from being a distraction as the CBI suggests, will in fact have a real and positive effect in boosting the numbers of young people studying key subjects like science and languages".

There is another very important quote:

"An over-arching diploma which brings together academic and vocational training into one single diploma which we support...I think would help end this historic gap and this deeply damaging gap between academic qualifications and vocational training."

I agree with the shadow Chancellor; it is a pity that the shadow Secretary of State does not.

Dr. Stephen Ladyman (South Thanet) (Lab): There was a great deal of anger in my constituency when the local media portrayed eight of our local secondary schools as falling short of the national school challenge target. In a selective area, where 25 per cent. of the kids are creamed off and sent to grammar schools, it is extremely difficult to meet that target, no matter how good a school is. Will my right hon. Friend give the head teachers involved an assurance that when the time for judgment comes, they will be judged on added value and the quality of teaching in those schools?

Ed Balls: My hon. Friend is quite right. Many high-performing schools that are in the national challenge category will get through the 30 per cent. threshold comfortably. They have our full support, but they are not failing schools at all. It is true that secondary

moderns face greater challenges, which is why they need extra support. I have said that we will give extra support to secondary moderns to ensure that they overcome the extra barriers they face because of selection. It is also true that the majority of secondary modern schools are already above the 30 per cent. threshold. We will work with them, use their experience and expertise and, in some cases, partner them with other national challenge schools so that we can ensure that every school and every child gets what every parent wants—a good local school. We will ensure that the extra support is there, and that schools have our full support.

T3. [214241] **John Barrett** (Edinburgh, West) (LD): The Secretary of State may be aware that 15 October is global hand-washing day. Given that effective hand-washing has proved to be the most effective prevention of the spread of many infections and diseases, what is his Department doing to mark the day and to ensure that effective hand-washing practices are implemented in the home and at school?

Ed Balls: As part of my departmental duties involving child safety, on Friday I visited the burns unit at Pinderfields hospital in my constituency, to celebrate the 60th anniversary of the NHS. I am pleased to say that I washed my hands on the way in, while I was on the ward and on the way out—at least three different times. This Department is hand-washing to ensure that we tackle any problems of lack of hygiene in wards, so that children are safe from burns in my constituency, and in constituencies throughout the country.

Anne Moffat (East Lothian) (Lab): May I ask my right hon. Friend what plans there are to increase apprenticeships for 16 and 17-year-olds? Surely that group of young people will be the lifeblood of the future of our skilled work force.

The Minister for Children, Young People and Families (Beverley Hughes): I agree with that. We announced in our document "World-class Apprenticeships" our plans to improve the quality and expand the number and range of apprenticeships for young people. We are introducing an entitlement to an apprenticeship place for all suitably qualified young people who want one, and our ambition is that one in five of all young people will be an apprentice. The expansion of apprenticeships will support our plans to raise the age of participation in learning, so it is a very important part of our planning.

T4. [214243] **Mr. Mark Lancaster** (North-East Milton Keynes) (Con): Shortly before the last general election the Prime Minister, who was then the Chancellor, visited Walton high school in my constituency to bask in the reflected glory of a successful, expanding school. The Government claim to support such schools with demand-led funding via the Learning and Skills Council. However, Walton high wants to educate 360 pupils next year but has just been told that it will get funding for only 300. It has the demand, so why not the funding?

Jim Knight: I am sure that the hon. Gentleman will take up that issue with Milton Keynes council, which is responsible for school place planning in his constituency. In the past few weeks, we have awarded an extra £28 million of capital funding to Milton Keynes council as part of the basic need safety valve, to cope with the expansion of demand in Milton Keynes. I hope that the Liberals on the council will engage with the hon. Gentleman and deliver on the needs of his constituents.

T8. [214247] **Dr. Vincent Cable** (Twickenham) (LD): Will the Minister confirm that when the Government make high-profile pronouncements on new capital funding, a large number of councils on the grant floor are excluded from the programme because they are restricted to supported borrowing, which does not carry with it supported revenue?

Jim Knight: There are some technical issues in relation to that matter. We have come to expect the hon. Gentleman to raise such technical matters. The big picture should not be forgotten: that we have increased tenfold in real terms the amount of money that we are delegating to local authorities to spend on schools capital, even in Richmond upon Thames, and all to the benefit of his constituents.

NHS Next Stage Review

3.31 pm

The Secretary of State for Health (Alan Johnson): With permission, I would like to make a statement on the final report of the NHS next stage review and the first NHS constitution. Before I do, I should like to pay tribute to my noble Friend Lord Darzi of Denham, who has led the process. He has done so magnificently, bringing to bear his invaluable professional experience and expertise. I thank him and the thousands of front-line clinicians who have shaped and formed the conclusions of his review.

As we celebrate the 60th anniversary of the NHS this week, it is befitting that we should acknowledge its successes, secure its strengths and chart a path for its future. Created by fraternity to take the place of fear, the founding principle of the NHS was as clear as it has been enduring: that access to health care should be determined by clinical need rather than the ability to pay. The NHS has been a friend to millions, sharing their joy and comforting their sorrow. Today, the service sees or treats a million people every 36 hours, eight out of 10 people see their family doctor every year and a million more operations a year are performed than 10 years ago.

Then, the NHS was suffering from chronic under-investment. The challenges were too few doctors and nurses, poor equipment and crumbling infrastructure. Patients waited months, if not years, for treatment; waited weeks, not days, to see their GP; and measured their time waiting in accident and emergency in days and nights rather than in hours. A service whose promise was fair access for all had witnessed patients dying before they could even receive its care.

This Government resuscitated the NHS and reaffirmed its principles. Today, patients wait no more than four hours in accident and emergency, and by the end of the year they will be able to go from referral by their GP to treatment—with all the diagnostic tests in between—in no more than 18 weeks, and normally in nine. There have been considerable improvements in the quality of care received by patients and delivered by NHS staff. The improvements for cancer and heart disease alone have saved nearly a quarter of a million lives in the past 11 years. The NHS is now able to deliver the highest quality of care in many medical disciplines and settings.

The report published today heralds the next stage for the NHS: to deliver the highest quality care for all. It is underpinned by the service's first constitution, which will empower patients by clearly articulating their many rights, bringing transparency to decision making, and securing its founding principles for generations to come.

The review has been led by front-line clinicians in every NHS region. Seventy-four local clinical working groups, made up of some 2,000 doctors, nurses and other staff working in health and social care organisations, have developed improved models of care for their communities, from maternity and new-born to end-of-life. They are based firmly on the best available clinical evidence and extensive engagement to ensure that they reflect the needs and preferences of local people.

In common with all health systems around the globe, the NHS faces some significant challenges: ever higher expectations; greater demand driven by demographics; the transformational power of better information; the changing nature of disease and treatment; and rising expectations of the health workplace. The report puts the NHS on the front foot, seizing the opportunities that those challenges present, rather than simply reacting to their consequences.

Meeting those challenges demands that the NHS do more to help people stay healthy and to give them more information, choice and control over their health and health care. Every primary care trust will now commission comprehensive well-being and prevention services to meet the specific needs of their local populations.

Preventing vascular conditions such as diabetes, stroke and coronary heart disease has the potential to save thousands of lives. Today, some 4.5 million people are afflicted by vascular conditions, accounting for more than 170,000 deaths every year. We will launch a new Reduce Your Risk campaign to raise awareness and understanding as a precursor to the national vascular screening programme for everyone aged 40 to 74 that will begin next year.

Improving the health of individuals and families will become an increasing focus for GPs. We will work with professionals and patient groups to improve the world-leading quality and outcomes framework to develop better incentives for maintaining good health as well as providing good care.

As much as the NHS will do more to help people to stay healthy, it will also become a service that responds more rapidly and effectively to the people who use it. Patients will be given more rights and control over their health and care. They will have greater choice of GP practices, with better information to make the best choices for themselves and their families. That will be delivered by a fairer funding system that gives better rewards to GPs who provide responsive, accessible and high-quality services. Choice will not simply be a policy of Government but a right secured for all through the first NHS constitution.

The constitution will guarantee patients access to drugs and treatments approved by the National Institute for Health and Clinical Excellence. We will give greater support to NICE to increase the speed of its appraisals process so that new guidance is consistently issued more quickly. Primary care trusts will have a new duty to provide transparency in their decisions and clear explanations to the public. Those measures proclaim an end to the postcode lottery in NICE-approved drugs and treatments.

The rights will be accompanied by more personal control for patients, harnessing their ingenuity to improve their health and care. Every patient with a long-term condition will be offered a personalised care plan, jointly agreed by the patient and a named professional, so that services are organised around the needs of individuals. For the first time, we will pilot personal health budgets that give individuals and families the fullest control over their care.

All the measures announced here today are designed to improve the quality of care that patients receive. It is essential that quality is understood from a patient's perspective. The measures pay regard to experiences as much as effectiveness, with safety as a given. Patients want to be treated in environments that are safe and

[Alan Johnson]

clean, and to be shown respect and regard, compassion and kindness. The highest clinical quality can be undermined by letting the simple things slip.

We must have an unwavering, unrelenting and unprecedented focus on quality. Our approach will be dedicated and disciplined, putting quality at the heart of everything that the NHS does. We will begin by bringing clarity to quality, ending the daunting and frustrating confusion that is caused by the morass of standards. NICE will be transformed to select the best available standards, fill the gaps and establish a new NHS evidence service, which will ensure that best practice readily flows to the front line.

We can only be sure to improve what we can measure. Information can unlock local innovation by showing clinical teams where their greatest opportunities lie. We will create a national quality framework, so that every provider of NHS services systematically measures, analyses and improves its performance. Front-line teams will be supported by a new set of graphically illustrated quality measures that will inform the daily decisions that lead to improvement, known as a clinical dashboard. *[Interruption.]* I did not invent the title; clinicians did.

The power of information will be provided to the public. We will legislate so that all providers of NHS services will be required by law to publish quality accounts, just as they publish financial accounts, which will detail the quality of care that they provide for each and every service, and easy-to-understand comparative information will be made available online. For the first time, improvements to quality will be recognised and rewarded. Patients' own assessments of the success of their treatment and the quality of their experiences will have a direct impact on payments.

We will harness the expertise and experience of clinicians, to raise standards by ensuring strong clinical involvement at every level of the NHS. New medical directors will be appointed to join existing nursing directors in every NHS region. They will be supported by clinical advisory groups to sustain and support the strong clinical voice elevated through the review. Nationally, a new quality board will be formed to provide leadership, advise Ministers on top clinical priorities for standard setting and make an annual report on the state of quality in England compared with that of international peers. There will be strong safeguards for quality, with no hiding place for those who fail to get the basics right on issues such as infection. I have already announced that the Care Quality Commission will have tough new enforcement powers to tackle infections and other lapses in patient care.

Finally, we know that health care works at the edge of science, constantly creating new ways to cure and care for patients. The NHS has long been a pioneer, but too often too few NHS patients have benefited. We will create an environment in which excellence and innovation can flourish. That is why the report heralds new partnerships between the NHS, universities and industry to achieve the very best care for patients. This ambitious agenda to improve quality for patients can succeed only by unlocking the talents of the front line. We will ensure that NHS staff have the freedom to focus on quality, empowering them to improve services.

Clinicians have abilities that go beyond clinical practice alone. Our new expectations of professionalism redefine their role as practitioners, partners and leaders in and of the NHS. We will unlock clinicians' creativity and innovation, give greater responsibility for the stewardship of resources and proclaim a new obligation to lead change where the evidence shows that it will improve quality.

These noble objectives will be supported by pragmatic action. Our journey of setting the front line free from central direction will continue, our commitment to foundation trusts remains strong and we will extend similar freedoms to community services. We will free up their talents by introducing a right to request to set up a social enterprise. All primary care trusts will have an obligation to consider these requests, and staff choosing to join such organisations and continuing to care for NHS patients will be able to retain their NHS pensions.

With greater freedom will come a newly enhanced accountability. The report sets no new targets; our approach will be openness on the quality of outcomes achieved for patients, meaning accountability for the whole patient pathway, from beginning to end. NHS staff are the service's most precious asset. We will more clearly illuminate how highly we value them by making new pledges to all staff in the NHS constitution: on work and well-being; on learning and development; and on involvement and partnership. All NHS organisations will have a statutory duty to have regard to the constitution.

Furthermore, the system for education and training will be reformed by working in partnership with the professions. We will open a new chapter in our relationship with the medical profession by establishing Medical Education England. We will increase our investment in nurse preceptorships threefold, so that newly qualified nurses will be given more time to learn from their senior colleagues. We will pay higher regard to the contribution of non-clinical staff—the porters, administrators and others who are the backbone of the service—by doubling our investment in apprenticeships, and we will strengthen arrangements for learning and development so that all staff have access to the opportunities that they need to update and enhance their skills. Following today's publication of the final Next Stage Review report, we will over the course of this week publish supporting documents that set out in more detail our proposals on primary and community care, for the work force and for informatics.

Finally, let me turn to the first NHS constitution. The changes outlined by the review will improve quality, but the best of the NHS—its enduring principles and values, and its defining rights and responsibilities—must be protected for generations to come. Patients and the public should be empowered by the clear expression of their rights in relation to the NHS, and the value of staff should be fully recognised. Decision making should be transparent and accountability strengthened. It is right and proper that a national health service, funded by national taxation, should remain accountable in and to Parliament. These goals are accomplished by our draft constitution, which we will publish for consultation today.

Our proposal is to legislate so that all NHS bodies, and independent and third sector providers of NHS services, must take account of the constitution in their decisions and in their actions. The Government will be

required to renew the constitution every 10 years, involving the patients who use it, the public who fund it, and the staff who work in it. No Government will be able to erode or undo the fundamental basis of the NHS without the consent of the people's elected representatives.

Safe in the knowledge that the best of the NHS shall not perish, we will pursue our ambition to deliver the highest-quality care to all—not in some respects, not in many respects, but in all respects. On its 60th anniversary, after a decade of investment the NHS has the most talented array of staff in its history, united in their ambition. High-quality care for all is now within our reach. The report charts a path towards its achievement, and I commend it to the House.

Mr. Andrew Lansley (South Cambridgeshire) (Con): The 60th anniversary is a time to thank the staff of the service. It is a moment at which we should reiterate the values of the NHS, which command support on both sides of the House. We should also ensure that the NHS is fit for purpose in the 21st century. This is an opportunity to show vision and leadership for the NHS. It is a chance to create an NHS that is genuinely patient-centred and evidence-based.

Regrettably, however, the work of the clinical pathway groups around the country has been overlaid by a continued bureaucratic, top-down system. In place of vision, we get another list of initiatives: some old, some new, some borrowed, and quite a lot of them blue. The vision should be that we raise the quality of health care in this country so that it becomes among the best in Europe. Our cancer survival rates are below the European average, our mortality rates from heart disease and stroke are above it, and our lung disease mortality rates are truly shocking. While focusing on that vision and holding the NHS to account for patient outcomes, we must at the same time set the NHS free from distorting top-down process targets.

The Secretary of State, however, is confused. He says that there will be more outcome measurements, but no new targets—yet he clings to all the existing targets, and the policy will not work unless it is geared to outcomes. If managers are still geared to targets, they will continue to distort clinical decisions in pursuit of them. If the Secretary of State does not propose to scrap the targets, how can we believe that the outcome measurement will drive the policy? Yet he says nothing about scrapping those targets. Clearly, other parts of the Blairite agenda have been dropped, as there is nothing in the statement about practice-based commissioning, foundation trusts or independent sector treatment centres. If they are all on the back-burner and the Blairite agenda has gone, why does the Secretary of State cling to targets?

The Government have followed our lead in proposing an NHS constitution, but where in that is the incorporation of NHS values? Why have two of the NHS principles set out in the NHS plan—continuity in respect of those principles would help the NHS—gone missing, including the principle that the NHS will support and value its staff? If it is a real constitution, where are the definitions and duties of NHS bodies; and where is the operational autonomy and independent regulation so essential to a more autonomous and patient-centred service? A constitution needs to be more than a patients charter, important as such patients' rights are. If the NHS continues legally to be whatever the Secretary of State decides it is, the power will still live in the Department of Health, which is clearly what the Department of Health intends.

Will the Secretary of State look again not so much at these documents today, but at the performance regime document that he published last month? It describes strategic health authorities as

"the local headquarters of the NHS"

and it gives them power to control their areas. We can see what that means, as the Darzi review document proposed 21 new bodies at a regional level for the East of England SHA. The Secretary of State talks about local decision making, so will he stop the regionalisation of the NHS and the growth of a new regional bureaucracy on top of everything else?

The Secretary of State proposes to create Medical Education England, but he views it as an advisory body, not as the body responsible for commissioning medical education and training to meet work force needs, as agreed between health care employers and staff. The real power of commissioning is given to—guess who—the strategic health authorities. The plan claims to be bottom-up, so will the Secretary of State abandon the top-down insistence on polyclinics and let the local NHS decide how primary care services are best provided? How can the Secretary of State talk about GP access and then want to shut down local and accessible GP surgeries? Clinicians care about continuity of care, so why do the Government undermine it?

On health care-associated infections, where is the zero-tolerance strategy that patients are demanding? If the South East Coast SHA can pledge in its Darzi review that there will be no avoidable cases of hospital-acquired MRSA by 2011, why cannot others? Why are C. difficile rates in the UK 10 times those of other health economies?

Apparently, the Government are claiming that they will promote home births. How can that be so when 15 local maternity units have been closed or have lost their obstetric service and 26 more are threatened? The simple fact is that if obstetric care is taken further away, home births or birth centres simply cannot be offered.

The Secretary of State has followed our lead in a number of areas: extending personal budgets to include some patients with long-term conditions; enabling palliative care patients to choose where their care is provided; and publishing more data on outcomes reported by patients. Let us be clear about outcome measurement. Mortality rates for hip replacements are of limited value. Patient-reported outcomes need to extend to subsequent information on mobility, return to work, ability to look after oneself and absence of pain. Narrow outcome measures are only a little better than narrow targets.

The Secretary of State said nothing about public health services. Obesity, binge drinking, drug misuse and resurgent infections threaten our health and the future of the NHS. Health inequalities are widening. Improving public health is critical to long-term health outcomes and the ability of the NHS to meet demands successfully. The lack of preventive action is a scandal, yet no response in today's statement is remotely proportionate to the challenge.

The Secretary of State also now says that patients will not be subject to a postcode lottery. How often have Members heard that? Time and again. In reality, there is

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nothing new in what he announced today. It is already the case that primary care trusts should not refuse access to drugs on cost grounds alone while awaiting evaluation from NICE. If NICE approves a drug, they are already obliged to make it available within the NHS within three months. Last year, the Government promised to speed up NICE evaluations, yet today we are still among the countries with the slowest uptake of new medicines, despite being world leaders in research.

We thank all those who have contributed to the review. The local clinical work will be valuable, but we must regret the fact that the Government appear unable to recognise that quality in the NHS depends on responding to patients' needs and expectations, the exercise of choice within a competitive environment, the freedom to innovate and a focus on the importance of outcomes for patients. It does not require—indeed, it will be impeded by—top-down process targets, excessive bureaucracy, incoherent policies and a command-and-control approach.

Modern health care demands that we free the NHS to deliver outcomes and quality for patients. That is the best diamond jubilee gift we could give to the NHS.

Alan Johnson: I am very disappointed by that response, particularly as so many clinicians—not just the 2,000 who have been working with Lord Ara Darzi, but 60,000—have had an input into this. Those visions, for which today's final report from Ara Darzi is the enabling report, were developed locally, not dreamed up in a strategic health authority. The hon. Gentleman attacks it on the basis that there is too much top-down bureaucracy—

Anne Milton (Guildford) (Con): There is too much.

Alan Johnson: The hon. Lady says that there is, but this is an example of our having freed up clinicians and people working in the health service, patients and carers, the staff and the public to set out their framework for the future.

The hon. Member for South Cambridgeshire (Mr. Lansley) says that we should scrap the targets. The position of Conservative Members is that there should be no greater access to GP surgeries, no 18-week maximum wait for surgery and no maximum of four hours in A and E. He mentioned the patients charter. I have the patients charter in front of me. What does it refer to? This, after 16 years of Conservative government:

"For hip or knee replacements and cataract operations, a waiting time guarantee of 18 months"

It was signed by Baroness Bottomley in 1995. What did the Conservatives go on to say? They said:

"From April 1995, the NHS is broadening"

this

"to cover all admissions to hospital."

[Interruption.] The point is that we could have done with someone setting some targets, getting to grips with the issue, before we came into government, but that is the best that they could offer after 16 years in power—18 months of waiting.

The hon. Member for South Cambridgeshire also said that we followed the Conservative lead on the constitution. I am sorry, but I have traced this back to a Fabian pamphlet produced by my right hon. Friend who is now the Secretary of State for Culture, Media and Sport long before the ideas from the Opposition were put forward in relation to this independent NHS. They want the NHS to be a giant unelected quango—an idea that was ridiculed again this week by *The Lancet*, as well as by the King's Fund and every other organisation that has looked into it.

The hon. Gentleman then said that we should have bottom-up solutions. Polyclinics were developed in London by London clinicians, in a part of the world where 54 per cent. of GPs are either single or double-handed, where a third of all practices do not even have disabled access and where 50 per cent. of A and E cases involve people who should be in primary care.

The Opposition reject a local solution enabling GPs to come together in services that can provide diagnostics, blood tests and X-rays, or to stay in their own services while being linked through a hub-and-spoke system. It is preposterous that the Opposition should oppose a move envisaged by Bevan in 1948.

The hon. Gentleman spoke of maternity units. For the first time in 40 years, we stood up for clinicians in Manchester who said that three large neonatal specialist units were needed at the expense of four other units in the area. That will save the lives of between 30 and 40 babies a year, and will cost an extra £60 million. The Opposition were first against it and then for it, but the reconfiguring of services means that clinicians are able to say "This is how best to improve patient care". Although the Opposition's response is disappointing, it will not stop us from working with clinicians, staff, patients and carers to improve the quality of care in the NHS.

Norman Lamb (North Norfolk) (LD): I thank the Secretary of State for early sight of his statement. It contained much in terms of aspiration on which we can all agree—it refers to the pursuit of quality and prevention in health care, access to medicines and the importance of empowering patients—but the main issue is how those goals can be achieved. There was little, if anything, in the statement to suggest that the Government have learned that change cannot be dictated from Whitehall.

I was given a copy of the original leaflet informing the public about the national health service back in 1948. It contains a section about health centres, which states:

"Doctors may be accommodated there instead of in their own surgeries".

I suppose that what goes around comes around, but is not the current imposition of GP-led health centres, or polyclinics, yet more evidence that the Government have not learned that this issue cannot be approached through command and control from Whitehall?

The Secretary of State has previously acknowledged the democratic deficit and lack of accountability in the health service. He is still the only democratically accountable person in the service: nothing has changed as a result of his statement. Have they got to him, or does he still acknowledge the democratic deficit in the NHS?

We strongly agree about the need to speed up access to drugs and to speed up the NICE process, but what about all the drugs already on the market that have not been NICE-approved? It seems to me that the postcode

lottery will remain with a vengeance in the case of all the drugs that came on to the market before NICE existed. Does the report contain any proposals to examine the criteria that NICE applies in deciding whether to approve a drug? It is currently not possible to take into account the interests of carers and others in relation to dementia drugs, and despite a recommendation from the Select Committee on Health, there was nothing about that in the statement.

As for the constitution, although I endorse the case for clarity on rights and responsibilities, will patients be given legally enforceable rights or is this a "motherhood and apple pie" statement of ultimately meaningless intent? What will be done, for example, to end the scandal of the mixed-sex wards that still exist in our hospitals, particularly in the mental health sector?

I am very concerned about the lack of any reference to mental health in the statement. The Secretary of State will be aware of yesterday's devastating analysis of the state of mental health services by the new president of the Royal College of Psychiatrists. The 18-week target is absolutely irrelevant to anyone with a mental health problem. Can it be right for this to continue? Is it not bizarre that patients will have a legal right to a drug to suppress their condition, but no right to the treatment that could cure them? Surely that is ridiculous.

The statement also made no reference to tackling the health inequalities that scar our country to this day, and appear on many indices to be worsening. Is that no longer a priority for the Government? Surely if it were a priority, it would have been headlined in the statement.

The statement contained much good rhetoric—and much good new Labour rhetoric, such as the reference to a "clinical dashboard". I was, at least, relieved that the Secretary of State denied any responsibility for that ludicrous concept. The proposals have good aspirations, but also some notable and serious omissions. One is left with the sense that, when the dust has settled, nothing much of significance will change.

Alan Johnson: The hon. Gentleman at least damns the proposals with faint praise. He is wrong about dictating from Whitehall. There has been an ongoing debate about that within the NHS for 60 years. The original concept of the NHS—this was also central to the debate within the Cabinet at the time between Morrison and Bevan—was that hospitals should be taken out of the control of local municipalities and charities. Bevan's vision for the national health service was one that, in a sense, needed to be driven from the centre. I accept, as we all do, that what we are discussing today is not simply a question of providing more autonomy, but of how we do that in a system that we might describe as one of subsidiarity, in which the centre still has a responsibility through elected politicians to ensure that, for instance, waiting times and health care-acquired infections are tackled and that pay is determined centrally. What the public said time and again as we went through this process is that, in terms of health, they are not as concerned about devolving to the local level as they are about ending the postcode lottery and of having a more uniform system from the centre. That is what the debate is about.

The hon. Gentleman talked about accountability. In terms of the constitution—I think this is what he was referring to—we looked at whether we should impose greater accountability on primary care trusts. In the end, we decided that a lot is happening at the moment and we should not impose something from the centre, and I was delighted to discover that the Local Government Association—it set up a commission on which the right hon. Member for Charnwood (Mr. Dorrell), a previous Secretary of State, sat—came to the same conclusion. It said:

"On balance, further restructuring of PCT boards or changes to"

their

"responsibilities...would be an unfortunate distraction and likely to do more harm than good in the short to medium term".

We agree. That is not to say that what is happening in terms of accountability—foundation trust models, councillors sitting on the local board of the PCT—should not continue. We just should not impose something over the top from the centre.

When the hon. Gentleman reads the document, he will see that it covers some of the matters he referred to, including the clinical dashboard—which I assure him surgeons and clinicians love, so those who wish to interfere with it, do so at their peril. He mentioned health inequalities. First, it is important to mention—as Professor Michael Marmot, the world-renowned expert on this, points out—that the health of everyone in the UK has got better. If the basis had been just the health of the poorest improving in terms of life expectancy and infant mortality, we would not just be closing a 10 per cent. gap, but we would have closed the gap completely since 1997; but, quite rightly, the health of other, more prosperous, groups has improved. We published the health inequalities strategy two weeks ago. There is a reference to the minimum practice income guarantee, which is important because that militates against health inequalities.

On mental health, all the eight clinical pathways from maternity through to palliative care looked at mental health as well, and mental health also had its own group. Also, in all the 10 reports from each of the regions around the country, mental health is dealt with in terms of the right for people with long-term conditions to have a care plan, the right to get much better practice into local and community practice and the right for patients to be empowered over their own care. That applies to mental health as much as to any other form of illness.

Mr. Ronnie Campbell (Blyth Valley) (Lab): I welcome the statement, but may I ask about the polyclinics and their relationship to general practitioners? In my area, they wrote an open letter to the local newspaper criticising the polyclinics. I think they are a pretty good idea, but how are we going to get the GPs to work with the polyclinics, because many people do not realise that they are private operators within the health service?

Alan Johnson: The hon. Member for North Norfolk (Norman Lamb) mentioned the 1948 leaflet that went through every door and that said that health centres would come eventually. They never did, either through lack of funding or professional opposition. What would really help would be to get away from the deliberate misconception about these centres. The first argument is that they will all have 25 GPs. They will not—they will have about five. The second argument is that people

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will have to leave their own GP to go there. Wrong—people can go to one of the GP-led health centres and still remain registered with their GP. The third argument is that they will all be run by private companies. Obviously, there is a tendering process and we want to see quality, particularly in under-doctored areas, where we are increasing the number of GPs to provide a proper service. However, we expect the vast majority to be run by GP consortiums. Once people see that all these dreadful distortions—in part, exaggerated by the Conservative party—are just not true and that we are increasing capacity, they will see that this is a frankly long overdue increase in capacity in primary care.

Mr. Iain Duncan Smith (Chingford and Woodford Green) (Con): One reason why people in my area of Waltham Forest are very resistant to any of these new plans is that, rather like many other people, they have just survived a "fit for the future" programme that was a disaster, in which the PCT managers rode roughshod over all the public's views and attempted to close down one of their hospitals. That was stopped eventually, such was the outcry, but they remain very sceptical about this.

For example, people are told that, in north-east London, stroke centres will save lives, but we know now from clinicians that unless someone gets to a stroke centre within two hours and starts the treatment, it will have no further effect on them and they might as well be at their local hospital. Given the problem of diagnostics, is not the reality that this will not apply at all to the majority of stroke victims?

Alan Johnson: I am sometimes confused whether people want central command and control. The one consistent thing through all 10 SHA reports is the need to specialise in heart disease, stroke disease and serious traumas. Now, right across London and around the country, there is a real focus, and the stroke strategy that we published in December was probably the most widely welcomed Government health document that we have ever seen. Indeed, the hon. Member for South Cambridgeshire praised the philosophy behind it. So it is no good pretending that people will get as good stroke care in hospitals where the clinicians experience these problems only once in a blue moon. They need specialist care, and that is how we are beginning to bring down the number of deaths from strokes and to ensure that we compare favourably with all the health services in Europe.

Dr. Brian Iddon (Bolton, South-East) (Lab): Between the poorest parts of my constituency and the better-off parts of Bolton, there is 15-year mortality gap. To address that problem, Bolton PCT has just launched a major programme to screen by March next year all 45-year-olds—44,000 altogether—who have not had basic health checks recently. Will my right hon. Friend send Bolton PCT his congratulations, along with mine? In 1997, its precursor would not have had the resources that it has today to carry out such programme.

Alan Johnson: I send my congratulations to Bolton PCT. Again, here there is a mix between what is done nationally—for example, the smoke-free legislation that we introduced a year ago, which was not an easy decision to make—and the action that takes place locally. In my hon. Friend's constituency and mine, we see terrific initiatives to tackle deeply entrenched problems of health inequalities. I congratulate Bolton PCT and all the other PCTs across the country that are getting to grips with this issue.

Sir Patrick Cormack (South Staffordshire) (Con): What does the Secretary of State's statement offer in the way of hope for a more human and humane service to the cancer patient in my constituency who received the most appallingly cold and bureaucratic letter telling him that he cannot have the drug? When he wants to see a doctor in the middle of the night, someone comes and, with satellite navigation, eventually finds their way to the house but has no knowledge of the patient and little knowledge of the language. What does the statement offer that man?

Alan Johnson: The hon. Gentleman touches on some of the issues. Irrespective of what else happens in the NHS, his constituent will feel let down by it. There will always be treatments that do not go through the NICE process or are still undergoing the appraisal process. In those circumstances, it is up to the PCT to make a decision. What we say in the constitution is that a patient now has a right to a proper explanation of why a treatment has been denied. They also have the right to ensure that they are treated with dignity, respect and compassion. Those things can be measured. The press were talking about the size of a nurse's smile, but the Royal College of Nursing supports us on this because although safety and effectiveness can be measured, compassion and dignity are equally important to patients' experience. We can measure those factors through patient surveys and ensure that the quality of care improves for everybody.

Clive Efford (Eltham) (Lab): I welcome the statement and the fact that my right hon. Friend has reiterated that future Secretaries of State will remain responsible for the framework and accountable for the future of the NHS. The Opposition seem to want to do away with national targets, but can he explain how we could set a national framework without targets? Does he ever envisage a day when a Secretary of State will come to the Dispatch Box and say, "It's not my fault, mate: it's all the local people taking decisions."? What is being proposed is a free-for-all in the NHS, which is where we were in 1997, when we had an internal market that did not provide a consistent service across the country, and passports that would have taken money out of the NHS to subsidise the private sector. It is only this Government who are protecting the NHS and only a national framework that will do so.

Alan Johnson: My hon. Friend is right. Waiting times were the major concern in every survey. Patients were dying on waiting lists of more than two years. I have quoted the best that the Conservatives could do after 16 years in government—it was a disgrace. Getting hold of that situation and reducing waiting lists to an average of nine weeks—and a maximum of 18 weeks—for all the diagnostic tests and so on by the end of this year will be a major achievement. Of course we need to ensure that the NHS is clinically led and locally driven, but that does not release me as Secretary of State, or us

as a Parliament, from our responsibility for ensuring that we have a national health service providing a uniform quality of care across the country.

Mr. Kenneth Clarke (Rushcliffe) (Con): Ever since the Labour Government were converted to the principles of reform, Ministers—including the present Secretary of State—have expressed support for patient choice and competition between providers. Can the Secretary of State reassure me that he is not moving away from that by now insisting on using the words "empowerment" and "transparency", and adding a load of management consultancy jargon and the legalism of a constitution written by whoever prepared his statement for him today? If he wishes to make a reality of local patient-based services, why not just give GP practices more control over commissioning and implement practice-based budgeting? If he wants polyclinics to emerge, which they could with some benefit in London and parts of big cities where there is an obvious need for them, why does he need a centrally managed national plan to impose them—and use resources—in areas where there is not the slightest evidence of local demand or need?

Alan Johnson: For two reasons. First, for 60 years we have had the bizarre and perverse result that there are half as many GPs per head of population in the poorest areas. That is Dr. Julian Tudor Hart's inverse care law, under which the people who need the care most are least likely to get it. We are not putting up with that any more. Putting new GP services in the 25 poorest communities in the country will tackle health inequalities, and it is essential that we do that—*[Interruption.]* Opposition Members say that that would have happened anyway, but it did not happen in 60 years. Incidentally, on the second point, neither has there been a GP service that patients can access from 8 am to 8 pm, seven days a week, 365 days a year. Yes, I plead guilty to saying that we should provide the funding from the centre to ensure that that happens. It has not happened since 1948, because of either a lack of funding or professional opposition. The "Anne of Green Gables" idea that if we just hand over the money to the British Medical Association it will ensure that that change happens is, frankly, ludicrous.

My final point to the right hon. and learned Gentleman is that there is more than one word to use. We use the simple word "choice", as I hope that he will see, over and over again in the constitution. Practice-based commissioning needs to be developed further, and that is part of the review, but the real issue of choice comes down to the patients. We are introducing, for the first time, an element of the tariff that will be based on quality. That is an important development to drive quality through the system.

Mary Creagh (Wakefield) (Lab): My right hon. Friend's national vascular screening programme will be of great interest to my constituent, Kath Howitt, whose husband Glen died two years ago, very suddenly, at the tragically young age of 39 with undiagnosed high blood pressure. Will my right hon. Friend ensure that the tendering process for the new GP services will not be over-burdensome and will allow innovative social enterprises, such as Local Care Direct, which offers out-of-hours GP services in Wakefield, to increase their scale and reach? Will he ensure that the tendering process allows a level playing field and does not hinder such initiatives?

Alan Johnson: I am sorry to hear about my hon. Friend's constituent. Of course, it is crucial to have this screening programme for everyone—men and women from the ages of 40 to 74, with a call and then a recall every three years. When we announced it, there was only one dissenting voice—the representative of the BMA, who said, "We don't have the capacity." Now we are providing that capacity, not just for that condition but for abdominal aortic aneurysms, which are one of the biggest killers of men over 65. I can assure my hon. Friend that the services will be properly tendered and will allow social enterprises, pharmacies and others to compete, although the majority of the screening programmes will take place in GP's surgeries.

Dr. Richard Taylor (Wyre Forest) (Ind): May I welcome the emphasis on quality, and particularly on compassion and kindness? The debate in the House on 17 June on polyclinics cleared the air very well and told us exactly what GP-led health centres will have to provide. It also made it clear to me for the first time that existing GPs could bid for those services. It has come to my notice that the offers of bidding have closed in some PCTs before general practices have been aware of them. Is there any way by which the length of time can be extended so that GP practices can tender on a level playing field?

Alan Johnson: Ironically, it was the Opposition who gave us the opportunity to clarify the situation by going against the propaganda that they had been putting out. I am happy that the hon. Gentleman saw that clarification. Only one contract has been awarded, and that was awarded to a social enterprise. We expect the vast majority to go to GP consortiums and there is no way that those consortiums have anything other than a level playing field as regards bidding. If the hon. Gentleman has any details about where he believes that there has been a problem, and if he writes to me, I shall look into it and try to ensure that the proper procedures take place.

Lynne Jones (Birmingham, Selly Oak) (Lab): May I ask my right hon. Friend how greater choice and control over health care will be extended to groups that are sometimes very vulnerable, such as people with mental health conditions, and those for whom society has generally had less sympathy, such as people with gender dysphoria? On the subject of mental health wards, may I invite my right hon. Friend to join me and visit the brand new in-patient facilities that have recently opened in south Birmingham, of which we are very proud?

Alan Johnson: I will very gladly come and look at the new facility in south Birmingham. It is important to point out that we must ensure that mixed-sex accommodation is eliminated in mental, as well as physical, health facilities. On the issue of mental health, as I said earlier, there was a specific pathway—one of the "pathways of care", as they are termed in medical circles—on mental health. When my hon. Friend has had a chance to look at the report, she will see that the result, particularly in her area, is that there will be a complete focus on ensuring that if people are incapacitated to such a degree that they are not able fully to control their own destiny, they will have someone with them—an advocate—to make sure that the right decisions are made. As the World Health Organisation keeps saying, there is no physical health without mental health. In the report, mental health is as important as any other aspect of health.

Mr. Phil Willis (Harrogate and Knaresborough) (LD): I was a little concerned about the fact that the right hon. Gentleman did not mention the ambulance service at all in his statement. A week ago, one of my constituents called for an ambulance at 7 o'clock; by 8 o'clock, when an ambulance eventually arrived—all the ambulances were in York and Scunthorpe and were not available—she was dead. What does the Secretary of State have to say to her family, and to others who do not get the care that they need simply because there is no ambulance available for them?

Alan Johnson: I very much hope and trust that that is an exception to the normal rule, and I will look into the circumstances of that case if the hon. Gentleman would like me to do so. Ambulance services and paramedics are a crucial part of the report. When he has had a chance to look at it—I appreciate that we are talking about 10 SHA visions in every region of the country, and by an enabling report by my noble Friend Lord Darzi—he will see that the issue is crucial to ensuring quality. Paramedics and ambulance staff are even more important now, particularly as regards stroke care, which we talked about earlier. Care for a stroke patient should start at the moment when the ambulance arrives, not when the patient gets to hospital.

Mr. Gordon Prentice (Pendle) (Lab): My friend told us that NHS staff will be able to leave the organisation and subsequently contract with it as members of a social enterprise. How many people does he think will take advantage of that offer in the next year or two, and what are the advantages of going down that road, both for the national health service and for groups of former employees?

Alan Johnson: I am not sure how many people will take up the offer. There are already three or four social enterprises across the country. When we went through the process, we found that lots of front-line clinicians, including midwives, nurses and physiotherapists, wanted to link together and set up their own organisation—and sometimes to move into adult social care as well—to avoid the bureaucracy sometimes involved in different NHS organisations working together. What stopped them was the fact that they wanted to preserve their pensions. For instance, people providing sexual health services in my patch, Hull, told me just a couple of weeks ago how much more they could do if they could set up their own organisation.

Today, we are saying that PCTs that are being difficult on the issue will have to treat a request from staff seriously. If the change goes ahead, staff will retain their NHS pensions. In addition, for the first three years, the contract will not go out to tender; the people involved will be guaranteed a clear run. I believe that lots of providers across the country will be keen to take up the suggestion. The unions are very keen for us to go a step further and ensure pension portability everywhere. That is much more difficult. Ensuring that portability in social enterprises is easy; for the independent sector, it is very difficult.

Mr. James Arbuthnot (North-East Hampshire) (Con): Forty per cent. of children who die of cancer die of a brain tumour, yet it takes longer to diagnose a brain tumour in this country than it does in many other countries in Europe, or in the United States. How will the review help to push brain tumours up the national health service's list of priorities?

Alan Johnson: Once again, when the right hon. Gentleman has had a chance to look at the eight clinical pathways, one of which included the issues of paediatrics and children's care, he will see that there are some really important developments. Strategic health authorities and local clinicians are saying, "If we were empowered to do things differently, we could improve services and do what we need to do, not just nationally, but locally." There is a clear concentration on improving children's health as part of that clinical pathway.

Tom Levitt (High Peak) (Lab): The modern equivalent of outright opposition to the NHS in 1948 is the professional cynicism that we hear today from the Opposition and, indeed, from some parts of the medical profession. Does my right hon. Friend not agree that some doctors—some, only a few—talk as if healthier patients are a threat to their livelihood? Will he assure me that over the next few days and weeks he will spend his time not in defending the health service but in proselytising the advantages that it brings to patients, communities and the people who work in it?

Alan Johnson: I can proselytise for England, and will do so for the national health service, which is very precious. Yes, there are disputes, disagreements and so on with organisations and individuals but, basically, there is a huge buy-in to the next 60 years being even better than the past 60. I believe that we can work together with all organisations, whoever they represent, to make this vision work and improve patient care for everyone.

Damian Green (Ashford) (Con): The Secretary of State talked about GPs providing "responsive, accessible, and high-quality services", so will he take this opportunity to remove the axe that he has placed over the level of service provided by rural GP practices in my constituency that run their own dispensaries, which he plans to close down if there is a pharmacy near by? One of them has written to me saying that that would involve making redundant two salaried doctors, cancelling all phlebotomy services and discontinuing ECGs, 24-hour blood pressure monitors and 24-hour heart monitors. If he is genuinely concerned about GP services, why is he continuing with this mad plan?

Alan Johnson: That is myth No. 380 from the Opposition. What we have announced in the pharmacy White Paper is a consultation to look at dispensing pharmacies, principally because we need to ensure that patients have a proper choice. All the things that the hon. Gentleman mentioned in *Hansard* are absolute, complete, undiluted poppycock. We are not proposing any such thing. *[Interruption.]* Poppycock is the mildest word I could find. People should not be frightened of a consultation that concentrates, not on vested interests—I know that Opposition Members are absolutely imprisoned by vested interests—but on the good of the patient.

NEW MEMBER TAKING THE OATH

The following Member took and subscribed the Oath:

John Michael Howell Esq., for Henley.

Opposition Day

16TH ALLOTTED DAY

Energy Security

Mr. Speaker: We now come to the main business, which consists of Opposition day debates. I inform the House that I have selected the amendments to both motions in the name of the Prime Minister.

4.33 pm

Alan Duncan (Rutland and Melton) (Con): I beg to move,

That this House acknowledges that the security of the UK's energy supply has become of increasing importance over the last five years; understands that with over eight GW of coal and a further seven GW of nuclear generating capacity coming offline in the next decade the UK faces a potentially serious energy gap by 2016; regrets that with only 2 per cent. of the UK's energy needs coming from renewable sources, the UK is one of the worst performers in Europe; notes that the Government's own Renewables Advisory Board has established that the UK is set to miss its EU renewables target for 2020 even with significant policy changes; further notes that, as an island nation, the UK has major potential as a source of wave and tidal energy; deplores the fact that the Marine Renewables Deployment Fund has not delivered monies to a single project since its creation in 2005; regrets that the Government's latest Energy Bill contains insufficient provisions for feed-in tariffs for microgeneration, the fast roll-out of smart meters or any serious help for the fuel poor; and urgently presses the Government to act now to secure the UK's energy supplies for the future.

At the heart of this debate is the need of the entire world to wean itself off its extreme dependency on oil. I say that as a former oil trader and as someone who has been steeped in the industry for more than 20 years. May I therefore declare my interest in the sector, and make reference to my declarations in the register, the annual printed version of which is due to be printed soon?

We have called this debate to discuss an issue on which our economic survival depends. The security of our energy supplies, whether for lighting our homes, fuelling our cars or powering our industry should always be one of highest priorities. But now, as we look ahead to the next 10, 20 or 50 years, there are uncertainties and complications that never existed for previous generations, including rapid growth in the demand for energy, and the threat of a drastic climate change caused by burning fossil fuels. So, when we talk about energy security, we must acknowledge that there are three dimensions: supply security, climate security and price security. The need to resolve those three problems has become extremely urgent, and so far, a chronic lack of decision making has seriously compromised our ability to act and to adapt as needed.

Our understanding of the issue has dramatically changed over the past 20 years. I remember working with an oil company that used to specialise in supplying heating oil in winter to the fuel poor. Its promotional gizmo comprised a small Perspex cube containing a small quantity of oil, and printed on the outside was its proud slogan, "Thank you for making the world a warmer place". I do not know what the company would happily print there today, because the whole world seems to be heating up.

[Alan Duncan]

The debate takes place against a background of record prices and the inevitability of further increases. Gas prices are trading at 59p today and at 107p for the first quarter of 2009, which will have a massive impact on consumers. It is widely expected that gas prices will increase by as much as 40 per cent. by the winter and that electricity prices will do so by only marginally less. That could increase the numbers in fuel poverty by up to 1 million and cause huge pain to households throughout the country, so it is clear that price security and energy security go hand in hand.

We recognise that the United Kingdom has been lucky over the past century. We were at the centre of a western-dominated system of global trade and finance that brought not only huge social and economic benefits, but underpinned our role as a formidable force on the international stage. Through a quirk of geology, we enjoyed the good fortune of having an enormous amount of natural resources at our disposal—first coal, and then oil. That has helped make us prosperous, but it may also have helped make us complacent.

Now, the world economy is undergoing a fundamental transformation. Gradually, the centre of gravity is shifting eastwards, and China and India have developed faster than many people could ever have imagined, opening up new trading corridors and creating flows of capital that completely bypass the west. Each extra 1 per cent. of economic growth results in a 1.5 per cent. increase in the demand for energy, creating unprecedented global pressure on energy demand, so we are no longer assured of being at the head of the queue for the vital commodities that sustain our economic growth. Whereas 15 years ago we may have looked to the North sea for our energy requirements, the decline of production from the continental shelf has exposed us more and more to the variables of global markets.

Mr. John Redwood (Wokingham) (Con): Does my hon. Friend agree that on the question of how to generate more power from non-carbon sources, it is highly likely that, come the next general election, we will still have no more decisions than we have today, after 11 wasted years?

Alan Duncan: My right hon. Friend is absolutely right about the importance of taking early and urgent decisions about new investment. That is exactly the point that I and my colleagues want to address and, as I often say to the Secretary of State, we endeavour to do so in a spirit of cross-party agreement, because if we form the next Government, as we hope to, it is essential that investors know that there will be continuity for their investments.

Mr. Oliver Heald (North-East Hertfordshire) (Con): But has it not been obvious for some time that great economies, such as India's and China's, have been expanding fast and, inevitably, would want their share of those precious resources? Should not the Government have understood that point and done something—taken action—to provide for our future energy needs?

Alan Duncan: My hon. Friend is absolutely right about appreciating that our electricity generating capacity and equipment would to need to be replaced, and quickly, but to be fair to the Opposition, and occasionally I am—

The Minister for Energy (Malcolm Wicks): We are the Government.

Alan Duncan: I am sorry; I am getting ahead of myself—two years ahead. I am always ahead of my time.

No one—not even the experts—could have predicted the ferocity of the increase in commodity prices over the past year. It was a genuine shock to our economy and to that of the entire world. We can, however, look into the future to some extent.

Mr. Crispin Blunt (Reigate) (Con): My hon. Friend is being generous to the Government in an unwarranted fashion. All the decisions that are being taken now in 2007-08 should have been taken in 2002-03, when the Government produced an energy White Paper that ducked all those decisions. The commodity price increases of last year apart, everything that is happening now and that we are having to deal with now was predictable.

Alan Duncan: My hon. Friend is absolutely right. We can track a good four years of dithering and delay, for which a generation risks paying a very high price.

We can look into the crystal ball and see the big picture looming. For instance, the International Energy Agency says that between now and 2030, primary energy consumption is expected to increase by two thirds. As demand growth already outstrips supply growth, the meteoric rise in energy prices that we are witnessing is likely to be a lasting feature and not just a temporary glitch. Given that crude oil is trading at around $140 today, the UK literally cannot afford to play this global game of risk.

But we do not have to play that game. This island—with its high winds and high seas, its skilled work force trained in the energy industry, its manufacturing sector restructuring towards a high-tech and value-added model and its green financial centre in the City of London which is leading the world in carbon trading—is uniquely placed to go green and secure our energy independence. Under our Conservative vision, not only is it possible to combine energy and climate security, but that is the only practical strategic choice. However, that long-term vision can be made possible only with the political will to make big decisions. As my right hon. and hon. Friends will argue, the Government's lack of action in the past decade has not only compromised our long-term low-carbon future, but left us vulnerable in the short term as well.

Steve Webb (Northavon) (LD): I absolutely agree with the hon. Gentleman on the importance of the new emphasis on renewables and the United Kingdom's renewables capacity. Presumably, they were also important 10 years ago. Can the hon. Gentleman remind us about the share of renewables that the Labour Government inherited from his party?

Alan Duncan: That is a slightly ridiculous question; that was such a long time ago. Renewables hardly existed 10 years ago. So much has changed in the past decade and so much could have been done.

Over the next 15 years all but one of our nuclear fleet of power stations will be withdrawn from service, a third of our coal plants will be decommissioned and we

will need about 25 GW of new electricity generating capacity to keep pace with our expected needs and the predicted economic growth. As my hon. Friends have pointed out already, the Government have been aware of that impending supply gap for years. Let me remind the House of what they said in the energy review a mere two years ago. They said that if, as the modelling of the then Department of Trade and Industry suggested, the closure dates of nuclear and coal-fired power stations coincided in about 2015—and we all now know that they will—

"market participants may not be able to respond by developing and commissioning new power stations in a timely fashion."

That was in 2006. What has happened since? We have heard a great deal about nuclear power, although new reactors are still unlikely to be operating much before 2020. However, to give credit where credit is due—I am doing my best—I recognise that the Government have worked to identify the concerns of potential investors and to put in place a framework that answers some of those concerns; I pay tribute to the work of Dr. Tim Stone in achieving that.

However, we are now waiting for talk to convert into action. In the meantime, we have added only one percentage point to our current renewable capacity, and that will not get near to meeting even the Government's original target of 10 per cent. by 2010, let alone the targets subsequently established by the European Union. We also have a Government who seem to be intent on building a new generation of coal-fired power stations at almost any cost, leaving future generations with a massive carbon headache.

The problem for the Government is that they know that they have ducked the big decisions over the past 10 years. We have had White Papers, reviews, consultations and strategies, the latest of which—it was only a consultation—was published last Thursday, yet it still feels as though the momentum that the country needs for investment and change has hardly got beyond first base. Much of the blame attaches to the Prime Minister, who did little for the environment while Chancellor and who, now he is Prime Minister, simply does not understand energy markets. He asked Sir Nicholas Stern to write a report on climate change and then totally ignored most of its main proposals. He could have helped to establish the first UK pilot scheme for carbon capture and storage at Peterhead, but he ignored it and the project collapsed. He put £50 million into a fund to develop marine renewables, but made the conditions to access it so complex that so far not a single penny has been given away. His latest trick was to try to persuade OPEC to turn on the taps and invest its cash in our green technologies. That stunt, which turned into a humiliating begging mission abroad, showed scant understanding of what oil is or how the international commodities markets work. One cannot ask the Saudis to pump more oil when it is the wrong kind of oil and when global refining capacity is already strained, and one cannot expect the price of oil to go down when the pricing structure is far more dependent on militant attacks in Nigeria or the falling value of the dollar than on a few more barrels of Arab heavy.

Chris Bryant (Rhondda) (Lab): I am grateful to the hon. Gentleman for giving way, especially as I was not here at the beginning of his speech. He will know that, over the next few years, energy security across Europe is likely to become more dependent on the Russian Federation for supplies of oil and, in particular, gas. Is he as disturbed as I am by the most recent harassment of the BP joint venture by the Russian authorities, and does he believe that Europe should take a much more concentrated and united approach towards Russia on energy security?

Alan Duncan: I am reluctant to delve into areas that are better answered by someone who represents the Foreign Office or has the foreign policy brief. The relationship between BP and TKK is very complicated, and I would not like to say anything rash and silly across the Dispatch Box that might in any way jeopardise the profound discussions that are going on. In terms of security, we do not get much gas from Gazprom; a lot of it goes to mainland Europe, particularly Germany. However, the interdependence between European consumers and Russian suppliers needs to be understood, because without their markets abroad, Gazprom and the producers in Russia, the former Soviet Union, would be unable to subsidise gas supplies in their own domestic economy. It is a far more complicated picture than many newspaper commentators suggest, and we have to be very responsible in what we say.

Mr. John Horam (Orpington) (Con): In getting the right balance between security and greenness, does my hon. Friend agree that the signal failure of the Government is not to give sufficient weight to technology, which can play a huge role, particularly in carbon capture, where the relevant technology is available and could be brought into effect with very little delay?

Alan Duncan: I will expand shortly on carbon capture and storage, which is a crucial ingredient of this debate, as is the word "technology" that my hon. Friend used. Almost all sectors of energy production are on the cusp of a scientific revolution, whether it be the fuel cell, carbon capture, cleaner coal or, indeed, nuclear. In America, instead of having the carbon regime that we think should underpin policy here, people are putting total faith in technological change and development by investing millions, if not billions, in the science. We have chosen a slightly different path towards the same end, and each is a legitimate route. In the end, technology, above all, will address the problem that we face.

Mr. Heald: Germany, which was mentioned in the context of gas from Russia, has made strenuous efforts to diversify its energy supply. I believe that it is installing something like 130,000 photovoltaic panels a year, while we are installing only about 200. That shows that other countries have taken decisions and got on with the job of providing alternative sources of energy, while our lot have been snoozing.

Alan Duncan: One of the key differences between us and Germany, which has, in our view, encouraged the development that my hon. Friend rightly identifies, is that it has feed-in tariffs and we do not. I will return to that matter in a moment.

How can anyone believe that this Government can give the lead we need for a green energy revolution when, after 10 years in office, it is their policies that have left us 25th out of the 27 EU countries in terms of the proportion of energy we generate from renewables? The

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price any country might face for not taking such serious decisions is clear: economic chaos. We saw that in South Africa, where 10 years ago, the power company Eskom told the Government that unless investment was made, power cuts would follow. That warning was heeded too late. Electricity blackouts have now become a common occurrence there, and they may continue for another five years. The economic costs cannot even begin to be calculated; businesses, agriculture and tourism have all been severely affected.

Such consequences in Britain would be utterly devastating, and to avoid them, we need to act now to ensure that the market delivers our energy in a way that is not skewed towards carbon-heavy fossil fuels. Our vision for energy security is built on three key planks: going green, cutting consumption and securing supplies. It is only by driving all those factors forward at the same time that we will be able to maintain clean, reliable and affordable energy. Overall, changing behaviour and championing energy efficiency will have far and away the most significant effect on the sustainability and, therefore, the security of our energy policy. The smart meter, for instance, could become one of the most important drivers of energy efficiency in the country. We are tempted to insert a new clause in the Energy Bill, requiring all homes to be fitted with a smart meter in 10 years. We are pleased that the Government have moved forward on that general principle, following the pressure applied from both sides during the Bill's passage through the House.

We opposed the Government's proposal for electricity display devices on the basis that the information did not give consumers the full capacity to change their behaviour, or to sell electricity back into the grid via the use of domestic microgeneration. We are glad that the Government are no longer pushing ahead with that proposal, but valuable time has been lost while they arrived at the conclusion everyone else had already accepted.

Mr. Phil Willis (Harrogate and Knaresborough) (LD): Would the hon. Gentleman agree that the country faces two massive barriers that the Government must deal with very quickly? One is the planning system, which is relevant to the roll-out of renewables, because it clearly militates against making the required decisions in the time needed. What do the hon. Gentleman and his party have to say about that? The second barrier is the availability of the national grid to those wanting to put electricity into it, and its fitness for purpose in the 21st century to deliver what the hon. Gentleman, our party and, I am sure, the Government want. What does he think about that?

Alan Duncan: The hon. Gentleman's attack on the national grid is unwarranted. It faces a massive challenge. The infrastructure has served us well over the years, and Britain has been very lucky to have a national grid. Massive challenges face the National Grid Company in investing money to cope with, for instance, a new nuclear power station with a far greater capacity than existing ones. Rather than attack National Grid, the hon. Gentleman ought to understand the challenges, and support its efforts.

On the Planning Bill, we agree that there needs to be a swifter planning process, but we were unhappy with the Bill because of the undemocratic nature of the decisions to be taken. We did not approve of the independent planning commission, and I even think that some decisions should rest with the Secretary of State. We are concerned that there is no clear explanation of how the community infrastructure levy will work, and national policy statements that do not come to this House will lack any democratic warrant. That is why we expressed concerns about the Bill.

Dr. Brian Iddon (Bolton, South-East) (Lab) *rose*

Alan Duncan: I shall take one more intervention and then press on, otherwise I am going to go on for ever.

Dr. Iddon: I am grateful. There is 9.3 GW of renewable energy waiting to come on to the national grid. What is the hon. Gentleman's party's policy on the national grid, considering that that huge amount of energy is waiting, never mind the energy that is queuing up behind it?

Alan Duncan: The national grid needs to be able to take the energy that is ready to come on, rather than take it from power stations in the order in which planning was applied for. It is not easy, and I suspect that there will be a shift from onshore wind, which represents most of the energy that the hon. Gentleman identifies, to greater input from offshore wind. I shall come to that in a moment, because I wish to talk briefly about the renewables obligation.

What would we do? First, we need to kick-start a renewables revolution in the UK. At the moment, that is proceeding at a snail's pace and a lot of targets have been missed. The UK has 40 per cent. of Europe's wind resources, but just one tenth of Germany's 20 GW of wind capacity. That is related to the point that my hon. Friend the Member for North-East Hertfordshire (Mr. Heald) made a moment ago. The current renewables obligation has skewed investment heavily in favour of onshore wind and methane, so we support the Government's decision to band the obligation and clear the path for the necessary massive expansion of offshore wind.

Mr. Mike Weir (Angus) (SNP): Will the hon. Gentleman give way?

Alan Duncan: Does the hon. Gentleman mind if I press on? I think that I am taking too much time, and the time for the debate has been compressed because of the statement.

With offshore wind operating at a load factor of about 35 per cent., it is clear that the Secretary of State's plan for 33 GW of sea-based turbines by 2020 is, to say the least, ambitious. We need a major roll-out of microgeneration for domestic households, schools, hospitals and public buildings. Even a report by the then Department of Trade and Industry estimated that we could get up to 40 per cent. of our electricity from microgeneration in the next 45 years. Even that figure lacks ambition, because ground source heat pumps, wind turbines and photovoltaic solar panels are increasing in efficiency and decreasing in cost all the time.

The best way to create a commercial market for microgeneration would be a system of feed-in tariffs. There should be no doubt about that. More than 16 countries in Europe have such tariffs, and there is about 16 times more microgeneration in those countries than here in the UK. The Government's refusal to implement them in their latest Energy Bill is baffling. Alongside microgeneration, we need a comprehensive strategy to be implemented for the capture and use of heat. In Holland, combined heat and power became the biggest generating force in the country during the 1980s, yet UK power stations are losing £5 billion-worth of heat every year. We need to harness it as a source of energy, not dissipate it as a source of global warming.

Small-scale renewable projects do not go far enough. We still need a massive expansion of major renewable and low-carbon projects to suit the scale of the challenge that we face. Britain has an incredibly rich range of natural resources to build on. This emerald isle sits in a sea the power of which, if harnessed, could provide huge amounts of electricity to both the UK and Europe. It is clear, too, from a report by EEF, that marine technologies represent a gold mine for British companies looking to establish themselves in the low-carbon industry.

Mr. Weir: Is the hon. Gentleman aware, however, that there is a provision in the Energy Bill on the banding of renewables obligation certificates, which would give those undertaking demonstration offshore wind and marine renewables projects the choice of either a double-banded ROC or repaying the large grant? There is great concern among those in demonstration renewables projects that they will not proceed. What is his party's position on that?

Alan Duncan: I understand the hon. Gentleman's concern and I know that exchanges between him and the Secretary of State about that have taken place in the past. I think that the Secretary of State undertook to write to him.

However, the Government have not capitalised on our extraordinary advantages. For example, I would like an explanation of why their much vaunted marine renewables deployment fund has neither attracted significant interest nor distributed any funding in more than three years. It is all the more perplexing because Britain has more businesses engaged in developing marine energy devices than any other country. Why have the Government created eligibility criteria that are so complicated that companies simply cannot find the wherewithal to apply?

Furthermore, as was said earlier, we all recognise that coal could play a fundamental role in our future energy security. However, where we could have expected leadership, there has been muddled thinking. The Government's delays have resulted in our one developed carbon capture programme closing down. What has happened to it? BP is working to develop it in Abu Dhabi, so a great British scientific breakthrough has been lost to this country.

The Government's lack of vision has resulted in only one carbon capture and storage pilot project, whereas we know that there will be demand for more new coal-fired plants over the next few years. Are they to go ahead without CCS? The right and sensible way forward would be for the Government to accept our proposals for three CCS projects and move towards maximum limits on emissions so that the industry has absolute clarity about how it needs to change.

There is also the question of storage. Our onshore gas storage is currently among the lowest in Europe. Some European countries are required to retain 80 days' worth of gas, but we have the lowest storage, yet we are at the end of the pipe. Our position contrasts starkly with that in the winter of 2005-06, when we came within days of running out of gas.

For legitimate reasons historically, which are associated largely with North sea production, we have not developed the sort of onshore storage infrastructure that is normal elsewhere. That must change. I accept the contribution that new pipelines and liquefied natural gas can make, but as our domestic gas supplies dwindle, we need to be sure that we have sufficient supplies for several weeks, not just days.

We tabled a new clause to the Energy Bill that would require the Secretary of State to make an annual statement on his assessment of our long-term storage needs and the steps that the Government were taking to deliver them. The Government's refusal to accept the new clause again makes us fear that they will not take the necessary steps to ensure our long-term energy security.

The debate must be seen against the EU targets for renewables, which the Government negotiated. The Secretary of State knows that few people believe that they are achievable except at massive cost to businesses and households in this country. It is not a time for the Government to say that we should aim high—of course we must, but the aims must be achievable and realistic. Time after time, the Government have set targets and slid away from them as it becomes apparent that they are undeliverable. That happened with renewables and with fuel poverty targets, but the EU targets are on a different scale. The Government must explain in much greater detail the way in which we can achieve a target of generating 15 per cent. of our energy and perhaps 40 per cent. of our electricity from renewables.

What do the Government perceive as the role of marine and tidal energy? How would we achieve those targets if the Severn barrage either were deemed too damaging to the environment or was held up for years by wrangling? They need to explain how they have decided how much it will all cost. The Government's estimate is £5 billion to £6 billion a year, but the Renewables Advisory Board estimates that the cost could be as high as £100 billion in capital investment from UK industry and property owners. Indeed, it was reported this month that Paul Goldby of E.ON believes that the Government's green energy targets could add £400 to the average household's fuel bills as utilities companies pass on the additional investment costs to consumers.

Of course, we want tough targets for renewables and low-carbon energy, but we also want them to be realistic and achievable so that investments are made on sound business principles to establish as much energy independence as we can, not to satisfy the EU's arbitrary whims.

Energy security is one of the most important issues on the political agenda and its significance is growing. The various elements that make up this country's approach to energy should not be taken in isolation. It is no exaggeration to say that, together, properly structured and implemented, they will determine our very survival. To avoid a period of profound peril 10 years hence, the decisions to avoid that peril must be taken now. Too few

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such decisions have been taken. For the sake of our future, we urge the Secretary of State to get on with it without delay.

5.5 pm

The Secretary of State for Business, Enterprise and Regulatory Reform (Mr. John Hutton): I beg to move, To leave out from "House" to the end of the Question, and to add instead thereof:

"acknowledges that the Government is addressing the recent sharp increases in fossil fuel prices, which reflect an imbalance between supply and demand in global markets, through international engagement; recognises that the UK has the most competitive energy markets among the G7 nations, as recognised by independent analysts; acknowledges the Government's success in establishing a market framework which encourages sharp increases in gas import and storage capacity; further acknowledges the Government's success in establishing a clear framework for investment in new nuclear generation capacity through the Nuclear White Paper, and in setting out a blueprint for a historic expansion of renewable generation through the Renewable Energy Strategy consultation; recognises the Government's work in promoting energy efficiency as an integral part of its strategy; commends the Government's efforts to counter fuel poverty through the Winter Fuel Payment and through securing major financial commitments from energy supply companies; notes the Government's support for microgeneration; recognises that the Energy, Climate Change and Planning Bills will provide a legislative framework that is fit for purpose in changing market conditions and that supports the Government's policy objectives; believes that the Opposition's failure to show clear leadership on energy could put at risk Great Britain's energy security; condemns their failure to support the Government's Renewables Obligation; and deplores their opposition to the Planning Bill, which will provide greater certainty for major infrastructure building and help secure Great Britain's future energy independence.".

I welcome much in what the hon. Member for Rutland and Melton (Alan Duncan) said, particularly his analysis of what is happening in energy markets and his appreciation of the scale of the challenge that we face in responding to it. I agree with a lot of what he said about the importance of tackling the threat of climate change, too. He is right that in some respects there is a measure of cross-party consensus in the House about the right way of dealing with those challenges. However, he will not be surprised to hear that I disagree strongly with his analysis of the actions that Her Majesty's Government have taken so far to address those considerable challenges.

May I offer the hon. Gentleman a little bit of friendly advice? I am not sure whether he chose the topic for today's debate or whether he was frog-marched, as it were, into tabling such a motion—we can speculate about that—but I thought that the point of Opposition Supply days was for the Opposition to showcase their policies. However, I obviously had that wrong, because I listened intently to what he said and he clearly has no policies to showcase. We heard nothing from him or in any of his hon. Friends' interventions that shed any light on what his approach would be. In a week when his party—and, I am afraid to say, the Liberal Democrats—voted against the Planning Bill, which is probably the most important reform of recent times and which can help us to secure our country's energy future, the hon. Gentleman has some cheek in moving his motion today.

Alan Duncan: The Secretary of State says that we have not put forward any policies. Which of our policies did he miss? Was it feed-in tariffs, smart meters, agreeing with the changes to the renewables obligation certificate or carbon capture and storage? I could continue with the list, but it would appear that he was not listening.

Mr. Hutton: No, I was listening to the hon. Gentleman's comments, and I want to talk about what I understand his party's policies to be in a minute. Indeed, I wish that they were as straightforward as he is now presenting them to be. I want to highlight some of the confusions that characterise his party's policy on energy.

The Government have taken the necessary decisions to help secure our country's energy future, not ducked them, on climate change, nuclear power and shaking up our planning system, as I said, so that we can get on and make the important changes that need to be made. The Government have made the right decisions. On renewables, we have set out what I believe to be the best way of securing our long-term energy needs, lessening our dependency on fossil fuels in the process. On every one of those issues, the Opposition have been found wanting—pandering, dithering, gesturing.

Mr. Redwood: If a company wanted to embark on getting planning permission to build a nuclear power station today, would the Secretary of State advise it to wait until the quango is set up and the national policy statements are in place and to use the new system, or would it be quicker to go under the old system?

Mr. Hutton: We are likely to see planning applications being made in the next couple of years, and they will be dealt with under the new system. The new system will be more streamlined and effective. I do not know whether the right hon. Gentleman has talked to potential nuclear investors, but strong support is being expressed, and not just by the CBI and some other industry organisations, for the reforms that Her Majesty's Government have proposed. Let me say to him and others that the status quo is not a credible option. The current planning regime has woefully let down the country's needs in relation to major energy infrastructure projects. If we need confirmation of that point, we need only cast our minds back to the six-year long Sizewell B inquiry, which I believe significantly delayed investment in nuclear power.

Mr. Doug Henderson (Newcastle upon Tyne, North) (Lab): Does my right hon. Friend agree that the Liberal Democrats, who oppose nuclear power, and the Conservatives, who are not prepared to vote for the planning means to get nuclear power, not only put at risk our future energy security but create an obstacle for the British engineering companies that make a huge contribution to world technology and jobs in this country? It is envisaged that up to 200 nuclear power stations will be built over the next 30 years worldwide.

Mr. Hutton: I strongly agree with my hon. Friend, and I pay tribute to his lifetime support for the nuclear industry. There was an unfortunate unholy alliance between the Liberal Democrats, who opposed the planning reforms and who oppose nuclear, and the Conservatives, who say that they support nuclear but opposed the planning reforms. One is a means of achieving the other, and I believe that the hon. Member for Rutland and Melton needs to go back to the drawing board and reconsider his position on this issue and many others.

Martin Horwood (Cheltenham) (LD): If undemocratic planning procedures are so essential to promoting renewables, why have 22 out of 25 European Union countries managed to promote renewables with a lot more community involvement and democratic consultation in planning than the Government are proposing?

Mr. Hutton: If we look at the planning arrangements in many other European countries, we see a much more streamlined system. It is not part of the Government's reforms, which the hon. Gentleman is deliberately misdescribing for his own reasons, to take away the opportunity for people to lodge a proper objection to a development. It would be quite wrong to do that, and I challenge him to say that that is the right way to describe the reforms that we have proposed.

There can be little doubt that securing the UK's energy supplies as we make the transition to a low-carbon economy is one of the greatest challenges that our country faces. As the hon. Member for Rutland and Melton has rightly said, we are doing this against a backdrop of rapidly rising energy prices. In the face of this new global landscape, our efforts are focused on three principal issues. First, we must ensure the greatest degree of energy security and independence for the United Kingdom. Secondly, we must address the threat of climate change. Thirdly, we must do all that we can to mitigate the impact on consumers of the rising cost of energy.

I shall deal first with the issue of energy security. As we all know, global competition for energy resources is intensifying. Resource nationalism, closed-off markets, subsidies and state-owned monopolies are all combining to remove investment incentives to exploit the world's energy resources. Another pressing reality that we need to face is the ageing nature of many of our existing power plants. Over the next two decades, we will need to replace one third of our energy generating capacity. Nine of our current power stations will be substantially affected by the implementation of the large combustion plant directive, and might have to close by 2015. All but one of our nuclear power plants will have closed by 2023. This domestic reality demands that we all take decisive action.

First, we need to maximise domestic energy production. The UK still meets about two thirds of its energy needs from the UK continental shelf. There could be at least 25 billion barrels of oil and gas equivalent left in the North sea, and we need to do all that we can to utilise those remaining resources. In 2007, the highest number of offshore exploration and appraisal wells was drilled since 1996. About 300 million to 400 million new barrels equivalent was discovered, and this year has seen the highest levels of interest in new licences for more than 30 years.

However, we cannot afford to be complacent. We are committed to maximising UK oil and gas production, and that is why I recently announced measures to incentivise increased production in our existing oilfields and to enable new fields to come on stream as soon as possible.

Mr. Redwood: Why did the Government spend the previous years increasing taxes and tweaking the tax system against the producers of North sea oil and gas in a way which they warned would result in their not optimising production? Are not the Government only now belatedly realising what a mistake that was? Why do they posture with the Saudis when we could do more to raise production at home if we had the right tax system?

Mr. Hutton: My right hon. Friend the Chancellor is responsible for petroleum revenue tax. He regularly meets the oil and gas industry to discuss these issues, and it has strongly welcomed our recent proposals and announcements. As to the right hon. Gentleman's comments about the Saudis, it is quite wrong to characterise the discussions with them as pandering; that does not do him any justice at all.

As I said, we need to create the right investment climate for UK energy infrastructure, which is rightly our No. 1 priority. Billions of pounds have been invested in new gas storage, which the hon. Member for Rutland and Melton mentioned, and new import infrastructure. He rightly referred to the new LNG terminal at Milford Haven, which will bring Qatari liquefied natural gas into the UK. Also under construction is 8 GW of new generating plant.

We are also forging ahead to develop the low-carbon technologies that we need to support our security of supply and climate change objectives. Last year, we set out measures in the energy White Paper to triple renewable energy capacity through the renewables obligation. In September, we began a feasibility study on a barrage across the Severn estuary—one that could provide as much as 5 per cent. of the UK's total electricity requirements. In December, I announced plans that could allow companies to build 25 GW of new offshore wind capacity by 2020. Last week, we announced with Ofgem immediate action to strengthen grid access for renewables—a matter to which my hon. Friend the Member for Bolton, South-East (Dr. Iddon) referred. Our proposals on connect and manage should help unblock some of the current delays in getting new renewable projects connected to the grid much more quickly. Perhaps as much as an extra gigawatt could now come on stream much more rapidly.

Last year, there was a 20 per cent. increase in offshore wind generation capacity, and we will soon overtake Denmark to become the world's leading offshore wind generator. The hon. Member for Rutland and Melton was highly critical of the Government's record on the promotion of wind power. It is worth reflecting on one fact: as a country, it took us 20 years to generate the first gigawatt of wind-generated electricity; the second gigawatt, under the present Government, took 20 months to bring on stream. We must do more, and do it urgently, to meet our share of the EU 2020 renewables target.

Mr. Weir: I hear what the right hon. Gentleman is saying about offshore wind, which is clearly an important way forward. However, the deep offshore wind and marine renewables sector has expressed concern about changes in energy legislation and I have corresponded with the Minister for Energy on this matter. Although there are grants under the present system, I understand that they are repaid by future profit, but under the new scheme a choice will have to be made between the double-banded renewables obligation certificates or these grants, and I am told that that will result in the sector being unable to get investment for many of these projects.

[Mr. Mike Weir]

Will the Secretary of State look at that again, because deep offshore wind and marine renewables are an important part of the renewables future, and unless we get this right, it could have a serious impact on our ability to meet the targets?

Mr. Hutton: It is true that companies cannot choose between grants or renewable obligation certificates. That has been the long-standing position, but perhaps the hon. Gentleman would like to intervene later on my hon. Friend the Minister for Energy. I am sure that that debate will be a fascinating one for us all to read in *Hansard* at our leisure.

Last week, as the hon. Member for Rutland and Melton pointed out, the Government published our own route map for achieving our ambition on renewable energy. A tenfold increase in renewable energy within the next 12 years is, I accept, a hugely ambitious target. We also aim for a sevenfold increase in the amount of renewable electricity generated in the UK and we are proposing measures that will extend and raise the value of the renewables obligation—the principal mechanism of incentivising such investment. We are proposing to introduce a new financial incentive to deliver a tenfold increase in renewable heat sources as well. Again, the hon. Gentleman referred to many of the technologies, including ground-source heat pumps, that could make a difference in that respect. We will consider increasing financial support, including feed-in tariffs, to stimulate microgeneration of heat and electricity in our homes.

I have to say that the policies of the Conservative party, as I understand them, represent in all those regards not a step forward, but a step backwards. The one thing that investors tell us time and again is to keep the incentive regime predictable and not to scrap the renewables obligation for large-scale electricity generation. So what do the hon. Member for Rutland and Melton and his party actually propose to do? They still propose to scrap the renewables obligation—*[Interruption.]* If the hon. Gentleman would like to correct that position, he is welcome to intervene.

Charles Hendry (Wealden) (Con): The Secretary of State should go back to the consideration in Committee of the Energy Bill, where we made it quite clear that we support the banding of ROCs for larger-scale projects. On feed-in tariffs, the measures that we proposed would give the Secretary of State discretion. He could therefore decide at what level feed-in tariffs would be appropriate for microgeneration and at what level ROCs would be appropriate. We would give him as much flexibility as possible because we recognise that the two systems can work side by side, but we want to give him the discretion to decide at what level they come in.

Mr. Hutton: I suppose that that is a clarification. *[Interruption.]* It is a clarification of sorts. I confess that I have simply referred to the Conservative party policy documents. Obviously, the hon. Gentleman has announced today that they have all changed. I very much—*[Interruption.]* Am I wrong to say that they have changed or am I right? I am not sure what the hon. Gentleman is talking about. I suggest that he read his own party's policy documents. He will find them quite explicit—later in the debate, we can confer about that—and they confirm the Conservatives' current policy.

Mr. Willis: May we perhaps concentrate on Government policy, and may I ask the Secretary of State a simple question? There have been estimates that up to £100 billion will be needed to fulfil the obligations courageously set out last week. Will that will be loaded through the taxpayer or entirely through energy bills?

Mr. Hutton: This is an Opposition Supply day, so it is quite reasonable for me to question the hon. Member for Rutland and Melton about his party's policy.

Returning to the point raised by the hon. Member for Harrogate and Knaresborough (Mr. Willis), the £100 billion figure is the sum total of private sector investment needed to finance this change in our electricity consumption. Yes, it will be paid for, ultimately, by consumers. That is true, and we have set out in the document our baseline assumption about the impact on bills and what it will mean.

We will need to do more on energy efficiency and providing further help and support for fuel-poor households—we accept that challenge—but as I am sure the hon. Gentleman understands, as a distinguished Select Committee Chairman, there is no way of somehow conjuring up that money out of nowhere, with no consumer ever being affected by it and all of us getting on with the rest of our lives without noticing that £100 billion. We will notice the £100 billion in our bills over the next 10 years. There is simply no other reality for us to address. The challenge for the Government is to mitigate the impact of those rising bills. Again, in our renewable energy strategy, we set out some ways in which, sensibly, we could do that, but we must all keep in mind that simple reality.

I want to come back to the point made by the hon. Member for Rutland and Melton about feed-in tariffs, because he is right that they have had a significant effect in many other countries in bringing on new technologies, but at significant cost to consumers. Germany, for example, is often cited, as it was today by the hon. Gentleman. He, like the House, will be aware that there are moves to reduce the feed-in tariff because of the impact on consumer bills.

At a time of rising energy prices, it is incumbent on us to take into account how we make the transition to a greener power generation system. We must take into account the impact on people's bills, because our constituents will come to us and say, "Why are my energy bills going up to meet the costs of going green?" We must have convincing arguments for that.

Mr. Robert Flello (Stoke-on-Trent, South) (Lab): Indeed, that impact will be not only on everyday folk through their energy use, but on companies in the ceramics industry in my constituency, which are high users of gas, for example. There will be an impact on the ability to produce products that can be sold at a price that people can afford.

Mr. Hutton: We have to be aware of the impact not just on consumers, but on industry. I want to come to that in the context of my remarks on the emissions trading scheme.

Paul Flynn (Newport, West) (Lab): On the question of costs, how has my right hon. Friend become bewitched by the pied piper of nuclear power? It has been heavily subsidised, never delivered on cost or on time, and left

us a £73 billion legacy. The new nuclear facility in Finland is already two years late and £1 billion over budget. Are not all the other alternatives—wind, wave and the other renewables—far more attractive and practical? They will certainly come in at better value than nuclear.

Mr. Hutton: I do not think we should say no to any low-carbon form of power generation. Nuclear power is a proven and reliable way of generating low-carbon electricity, and I think it would be wrong for a generation that has taken advantage of the benefits of reliable nuclear power, as this generation has, to say to future generations "We are sorry, but we are not going to give you the option of nuclear power in the energy mix."

My hon. Friend has a difference of opinion with the Government on nuclear power, and I am sorry about that. I do not think that he takes into account the new economics of energy in the world, the high—probably sustainedly high—prices of fossil fuels, and the necessity of action on climate change and the impact of a carbon pricing mechanism such as the emissions trading scheme. All those changes have opened up a space in which new nuclear facilities can operate, which is why so many countries around the world are actively pursuing the nuclear option, wisely and sensibly in my view. At the end of the day, however, it is for the private sector, not the taxpayer, to finance investment in a new nuclear power station, and my hon. Friend's concern about subsidy is therefore misplaced.

Mr. David Hamilton (Midlothian) (Lab): Some of us are sitting on the fence in relation to nuclear power, and like others I am still to be convinced, although I am not closing my mind to it. As consumption in China and India is expected to rise by 50 per cent. between now and 2030 and as coal will have to be burnt, surely a country that has extracted only 15 per cent. of its coal reserves should be talking about major investment in the coal industry as well as the nuclear industry.

Mr. Hutton: I strongly agree with my hon. Friend. I think that we must keep the option of clean coal on the table as well, and that it would be wrong to introduce new measures, as proposed by the Conservatives, which would make it impossible for new coal-fired power stations to be commissioned at any time soon in the United Kingdom.

Richard Ottaway (Croydon, South) (Con): The nuclear industry is complaining of a shortage of skills in the sector. Its main complaint is that it has nothing to plan against when it comes to recruiting and training people. What certainty can the Secretary of State give the industry, and how will he provide the skills that are needed?

Mr. Hutton: I agree with the hon. Gentleman; the issue of skills is a potential key bottleneck in the United Kingdom's nuclear renaissance, and we must address it systematically. How can we do that? We can do it in a number of ways. Obviously a deal flow on new nuclear power generation will create the certainty to which the hon. Gentleman refers, and I hope we will begin to see that. In the meantime, however, there are things that we can do, and are trying to do, to address the problem that he has highlighted. The National Skills Academy for Nuclear, for instance, has recently started to function, and it is taking on and planning to train 1,000 extra apprentices in the industry.

What we cannot afford to do is wait three or four years before doing anything to address the skills problem. If we do that, our ambition will be constrained and we will probably have to rely on migrant experts to come and help us with our nuclear programme. I see this very much as an opportunity for the nuclear industry in the United Kingdom to undergo a significant revival.

I heard a Liberal Democrat say in response to a comment from my hon. Friend the Member for Newcastle upon Tyne, North (Mr. Henderson) that there were no suitable British companies. If that is really the Liberal Democrats' view, I think that they should get out of the House a little more and travel around to see some of our outstanding manufacturing companies, which have tremendous potential to create tens of thousands of highly skilled jobs in this sector, many in parts of Britain that desperately need them.

David T.C. Davies (Monmouth) (Con): While we may disagree on other matters, does the Secretary of State not share my concern that, paradoxically, those who are most worried about global warming appear to have shut their minds to the only reliable form of electricity generation that does not generate any form of carbon dioxide? Does he not find that puzzling? Will he ensure that we get on with building nuclear power stations as quickly as possible? Rather than building only enough to generate 24 per cent. of our electricity, should we not go beyond that, as the French have?

Mr. Hutton: I hope the hon. Gentleman feels better for that. I agree with him about the scale of our ambition. At present about 19 per cent. of our electricity comes from nuclear sources, and I have made it clear that we should not set a cap on the contribution of nuclear power in the future. That is for the market to decide, not Ministers. My personal sense is that our ambition should be significantly higher, for the good and sensible reason the hon. Gentleman has given: that such power is low-carbon and reliable, and the technology is proven and safe.

We would be cutting off our nose to spite ourselves if we were to take an ideological view about nuclear. In the 12 months that I have been in this post, I have learned that the ideologues on energy policy are those who jeopardise our energy security the most. What we need is a hard-headed, practical, common-sense view about how we can have a broad-based energy policy in the UK that utilises all the technology available to us, including nuclear. We are going to need all those energy sources in order to be sure about our energy supplies in the future.

There is a long section of my speech dealing with nuclear, but I might already have dealt with the subject.

Mr. Jamie Reed (Copeland) (Lab): Before my right hon. Friend departs from the issue of nuclear, on skills retention and development in the UK, will he confirm that the national nuclear laboratory will be of fundamental importance in making us a world leader yet again? Also, as to the decommissioning costs of the civil nuclear programme, can he confirm that the £73 billion or £78 billion that is often talked about—sometimes rather glibly—is principally a military waste inventory?

Mr. Hutton: My hon. Friend probably knows more about the nuclear industry than any other Member, having worked in it for many years and now representing Copeland, which adjoins my constituency. He is right about the legacy issue, and he is right generally about the role of nuclear going forward. I pay tribute to his work.

I hope that we are all agreed—perhaps with the exception of my hon. Friend the Member for Newport, West (Paul Flynn) and others who share his view—that the job in terms of nuclear is to clear away the barriers to investment in new nuclear, strengthen the regulatory framework, create a clear, fair and predictable planning process, incentivise the UK supply chain, where there are tens of thousands of jobs in the making, and continue to build public confidence in a long-term solution to waste management.

Anne Main (St. Albans) (Con): Will the Secretary of State give way?

Mr. Hutton: Will the hon. Lady allow me to speak for a little longer?

We are beginning to develop an important consensus with the Opposition party on the importance of new nuclear as part of the UK's energy mix. I very much welcome that, and I also welcome the distance travelled by the hon. Member for Rutland and Melton, although even now a nuclear investor could be forgiven for not being entirely clear about his party's view on some of these matters. Not that far into the past, I and many others heard the Leader of the Opposition say that his

"policy, green energy first, nuclear as a last resort, is absolutely right."

The hon. Member for Rutland and Melton very shortly afterwards popped up and said, in an attempt to correct his leader, that it was not a last resort, but just "two words" in a document that "we binned months ago". The Conservative party's green supremo, Mr. Zac Goldsmith, upon whose shoulders the Tory detoxification process largely resides, then described nuclear power as a total waste of money and stated that

"if the party said nuclear power was good, I'd fight like hell against that."

No wonder, then, that recently Baroness Warsi—a member of the shadow Cabinet, no less—in response to a question from Andrew Neil about whether the Tory nuclear policy was unfathomable, replied simply, "Um, it is."

The planning reform Bill debated in the House last week is seen by every potential nuclear investor as critical, and we cannot afford a rerun of the six-year Sizewell B inquiry. Those who opposed the Bill—

Anne Main *rose*—

Mr. Hutton: I have not yet quite finished this point. I will give way to the hon. Lady shortly. *[Interruption.]* This is the only part of my speech that I am actually enjoying, so I hope that she will let me finish it.

Those who oppose the Planning Bill put our country's energy security and our climate change objectives at direct risk. Investors need predictability. We are in a fiercely competitive global market for new nuclear and I want to ensure that investors see the UK as the best new-build market in the world. Our planning reforms will help us to achieve that.

Anne Main: I thank the Secretary of State for giving way. Will he briefly address the comments of Hamish Roberts, managing director of the Aon natural resources team for strategic risk management? He said that the Government's plans for nuclear expansion are unachievable unless they think beyond the risks of safety. Will the Secretary of State address the terrorism risks in future plans for fuel security?

Mr. Hutton: I have not seen that comment, and I do not believe that the ambition we have set out for nuclear is unachievable. Of course we must address the issue of nuclear safety, but nuclear power in the UK is a safe and secure form of technology. There is very substantial security designed specifically to deal with terrorism, as I am sure the hon. Lady will know if she has ever visited a UK nuclear power plant. So I do not think that terrorism is the issue here. Security certainly is, but our nuclear industry is a secure industry. Nuclear is not a last resort, as some have said, but a vital resource for our country and I hope that there is emerging common ground between us on that.

As we bring on these low-carbon technologies, we are not naive enough to dismiss the importance of fossil fuels for UK energy security. Generators will want to continue to have the flexibility that fossil fuels provide to cope with peaking demands, and they can have that flexibility while meeting our international climate change obligations. As we all know, emissions are capped by the EU emissions trading scheme—not an emissions cap on individual technologies, because that is not necessary, but a cap for power and energy-intensive sectors as a whole.

That is why I believe that the Opposition's new policy on the future of coal is another potential threat to UK energy security. In practice, it would place an effective moratorium on new cleaner coal facilities in the UK. It would place a double dose of regulation on energy investors for no beneficial effect. It would lock in older, higher- emitting coal generators and would not make a jot of difference to whether we were more or less likely to meet our climate change targets. Instead, it would necessarily make us more reliant on gas imports—at a time when gas supplies around the world, as we all know, are increasingly politicised.

Policies that might get three cheers from some lobby groups usually turn out not to be worth the paper they are written on. If one prods this latest one from the Opposition for 30 seconds or so, it becomes clear that it is ridiculous—short-term, populist, headline-seeking and naive. In fact, it looks at first like a Lib Dem policy, not a policy from a party that aspires to be in government. It is not just my views on these matters that, I am sure, the hon. Member for Rutland and Melton would take seriously; it is the views of Richard Lambert, from the CBI, who has condemned this policy in very trenchant terms, and David Porter, from the Association of Electricity Producers. Effectively, the Opposition policy is to make carbon capture and storage mandatory before it has been demonstrated successfully as a technology. That is the wrong approach.

David Taylor (North-West Leicestershire) (Lab/Co-op): Does the Secretary of State agree with me that thousands of millions of tonnes of coal remain to be worked in the United Kingdom, perhaps via technologies that we do not yet fully understand? The next key stage in the process is a viable carbon capture and storage system, and we know that work is going on in that regard. If, by some mischance, the Conservatives returned to power in 2015 or beyond, they would have access to CCS. However, does the Secretary of State agree that it is unlikely that they would pursue that route, not least, because the shadow Secretary of State has a constituency, in north-east Leicestershire, with almost 1,000 million tonnes of coal that remains to be worked? That looks a very juicy prospect to me, and it is about time that he moved into it.

Mr. Hutton: The option of using clean coal is one that we should keep, which is why we have taken the decisions that we have in relation to carbon capture readiness and CCS. The option of new clean coal technology would be effectively ruled out by the policies that we have heard recently from the hon. Member for Rutland and Melton.

I have described this Opposition policy as naive, which is not a word I would usually use, but on this occasion it is totally justifiable. However, I do not accept at all that the hon. Member for Rutland and Melton is naive. He has had a very substantial career in the oil industry. He and many of his colleagues cannot really believe in the approach that has just been put forward by the right hon. Member for Witney (Mr. Cameron). It must be the panderers who have come out on top again. The panderers used to be an endangered species, as we all remember, but sadly they now seem to be alive and well—*[Interruption.]* That was the joke, actually; it is not coming—it has been delivered. There are a lot of panderers in the Leader of the Opposition's office, and a lot of wildlife organisations will welcome that, but I personally do not.

Dr. Iddon: I made the point in Committee that post-combustion capture of carbon is the most inefficient method, but that is the direction that the Government are taking. As a chemist, I know that pre-combustion capture allows us to generate chemicals, especially hydrogen. Why have we chosen post-combustion capture?

Mr. Hutton: We made that decision on advice, because it is the most globally relevant technology if one considers what is happening in India and China, where a gigawatt of new coal-fired capacity is being added every week. There is no doubt, given the reality of that sort of use of fossil fuel, that we need a technology capable of being applied to that type of power generation, and that is why we have chosen post-combustion carbon capture and storage. Other countries are exploring other technologies—for example, Norway is looking at a gas scheme, and the US is considering a project along the lines that my hon. Friend mentions.

Mr. Flello: Does my right hon. Friend understand the great sadness felt by my constituents and others in north Staffordshire? They sit on vast reserves of coal, but the mines were closed in the 1980s by the party that now talks about what should have been done in the past in terms of investing for the future—*[Interruption.]* My constituents are frustrated that those resources are there, but it appears that nothing will be done with them in the future.

Mr. Hutton: I do understand that. It is especially unbecoming for Conservative Members to barrack my hon. Friend when he makes a fair and valid point. They obviously do not like to be reminded of their record in government.

It is worthy of note that significant investment is now going into coal extraction, and that should be welcomed because it is a source of energy security for the UK. However, we must ensure that we use it in as clean a way as possible, and that is what we are trying to do.

My final point is about the action that we are taking on energy prices. Unprecedented global demand for fossil fuel has resulted, as we all know, in wholesale gas and electricity prices more than doubling since 2007. Producers and consumers have a mutual interest in avoiding high oil prices in the short term and a shared interest in decarbonising our economy over the long term. That is why, at the recent energy summit in Jeddah, we proposed that consuming nations open up their energy markets to new investment from oil producers—a sensible suggestion—so that oil-producing countries have a stake in the future of tomorrow's energy technologies. In return, we need oil-producing nations to open the door to increased investment in expertise to exploit the full potential of the world's oil supply in the short term.

Clearly, high oil prices impact disproportionately on the poor, so we must continue to make the eradication of fuel poverty a priority for action. Since 1996, more than 4 million households have been lifted out of fuel poverty. Since 2000, £20 billion has been spent on fuel poverty benefits and programmes. When it comes to fuel poverty, therefore, we will take no lessons from the party that, as we all remember, imposed VAT on gas and electricity bills. One of the first things that we did when we came to office in 1997 was cut VAT on fuel bills, helping millions of consumers in the process. I do not dispute that we can and should look to do more, and we will make further proposals in due course.

Mr. Peter Bone (Wellingborough) (Con): I have listened carefully to the Secretary of State's long speech, but he has not mentioned the failure of the European Union to liberalise its energy market. Is he going to say a few words about that?

Mr. Hutton: We have made progress in that regard. The hon. Gentleman will be aware of the recent outcome of the Energy Council, which my hon. Friend the Minister for Energy attended and where he did a very good job for the UK. We have made progress, but we have not got everything we wanted. We also have a two-year review, so we can take another look in two years. It is not true to say that nothing has been done.

As I said, we are focused on ensuring that the UK has the most resilient energy system that it can through a diverse low-carbon energy mix. That demands nothing less than a revolution in our energy systems both at home and abroad. We must move away from the old carbon-intensive economy of the first industrial revolution and embrace the new low-carbon technologies of the next industrial revolution. This is the right time to

[Mr. Hutton]

accelerate our progress towards that end, securing not just our long-term national interests but a new generation of green-collar jobs in the British economy. That is why I am pleased to announce today that the companies shortlisted from the pre-qualification stage of our carbon capture and storage demonstration competition have been announced. I am also publishing proposals today that will help us to develop the right regulatory framework to make carbon storage a reality and to explore what carbon capture-ready means for new power stations. Copies of both documents are available in the Library.

The criticisms of the Government that we have heard today are misplaced. They are nothing less than opposition for opposition's sake. The Opposition's policies would not help to steer our country through the difficult times ahead but would instead make matters worse. As I said earlier, the hon. Member for Rutland and Melton has not set out a coherent alternative because he has none to offer. I urge all my right hon. and hon. Friends to reject the Opposition motion tonight and to support the amendment in the name of my right hon. Friend the Prime Minister.

5.45 pm

Martin Horwood (Cheltenham) (LD): We welcome the opportunity for this debate. It is timely given the state of the international energy markets, the state of our constituents' fuel bills and, of course, the publication last week of the Government's renewable energy strategy consultation. We will support the motion because it contains much that is right, but it also has some weaknesses that I shall consider in my remarks.

The motion is right at least to mention fuel poverty, although I think the subject could have been highlighted rather more. It is absolutely essential that we ensure there is a fundamental shift in the way that energy companies' tariffs work in this country, if necessary through changing the remit of Ofgem, so that we can guarantee the lowest tariffs for the poorest customers, so that price spikes deliver benefits to poor customers as well as the energy companies, and so that we can ensure that energy efficiency measures are prioritised for the least well-off customers first. I am sure that the Conservatives' response to fuel poverty and the specific policies, rather than the rhetoric, will emerge during the course of the debate, but I might have missed them during the speech made by the hon. Member for Rutland and Melton (Alan Duncan).

The motion is also right to highlight the problem of the potential energy gap. We are indulging in an important national debate about how we deliver a sufficient, affordable, reliable and sustainable energy supply for this country. I am surprised that, although it is about the threat to energy security, the motion is rather silent on the potentially greater threat of climate change. That might be because there is an emerging split among those on the Conservative Benches about some of the issues relating to climate change. That was evident in Committee on the Climate Change Bill last week, when the right hon. Member for Suffolk, Coastal (Mr. Gummer) and others led a rebellion against their Front-Bench team on whether the Bill should include a reduction of 80 per cent. in carbon emissions by 2050. The Conservative rebels supported Liberal Democrats and Labour Back Benchers, while the Conservative Front Benchers sat on their hands on that vital issue. I can therefore understand why Conservative Front Benchers might not be highlighting the climate change dimension to this debate.

David T.C. Davies: It always puzzles me how people from the hon. Gentleman's party can talk about an 80 per cent. cut in carbon dioxide emissions when they are not willing to support the measures, such as nuclear power, that alone can deliver that.

Martin Horwood: I shall come to explain how we would do that in the course of my remarks. The hon. Gentleman should just be patient.

The motion is also right to highlight the UK's renewable energy potential, which was estimated by the Renewable Energy Association at some 14 to 18 times the current level of electricity sales in the UK. The hon. Member for Rutland and Melton said that 1997, when Labour took over from his Government, was such a long time ago that renewables hardly existed then. Nevertheless, for a full six years the Liberal Democrat policy had been to increase the renewables proportion of energy generated to 20 per cent. I think our original target was to do that by 2005. The fact that we spotted the potential so much earlier than other parties is regrettable. It is nice to say, "I told you so," but our job would be much easier now if anyone had listened to the Liberal Democrats and the green movement in those days. The Secretary of State was rather dismissive of Liberal Democrat policies, but the Government do come around to them, albeit 20 years later.

The motion rightly mentions the potential of wind and tidal energy, and highlights the issue of the marine renewables deployment fund. It is quite wrong that such a high proportion of the money—£42 million of the £50 million in the fund—will go to technologies that are already commercial. We are thereby missing the opportunity to develop and support pre-commercial technologies. In contrast, the Scottish Ministers' wave and tidal energy support scheme specifically includes pre-commercial technologies, and so it has supported important developments such as the European Marine Energy Centre in Orkney, which already funds nine projects. That is in stark contrast to the performance of the MRDF, which, as the motion points out, has yet to fund a single project.

Supporting pre-commercial technologies would enable us to make progress on issues such as the Severn barrage. I support the exploration of the technology that the Government are undertaking, but things are made more difficult by the fact that there are no demonstration projects up and running, or even planned, for alternative scenarios that might have a lesser environmental impact, such as the creation of tidal lagoons. An MRDF that considered pre-commercial technologies might be able to fund a lagoon demonstration project, and therefore make an important contribution to exploiting the enormously important Severn estuary, and other renewable resources, with minimal environmental damage.

Robert Key (Salisbury) (Con): I entirely agree that we should consider tidal flow energy and lagoons—options that the Government are avoiding. They are sleepwalking towards the construction of a Severn barrage, an absurdity that will be bitterly opposed. There is very little evidence

that it will be cost-effective. The Government should stop behaving as though there will be no opposition to the Severn barrage. The Minister for Energy made a big mistake in rubbishing what the Royal Society for the Protection of Birds said on the subject recently. I hope that the Government will learn better ways in future. The barrage would have a devastating, irreversible impact on the whole Severn estuary.

Martin Horwood: I am grateful to the hon. Gentleman for his intervention, and he is right to highlight the real environmental concerns of the RSPB and bodies such as the Wildfowl and Wetlands Trust. However, it is a little premature to say that there is no economic case for a barrage until we have seen the progress made in the Government's review. I would support the Government continuing with the process that they are undertaking on the Severn estuary and considering all the possible options. I simply seek to make that a more productive exercise by suggesting that they look at how the MRDF is used.

Oddly, the motion omits to mention a range of renewable technologies, including solar, photovoltaic, solar thermal, geothermal and biomass. I would have thought that friends and colleagues of the hon. Member for Rutland and Melton from the National Farmers Union would lobby him hard to make that a priority. Nor is there mention of hydroelectric, micro-hydro – a potential new addition to hydroelectric power in this country – or even the much maligned biofuels. I believe that biofuels have potential. That is not a very trendy thing to say, because many people are highlighting the real risks that they pose to the rain forests, land use and food prices, and highlight the fact that in north America biofuels are being produced that have, if anything, a negative impact on global warming. I welcome the Government's commitment to strict sustainability criteria in the document published last week. It is therefore strange that they are ploughing ahead with the renewable transport fuel obligation without putting those strict sustainability criteria in place.

The motion also omits clean coal technology, which has been mentioned by various hon. Members. That is regrettable, especially as the Conservatives have shared our criticism of the Government's carbon capture and storage regime, which has been too lax on new coal-fired power stations such as that at Kingsnorth, refuses to accept any kind of locking-in of carbon capture technology, and is too unambitious in its limited post-combustion competition for a demonstration project on carbon capture and storage.

I was slightly surprised to hear the hon. Member for Rutland and Melton say that he supports an emissions performance standard for new power stations, although that is in line with comments made by the right hon. Member for Witney (Mr. Cameron). During proceedings on the Energy Bill, the hon. Member for Wealden (Charles Hendry), who is now sitting on the Conservative Front Bench, opposed our amendment to introduce precisely such a system, saying:

> "Although I am sympathetic to and understand what Governor Schwarzenegger has achieved in California, my concern about the new clause is that it would introduce too many uncertainties into people's investment decisions" – *[Official Report, Energy Public Bill Committee,* 26 February 2008; c. 221.]

The Conservatives do not seem to have all their ducks in a row when it comes to clean technology.

Most notably of all, the motion is silent on energy efficiency, with the sole exception of a passing reference to smart meters. Energy efficiency is, of course, the most cost-effective path to energy security that we can take, and it is vital that energy efficiency is a major part of our energy strategy. We should all be aware of the risk of the lights going out. It is worrying that in the coming decades we simultaneously face perhaps up to 20 GW of generating capacity coming to an end and a rising dependence on imported oil. We have been a net importer of oil since 2006, and a net importer of gas since 2004. The context worldwide is that there is 252 years'-worth of coal left, but perhaps only 72 years'-worth of gas and 45 years-worth of oil. There is also a dramatic increase in demand, as a result of the relentless growth of new economies such as that of China.

I confess to having been sceptical of the alarming scenarios painted by some green movement members who have talked about peak oil, but I am a complete convert: peak oil seems to have been reached, and we face very serious economic as well as environmental consequences. A worrying scenario is set out in the Stern report, which mentions some historically successful ways of reducing carbon emissions. The most successful reduction of all was achieved by Russia after 1989, but it came about essentially through economic collapse. I hope that that is not the scenario the Government are aiming for – a scenario in which we walk blindfolded towards the edge of a cliff. I suppose that that would be the Northern Rock approach to ensuring housing affordability.

It is sobering that although we face an oil price of $140 a barrel – Goldman Sachs and Morgan Stanley say it is not inconceivable that it will shortly be as high as $200 – consumption is still rising. Disruption to supply was recently experienced in Nigeria, and is still possible in many other parts of the world. Speculation appears to be adding to the problem; people are betting on the prices getting higher in future. There also seems to be a greater lack of reserves and of flexibility in world markets now, and the combination of all those factors is potentially economically devastating. Similar factors are influencing European gas markets, especially as state-owned oil and gas monopolies are very influential, in terms of the link between gas and oil prices.

The more reliant we are on imported fossil fuels, the more risky the picture looks, especially when we consider where the energy comes from. The oil comes from notoriously unstable regimes such as Iraq and Nigeria. We have a huge reliance on Saudi Arabia; although it is, in some senses, stable at the moment, it is nevertheless a monarchical dictatorship that relies on repression to maintain its political situation. In the long term, therefore, it cannot be regarded as a very stable source. Supplies of oil go through some very narrow choke-points, such as the Suez canal and the strait of Hormuz, and we have some very vulnerable installations. I was alarmed to read in the *New Scientist* only recently that the Ras Tanura oil terminal in the Persian gulf handles fully one tenth of the entire world's oil supply. Those are very vulnerable and risky pieces of critical infrastructure. I come from Gloucestershire, where we are very much aware of the need not to put all of one's energy supply eggs in one basket: last summer, we nearly lost our electricity supply altogether as a result of relying too heavily on one single power supply station.

[Martin Horwood]

The solution has been staring us in the face for generations. It is not, as some Conservative councillors in the south downs have suggested, to start drilling for more oil on the south downs. It is not nuclear; there is no example anywhere in the world of a nuclear power station being built without public subsidy, and it would leave a poisonous legacy to future generations. The previous generation of nuclear power stations still cost us some £1.5 billion per annum in clean-up costs, and an eventual long-term storage repository has not been found, even for first-generation nuclear waste. The location of such a repository is unknown, its price cannot be calculated, and it would be a cause of concern for thousands of years. Clean coal technology is part of the solution, but only as a transitional technology. The long-term answer is renewable energy in all its various forms.

Mr. Jamie Reed: The hon. Gentleman mentioned radioactive waste and the issues associated with its storage and ultimate disposal. How does he propose that the nation should manage funds, find a location, and finally get rid of responsibility for the storage carbon?

Martin Horwood: The hon. Gentleman makes an interesting point, and there are parallels between the long-term storage of carbon and of radioactive waste, which is why it is a priority to develop carbon capture. We should think carefully about storage, and the use of CO_2 to feed anaerobic digestion or create biomass might be a more a sustainable and, in the long term, safer way of using some of the carbon that is captured. We must all work together to find solutions to the problem that the nuclear industry left from the last generation of nuclear power stations. I am simply urging that we do not repeat that mistake.

We have talked about various sources of renewable energy, so I shall not repeat what was said, except to say that we have enormous potential. The more diverse and decentralised our energy supply, the more resilient and safe it will be. We are supported in that view by the Government's own advisers. The Government sometimes listen to some advisers and not others, but a 2006 Sustainable Development Commission report on the role of nuclear power in a low-carbon economy—I am sure the Minister knows this quote very well—said:

"Having examined a broad range of studies that offer different scenarios of our energy future, it is clear that there is more than enough renewable resource in the UK to provide a diverse, low carbon electricity supply. All the scenario results suggest that it is possible to meet our energy needs in a carbon constrained economy without nuclear power."

It is a disgrace that we should languish close to the bottom of the renewable energy league table. It is a disgrace that the Government are still resisting feed-in tariffs, and are promising yet more consultation, thereby delaying their vital implementation, possibly for years. It is pretty much a disgrace that the Government are proud to have overtaken Denmark in offshore wind, as that country has a population of little more than 5 million and far less coastline than the UK. It is a disgrace that, having retreated from their commitment or aspiration to generate 20 per cent. of our energy needs from renewable sources by 2020, even the lower 15 per cent. target is in some doubt. The Minister for Energy has occasionally referred to "15 per cent. or thereabouts" in recent statements, so perhaps we will receive clarification at some stage today.

To end on a positive note, the Government have placed a more substantial focus on renewable energy than we have yet seen. The consultation offers us the opportunity to push the Government further on renewable energy: all that we can hope is that it is not too little, too late.

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. We do not have very long, so it would be helpful if hon. Members took account of that. Back Benchers have been squeezed by the time taken so far, but I would be grateful for brevity.

6.4 pm

Mr. Eric Illsley (Barnsley, Central) (Lab): I take on board your strictures, Mr. Deputy Speaker. This is a timely debate on energy issues, but there are only about 45 minutes left. When it began, we had only two and a half hours for debate, but the Front-Bench spokesmen took an hour and a quarter. As you suggested, Mr. Deputy Speaker, I shall keep my comments brief.

We have had an interesting debate, and we have had a good tour d'horizon of a number of issues. I do not want to pursue that too much, because I want to make some points about the energy situation, and point out—this has not been referred to very much—the effect on industry of high energy prices, which are absolutely crippling. Energy prices for consumers have increased dramatically. On TV the other day, someone from the gas industry said that domestic consumers could expect price increases of 40 per cent. in the not-too-distant future. Those increases in gas prices and the squeeze on gas affect electricity prices as well, because we made the mistake a good few years ago, in 1988, of generating a lot of our electricity from gas.

I was interested to hear the hon. Member for Rutland and Melton (Alan Duncan) begin his history lesson on the British energy situation in 1997. He should have started in 1988, when we privatised it and liberalised the markets, because that is when many of the problems started. We went into a privatised energy market, and we did away with the coal industry shortly afterwards in 1990. We tried to privatise the nuclear power industry in 1990, but we failed. When the City looked at the books—the former Select Committee on Energy, on which I served, saw those documents and reports by Rothschild, Kleinwort Benson and the other major finance houses—it saw how much the industry cost, and it ran a mile, so the Government could not privatise the nuclear industry. Many of the decisions that we are debating and the issues that we face go back much further than the past 10 years or so.

At the same time as energy prices, including electricity, have increased, commodity prices have increased around the world. The price of everything is beginning to increase, and much of that is down to the increased cost of energy and the increase in demand. The amendment discusses the

"imbalance between supply and demand".

Presumably that refers to developing countries such as China and India, which have been mentioned, and

whose economies are growing at a remarkable rate. Those countries, particularly China, are drawing in many raw materials and commodities, and demand many energy resources, too. Many of China's—and, to some extent, India's—energy resources are based on coal. Those countries are perverting the world supply and demand for gas and oil, because they are building their economy—as we have heard, by a gigawatt every week or so—on coal.

There was a good article in *The Guardian* last week devoted to carbon capture. It stated that last year, China built about 100 large coal-fired stations, and India built 30. Supply and demand for those countries is therefore based on coal. I am told by the UK's major energy-intensive companies that supply and demand for energy in Europe are pretty much in equilibrium, so the industry there is not suffering the same high energy prices that industry in this country is suffering. That makes our industry dramatically uncompetitive. The reason why Europe does not have the problems that we face goes back to the fact that we have a liberalised energy industry.

Mr. Bone: I hope that I am not going to anticipate the point that the hon. Gentleman is about to make. The liberalised energy market is a European Union initiative and directive. It is our colleagues in Europe who are not playing fair, not the Government: it is not our side—it is the French and the Germans.

Mr. Illsley: I do not disagree. The question is why we have been left with a liberalised energy market. We have been banging on about Europe liberalising its energy market to level the playing field and so on, but it is simply not happening. Our European partners are not playing ball, but if they look across the channel at what happened to us, they can see the problems that we face. They might therefore think that if they do that to their energy industry, they will go down the same route and be in the same predicament, so their reluctance is understandable.

I remember in 2006 being in the Czech Republic when that country took over the presidency of the European Union. The presidency statement made a commitment to energy liberalisation, mainly because gas prices had gone up that winter, but two years later, nothing seems to be happening. The hon. Member for Reigate (Mr. Blunt), who is not in his place, made the point that we had an energy White Paper as far back as 2003. Since then, we have had another White Paper and a review of nuclear power and, last week, we had the £100 billion renewables review, but we are not doing anything. We are not making the decisions, and nothing is happening; we are simply talking about the same energy gap that we talked about in 2003. We are nowhere nearer bridging it, so we must address the question of why the energy problem affects our industries but not those in the rest of Europe.

In my constituency, there is a glass-producing company that is part of a Europe-wide chain. Compared with the chain's plants in western Europe, the plant in my constituency is the most unprofitable, because of the energy crisis that it faces. The other day I saw some figures for the projected energy costs of another energy-intensive user. Its costs in 2002 were about £3 million per annum, by 2006 they had increased to £8 million, and its projected figure for next year is £21 million. It cannot continue in business with such energy costs. Unless the situation changes, we are staring down the barrel of major job losses and factory closures, because we are simply uncompetitive.

Mr. David Hamilton: May I make the point to which I think my hon. Friend is alluding? We need to stabilise the market in the United Kingdom and try to drive it forward while we wait for renewables to come along. We must talk not only about long-term investment in the nuclear industry, but about engineering and mining companies achieving the necessary long-term stability to invest long term in the coal industry while we wait for renewables.

Mr. Illsley: My hon. Friend is right. As I said, we have been talking about the issue since 2003, and we must have stability. However, high energy prices are our short-term problem, and we have no way of addressing it—or it would appear that we do not at the moment. I shall come to the issue of the energy gap, but we also have the long-term problem of how we produce our energy from here on in.

On the issues of oil and gas prices, energy generation and the rest of it, the Government ought to consider whether our supplies are too heavily traded and speculated on because of this country's market liberalisation. Other countries are not affected by such activity, but I read somewhere the other day that every barrel of oil in this country is traded 12 separate times before it is consumed. Obviously, somebody is going to try to make a profit out of each trade, and that is probably why our prices have been shunted further and further upwards.

I remember speaking two years ago to representatives of a company in my constituency, who told me that one of their concerns about high energy prices was that the biggest gas customer in this country was Barclays bank. The banks were buying all the gas and speculating on it, because of the issues about future supplies. Members have already referred to the countries that supply our gas and to the fact that they are not exactly the most stable countries on which to rely for long-term supplies. The Government have to take urgent steps in the forthcoming months. They must look at what is happening to our industries and at the problems that we will face unless we get our energy prices down.

On the issue of the energy gap, I am opposed to nuclear power and have been for a long time, but we have waited so long and our energy supplies have dwindled so much. Coal-fired stations are closing because of the large combustion plant directive, and the nuclear stations are coming to the end of their useful lives, so we have to do something, and if that something is a nuclear plant, let us get on with it. By the same token, nobody has been stopped from building a nuclear power plant in this country; the market simply has not wanted to do so, because of the disguised costs of nuclear power and the cost of nuclear waste, which we cannot ignore. If we were to examine the cost of the coal industry, we would have to take into account the disposal of all its waste.

On what has happened over the past 11 years since 1997, I remember that back in the 1980s, the then Central Electricity Generating Board falsified the figures that were used to compare renewable and nuclear sources in order to make nuclear look more favourable. The

[Mr. Illsley]

wave energy machine of that time—electricity would be created from wave power—was heavily referred to as Salter's Duck. The origin of many renewables issues and of the current situation go back a very long time.

We have talked about renewables, coal and nuclear power. The hon. Member for Cheltenham (Martin Horwood) made a good speech about nuclear energy, and I endorse everything that he said in what was quite an interesting contribution. We should have renewable sources of energy, but even if we carpet this country with windmills, we cannot hope that they will meet our energy requirements for the next 30 years. They clearly will not. We need some heavy-duty generating capacity to replace what we are going to lose, and the answer lies with coal. This country and the rest of the world are going to burn coal for a long time, and the coal industry is buoyant: about 600 million tonnes will be needed simply to fuel the power stations that have been built in the past two years. That is a lot of coal, and we have to face the fact that we are going to be reliant on it.

Kingsnorth power station has been opposed because it does not have a carbon capture and storage facility, and it has been suggested that every planning application for a coal-fired power station will be held back unless it includes carbon capture and storage. That is a major problem. If we stop coal-fired generation on that basis, there will still be concerns about nuclear generation, and in the end, we will not have achieved very much.

The answer is of course carbon capture and storage. It is not a proven technology, but the Secretary of State referred to what I understand to be a competition. He was challenged by my hon. Friend the Member for Bolton, South-East (Dr. Iddon) about pre and post-combustion carbon capture, but pre-combustion carbon capture already exists, and it is operating in my constituency in the form of a coke oven. By converting coal to coke, much of the carbon and many of the gases are extracted from the fuel before it is burned, and they are easier to get rid of at that point in the process.

I am too young to remember town gas and the burning of coke to create gas, but my hon. Friend the Member for Midlothian (Mr. Hamilton) will well remember it. The technology removed many pollutants from coal before it was burned and, as that technology is currently under consideration, it should not be too difficult to enhance it. Funnily enough, all the clean coal technology plants in this country, including the coal gasification plant at Point of Ayr and the fluidised bed at Grimethorpe, were closed in 1990 by the previous Conservative Government, who decided not to conduct clean coal technology research. We have to look at all aspects of generation, including renewables and nuclear, but we must get carbon capture and storage under way. We must realise that burning coal will be a major issue, and that we will have to rely on coal for a very long time.

Finally, one line in the Government's amendment makes me raise my eyebrows. It says that this House

"believes that the Opposition's failure to show clear leadership on energy could put at risk Great Britain's energy security."

Why we are calling on the Opposition to show leadership on energy matters is completely beyond me, and I would worry about voting for that later. Perhaps the Minister will explain that line to us, and then tell us why it is the Government who need to show a little more leadership—and show it now. Let us make the decisions on new generating capacity.

6.19 pm

Mr. Oliver Heald (North-East Hertfordshire) (Con): As ever, the hon. Member for Barnsley, Central (Mr. Illsley) has brought some Yorkshire common sense to the debate. He made important points about the history of this issue and about our resources as a country. He also touched on energy efficiency, a point ably covered by the hon. Member for Cheltenham (Martin Horwood) as well.

How can a country such as ours—an island that is lapped by the waves, that can have tidal power and that has offshore wind, substantial reserves of coal and oil, and a population who would be happy to try microgeneration—be in the position of worrying about energy security of all things? We have more energy potential than most. It must be a reflection on the Government that they have not done better to ensure that we have the resources that we need for the future. Furthermore, it is an absolute gift to couple microgeneration with energy efficiency. In that way, we can say to people, "Look, do what you can to save energy. You as a citizen can influence things. At the same time, we will help you to produce energy if you can." That should be right at the heart of the Government's approach: they should be trying to get people to volunteer and help in this important cause.

Yet what is the history of the past 11 years? Seven years ago, a royal commission looked at the issue and pointed to the coming energy gap. About five years ago, the Geological Society of London produced a major report to which 150 people contributed. It pointed out that in 10 years' time, we would be able to produce only 80 per cent. of the electricity that we need.

Yes, the Government have had White Papers, consultations and so on, but what have they actually done? Other countries have been considering the issues. Germany, for example, is doing so much on solar power. Last year, 130,000 photovoltaic panels were installed in Germany, but only 270 were in Britain. Other countries have thought about what their natural solutions should be. Like France, Finland has decided to go with nuclear, and Iceland is doing work with geothermals. Those countries seem to have grasped the nettle. In our country, however, there has been a failure of action. That has been because the Government have not been prepared to take tough decisions; it is another example of dithering. It is not good enough that this country, with the potential that it has, should have been led to the poor situation that we are in today.

Some of the incompetence is appalling. The marine renewables development fund had £50 million but not a single project was backed, as the hon. Member for Cheltenham said. BP was actually developing a carbon capture and storage plant at Peterhead, but did the Government back it? No. Why on earth not? We do not have a trained work force in respect of nuclear power, and we do not have enough transmission infrastructure, so people who have wind farms in Scotland cannot get on the national grid. The Government have been slow on solar power, have had no workers for nuclear power, have been clunking on carbon capture and are off target

when it comes to offshore power generation. We are ending up with the situation described by the hon. Member for Barnsley, Central: we are covering some of our beautiful countryside with onshore wind farms, when the Government could have made decisions that meant that that was not necessary and we could have had a policy that really worked. The Government's policy has been careless and lazy.

The Beane valley is a chalk river valley in my constituency. It has no pylons and its countryside has been the same for 1,000 years. *[Interruption.]* The Minister should listen, because I am talking about the effect of his silly policy. Three wind turbines, each the size of the London Eye, have been proposed for that landscape, which comprises small rolling hills, copses and a tracery of fine lanes in the heart of Hertfordshire. The Minister says that that is a good policy for this country. It is not.

The Government have been lazy for 11 years. We do not have what Germany, France and the other major European countries have. The Minister has sold us short, and the price that we are paying is the planning applications in the most heavily populated county of Hertfordshire that would ruin some of the precious landscape to which people throughout the county look for enjoyment and recreation. It is being spoiled because the Minister and his Prime Minister, including when he was Chancellor, were so lazy that they could not do a proper job.

Mr. Jamie Reed: Does the hon. Gentleman share my concern about microgeneration, which is perhaps something of a middle-class conceit? Does he have any idea, for instance, about how much it would cost an average family in the north of England to install a wind turbine on their home?

Mr. Heald: It surprises me that the Labour party has forgotten everything that Tony Blair taught it. There was the "toffs" campaign in Crewe and Nantwich, and now we are told that allowing the citizen to do something to tackle the problem of energy need is not relevant in the north of England. Let us forget the class war—the fact is that we have an energy security problem and everybody should be able to take part in solving it. If people want to do that through microgeneration or some of the other energy-saving schemes, they should be able to. We should not say, "Oh, that is middle class—let's not do it."

Mr. Reed: I regret that the hon. Gentleman has sought to misrepresent my views, but I admire the fact that he is facing both ways at once on the issue of renewables. The issue is about not class, but affordability. Class has nothing to do with it. I am simply pointing out that in some of the poorer parts of the country, microgeneration is simply not doable or achievable, and the idea that it should be a principal element of policy is, frankly, for the birds.

Mr. Heald: I was making the point that we can all save energy. We can all influence what happens in our country. If some people want to try microgeneration, that will be an additional help. The Government should be pressing on both fronts: they should be encouraging people to generate and to save energy. Their performance has not been strong.

My first speech at a Conservative party conference, in 1989, was about energy efficiency labelling for white goods—something that the Conservative Government introduced in 1991. Many here will remember Margaret Thatcher's great speech about our having a leasehold, not a freehold, on the world. She explained the importance of energy efficiency in the modern world. That was all those years ago, and what have the Government really done on energy efficiency in the past few years? I have signed up to the Energy Saving Trust's plan to make each household more energy-efficient. The Government have not given much of a push to that plan; it has not been a central crusade for them.

Thank you, Mr. Deputy Speaker; I have made the points that I wanted to make.

6.29 pm

Mr. Brian Binley (Northampton, South) (Con): You will be delighted to know, Mr. Deputy Speaker, that I had planned to make the most moving and effective speech on clean coal ever delivered in this Parliament's history, but tragically, in trying to accede to your request and be brief, I have cut it to the point where I cannot do so.

We have heard right hon. and hon. Members outline the Government's failure in recent years, especially in terms of renewable energy, microgeneration and the roll-out of smart meters. We have talked about this country's abysmal lack of gas storage—we have 14 days' capacity, Germany has 99 and France has 122. That lack is part of a policy framework that suggests that the Government have abysmally failed the whole population.

I want to concentrate on carbon capture and storage, on which the Government have acted with great timidity, caused disinvestment and, above all, created great uncertainty in the industry. That is a matter of great sadness. Large investment is required for CCS projects, which cannot proceed against a background of uncertainty, but people are having to invest in such a climate. Government policy is unclear: it appears that they support a single demonstration model of perhaps 300 MW and hope that eventually the emissions trading scheme will deliver a carbon price that allows investment to flow thereafter. That policy of wishful thinking has no certainty to underline it. Several large carbon capture projects were under development, but they have been frozen out thanks to the Government's indecision.

The opportunity is obvious with between 240 and 250 years of coal beneath our feet and the ability to extend our oil production by up to 25 years. Together, those energy sources could solve our energy security problem, but the Government are not tackling that problem with any courage. As a result of a competition they decided in favour of a post-combustion working model—not a commercial station—to be in place by 2014. That decision shows that they do not see the need for any urgency whatsoever, yet that urgency is staring us in the face. That decision has undermined confidence in pre-combustion, where, conversely, technology is in place and we could create a commercial station by 2014. I need only mention the Centrica progressive energy project at Eston Grange to offer a good example of the impact of the Government's decision: a proposed 850 MW integrated gasification combined cycle coal-fired power station was being worked on, but, although it remains

[Mr. Brian Binley]

in being, its capability is likely to be scaled down drastically. That presents a massive problem—and so it goes on.

We have undermined investment in clean coal to the country's great detriment. What a missed opportunity! On 17 June, Professor Stuart Hazeldine of Edinburgh university said:

> "Carbon storage could not only help the world, it could aid Great Britain plc. Develop expertise and hardware and we could sell them to China, India and other developing nations, and so make money while saving the world."

That was a slightly romantic notion, but none the less it underlines a great truth in this debate.

Mr. David Hamilton: Could the hon. Gentleman row back a little in saying that he is disappointed with this Government? Thirty years ago, CO_2 emissions capture was being developed by the National Coal Board, and 25 years ago it was happening at a time when the Conservatives were closing all the pits in the United Kingdom. Both Governments have left a lot to be desired on such developments.

Mr. Binley: I am grateful for the hon. Gentleman's comments. I was not opposing such developments at that time—I was playing football and chasing birds, but that is another matter altogether. We are dealing with the here and now, and the situation is that the Government do not have enough confidence in clean coal technology, have not put enough investment into it, and have not planned enough for a proper policy. They are simply waiting until 2014, when we might see the outcome of a possible post-combustion project that will not have any commercial impact until 2020, 2022 or thereafter.

I am not sure why the Government are being so timid. We have an Energy Minister who is normally robust and speaks his mind, yet I fear that his hand has been forced and he is displaying a level of timidity that he secretly would not want to show. I hope that he can tell us the reason for that timidity. Is it because he felt that the battle to secure the nuclear option would be greater that it has turned out to be, and that he could not have developed CCS adequately against that background? Is it because the oil companies have told him that it would be expensive and take too long, as Mr. Guerrant, the European director of ExxonMobil Gas and Power Marketing told the Business, Enterprise and Regulatory Reform Committee two weeks ago? Is that why the Government have baulked at the challenge? Or is it because they, as the Government, did not have the confidence to grasp the nettle? By their timidity, the Government have held back the whole CCS process, and Britain's future energy security has been placed in jeopardy. We all must recognise that that is a great pity, to say the least.

6.35 pm

Mr. Peter Bone (Wellingborough) (Con): It is a great honour to follow my Northamptonshire colleague, my hon. Friend the Member for Northampton, South (Mr. Binley), who made a splendid speech that went to the heart of the matter. I sometimes feel that the Energy Minister must go away at night and bang his head against his bedroom wall at the Government's indecision. If Prime Minister Blair were still here serving the full term that he promised at the last general election, I think that we would have had a lot more decisiveness.

Malcolm Wicks: We are all Blairites now.

Mr. Bone: Indeed.

I should declare an interest as listed in the Register of Members' Interests and say that I drive a biofuel car. I want to make two brief points. The first concerns biofuel, which has not been much discussed *during this* interesting and constructive debate. For Members who are not aware of it, I should explain that a biofuel car can run both on petrol and on E85, which is a mixture of 15 per cent. petrol and biofuel and is sometimes called flex-fuel. There are only 19 biofuel stations in the country, one of which is at Morrisons in Wellingborough.

It seems strange that the Government are not encouraging more people to use biofuel to power their cars. I remember the former Deputy Prime Minister saying that he intended to reduce the number of miles that were travelled by car, but unfortunately the Government have failed in that regard. In 1997, motor vehicle traffic stood at 450.3 billion vehicle kilometres, whereas in 2006 the figure was 506.4 billion vehicle kilometres—an increase of 12.5 per cent. If we could reduce the amount of carbon that cars emit, it would be far better for the country. We know that biofuel does that, but there is a problem with a biofuel car, as I can testify—it can run quite happily on petrol, when it does the same mileage per gallon as a normal car, but when it runs on biofuel, its efficiency is significantly reduced, so one has to use a third more to get the same number of miles.

Dr. Ian Gibson (Norwich, North) (Lab): Is the hon. Gentleman aware that the Government's chief scientific adviser, Professor Beddington, has said that the global rush to grow biofuels was compounding the problem of climate change and that cutting down rain forest to produce biofuel crops was "profoundly stupid"?

Mr. Bone: I realise that I have got very little time, so I will try to deal with that point straight away. One of the arguments against biofuels has been about the Brazilian rain forest, to the effect that when I drive down the motorway, instead of saving the planet, I am destroying it. However, the facts do not bear that out. Only 1 per cent. of the rain forest is being used for biofuel products, and the oil that it is generated is also being used in other industries. That argument is a bit of a red herring.

Martin Horwood: Surely the point about biofuels is that without proper sustainability criteria, the hon. Gentleman simply cannot tell what is in his tank.

Mr. Bone: That is entirely right, and if I had the time I would have argued for sustainability. The situation is rather like that of the mobile phone. The first mobile phones were great clunky things that we carried around, and now they are very small. If we do not get the first run of biofuel efficiency right, and if we do not encourage it, we will never get what we want. We now have aeroplanes that can fly on biofuel; Virgin flew a plane across the Atlantic with one if its engines running on biofuel.

I want the Government to take biofuels into account, and briefly, I put the following points to the Minister. If we are to have a level playing field for biofuel, the duty must be reduced. It should be reduced by the maximum amount allowed under European Union rules, which is 25 per cent. I would like to know whether the Minister supports that idea. Why not make 50 per cent. of the Government agency fleet eco-friendly vehicles, such as those that use biofuel? Why not exempt flex-fuel cars from the congestion charge? Why not give free parking to people who use biofuel cars, or low energy emitting cars?

Malcolm Wicks: Ask Boris.

Mr. Bone: I am sure that the Mayor of London is listening to this debate with great interest. Finally, why not encourage companies to have biofuel pumps on their sites? If we are to encourage biofuel use, it is completely hopeless that there are only 19 biofuel stations in the country.

6.41 pm

Charles Hendry (Wealden) (Con): This has been an important, but somewhat brief debate. Nevertheless, we have covered good ground during the course of it. We have heard important contributions from a number of colleagues, and I give my sympathy to those colleagues who hoped to be called to speak, but did not have the chance to do so. I pick out in particular the comments of the hon. Member for Cheltenham (Martin Horwood), because it is clear from those remarks that a lot of common ground is developing between the parties, although there are matters that still divide us. When there is such cross-party agreement, which the Government could work with, it seems all the more strange to many of us that they choose to stand in its way.

The hon. Member for Barnsley, Central (Mr. Illsley) rightly highlighted the cost to business and consumers of energy prices. Just a few years ago, our industrial energy cost 15 per cent. less than the European average, and today it is 15 per cent. more. That difference is getting greater, so a real issue is at stake. Companies, such as the one in the hon. Gentleman's constituency to which he referred, are facing the risk of closure because they can no longer afford to manufacture in this country. That is a matter of profound concern. Just as, a few years ago, business was moving abroad because of cheap labour, we now face the risk of business moving around the world to where it can get cheap energy.

However, it should be pointed out that consumers in this country were charged, until very recently, the lowest energy prices in Europe, one of the reasons being the liberalisation of British energy markets. The response to price rises should not be to move back to nationalisation, as the hon. Member for Barnsley, Central seemed to suggest, but to push the rest of the EU to liberalise its markets. The hon. Member's final point was the most telling of all; he said that it was not for the Opposition to show leadership—although I think that we are—but for the Government to do so. That has been missing from this debate.

My hon. Friend the Member for North-East Hertfordshire (Mr. Heald) spoke of international comparisons and explained how we are lagging behind precisely because the Government have not made the tough decisions that are so important. He also made clear the real battle that will be fought in a number of constituencies between the desire to move forward with renewables and the concerns about damaging unspoilt natural landscape. That real debate is one which we should have in this House.

My hon. Friend the Member for Northampton, South (Mr. Binley) spoke with great passion about carbon capture and storage, and he rightly highlighted the lack of vision and the lack of a sense of urgency that we have seen from the Government. My hon. Friend the Member for Wellingborough (Mr. Bone) made interesting points about biofuels. One of the concerns expressed about using them in aeroplanes is that, using current technology, biofuels freeze at altitude, which is not desirable in an aeroplane. More work needs to be done on that, but the most important issue is the one raised by the hon. Member for Cheltenham—sustainability. Biofuels can make an important contribution as long as they are produced in a sustainable manner.

I was particularly struck by the speech of the Secretary of State, which was unusual because it contained a joke—perhaps it will read better in *Hansard* than it sounded in the House. When he was talking about Conservative energy policy, it was a bit like listening to the Monty Python routine, "What have the Romans ever done for us?" We have called for nuclear power without subsidy, for more resources for the nuclear installations inspectorate, for type and site approval, for changes in the planning system to allow for local democracy to be involved and for the Government to push towards a long-term waste disposal strategy. Putting that aside, however, what else is in the Conservatives' policy? We have said that there should be a cap and trade system, we have called for smart meters to encourage microgeneration—

Mr. Hutton: Hardly.

Charles Hendry: The Secretary of State says, "Hardly", but we did it well ahead of the Government. We pushed for feed-in tariffs and for changes to the national grid to allow for priority access, and we want to look at the way in which Ofgem operates to see what more can be done to encourage renewables. We have called for more carbon capture and storage projects and for more general gas storage because we are concerned about the national lack of storage. We have pushed the Government to reform the renewables obligation certificate system to allow for banding. We have not called in any Conservative policy document for ROCs to be scrapped.

We called for a heat strategy, and we called for energy efficiency and fuel poverty to be dealt with in the Energy Bill, but the Government refused. We have pushed for more energy to be derived from waste, and we wanted more information for consumers on their CO_2 emissions and their environmental charges. We wanted the public to know what contribution was made from their bills towards those charges. In spite of all that, the Secretary of State says, "Yes, but can you tell us what the Conservatives want in energy policy?" We could not have been clearer in showing the way, and it is unfortunate that the Government have been lagging.

The greatest risk to our energy policy is the Government's failure to make long-term decisions. My hon. Friend the Member for Rutland and Melton (Alan Duncan)

[Charles Hendry]

and I are fans of much of what the Secretary of State has done. The nuclear industry and its potential investors will be profoundly concerned by the reports in yesterday's papers that the unions want him sacked in return for continuing to bail out the Labour party. He has been listening and he has been acting, but there remains a worry that there is no plan B if people choose not to invest in this country on the terms set out by the Government.

Concerns arise relating to our energy security in other respects. On gas storage, there is no sense of urgency and no steps have been taken to put an increased number of gas storage facilities in place, even though we have some of the worst storage facilities in Europe. We have 10 or 12 days' worth of supplies, compared with 80 days in other countries. On carbon capture and storage, the Government ducked one of the great technological opportunities of this decade in opting purely for one technology. They said that they wanted to export the technology to China, but anyone who knows anything about the matter knows that the Chinese will be developing it, too, that they will be there by Wednesday of next week, rather than in 12 years' time, and that they will be considering how they can export it to us, rather than expecting to take it from us. The Government have turned away from one of the most exciting technologies, which will be a matter of shame for them for ever.

Everyone believes that energy efficiency can make a fundamental contribution to our energy security. At the moment, only 40 per cent. of the properties of this country are effectively insulated. There was nothing in the Energy Bill to improve insulation. We charge 5 per cent. VAT on fuel, but 17.5 per cent. on energy-efficient measures to make our homes warmer. People tell us constantly that they are not getting the independent guidance that they need to determine which technology is right for their homes. The Government have held back and have not been sufficiently dedicated to the roll-out of smart meters. We could have sent a very clear message in the Energy Bill that we wanted every home in this country to have a smart meter within 10 years. They would help to tackle energy inefficiency and fuel poverty, and they are exactly the right way to go. The Government moved some way in that direction but were still not prepared to take the necessary key steps. They continue to run the low-carbon buildings programme, and when the money is used up within a few hours of being unveiled they say that that is a success, showing how popular the programme is, rather than a fiasco because people cannot get access to the support that they are looking for.

We recognise the contribution that microgeneration can play, but the Government are still stalling its development by refusing to accept feed-in tariffs now because they want to consult more on them. That means that it will be years before we can take them forward as is necessary.

We find perhaps the greatest complacency of all on renewables. We have heard about how the marine renewables deployment fund has not worked. The Minister has said on other occasions, "But look, we have almost as much tidal power and wave power as they have in Portugal." We have 11,000 miles of coastline, compared with 1,000 miles in Portugal. We should be leading, but we find that the new renewables strategy that the Government announced last week is not so much a strategy for success as a shocking admission of the Government's failure. We are third from bottom in the whole EU in the development of renewables. In spite of all the Government's fine words, we have simply not made progress.

All that we get from this Government is consultations. There was a consultation programme on smart meters, and at the end of it their conclusion was that there should be three more consultation exercises. That is this Government's approach: rather than make decisions, they have a further consultation programme. That is simply not good enough.

We are concerned about reliance on imported energy, which will include 80 per cent. of gas by 2020. That will lead to higher prices and less security. That is the challenge for the Government, and it is unprecedented, as we have heard in the debate. We are not getting the leadership that we need from this Government. Their legacy will be terrible in many areas, but the worst legacy of all will be that they have failed to make the key decisions. That will result in a loss of vital supplies, which in turn will lead to higher prices and, potentially, power cuts.

6.51 pm

The Minister for Energy (Malcolm Wicks): We have had a lively and wide-ranging debate, ostensibly about the security of the energy supply but in practice ranging very much wider. I shall start with energy security, which is a serious challenge.

Our task is to ensure that we continue to have a secure and reliable supply of energy in a world in which global demand is growing rapidly and supply has struggled to keep pace. We have to import far more fuel than in recent decades, and energy resources are concentrated in certain regions, including the middle east and the former Soviet Union. Energy therefore becomes a vital component of our nation's security, not just because we need the supply but because we must ensure, through diversity, that our sources of supply do not affect our independent foreign policy on issues such as human rights. The energy security aspect of national security is vital.

The imbalance between supply and demand affects prices. As we have heard, the price of oil has gone over $140 a barrel, having doubled in the past year. That has had knock-on effects on gas—wholesale forward gas prices have increased by more than 135 per cent. since June 2007—and on coal, with spot prices increasing by more than 150 per cent. since then; on electricity, whose price has more than doubled since June last year; and on petrol and diesel, whose prices are respectively about 35 per cent. and 25 per cent. higher than last year. Of course, that is affecting every household, motorist and business.

My hon. Friend the Member for Barnsley, Central (Mr. Illsley) talked about prices and their impact on industry. We need to be careful when making comparisons, because they are quite complex. Indeed, available data suggest that for industry, gas prices for medium consumers were above the median in the UK, while prices for small and large consumers were below the median. Similarly,

in the case of electricity, some people are better off than in Europe and some are worse off. I shall happily send my hon. Friend the detailed data.

Of course, energy security cannot be seen in isolation but must be addressed in the context of the need to tackle climate change internationally. Global warming is, by definition, a global problem requiring global solutions. Domestically, and even individually, we need to tackle it by reducing demand and decarbonising our energy supply.

Let us be careful about European comparisons. We have heard a lot about feed-in tariffs, but I do not think that any of the Members who spoke acknowledged the very important fact that per capita CO_2 emissions are higher in Germany than in the UK. We must also be aware of some siren voices that argue that, faced with rising energy prices, we cannot now afford to tackle global warming. I judge that that would be the wrong signal at precisely the wrong time. We must rather pursue the most economical and cost-effective climate measures. Those are among the greatest challenges that Governments around the world face, and although there is no doubt that the current high prices place a strain on households, motorists and businesses, the UK is in a fundamentally strong position for the following reasons.

First, I emphasise the policy strategy. Our policy of a diverse and increasingly low-carbon energy mix is surely the right way to ensure security of supply. I want to be absolutely clear about that, because one sometimes hears particular interests proclaim that one solution is the answer. Sometimes it is nuclear, sometimes it is renewables. Those voices are surely mistaken. Putting all our energy eggs in any one basket would seriously reduce our nation's security.

Mr. Redwood: Will the Minister give way?

Malcolm Wicks: I beg the right hon. Gentleman's pardon; I do not have time. I heard his earlier comments, which were interesting. Turning our back on coal and encouraging a new dash for gas would be foolish and against diversity, and it would certainly not help our nation's security.

Secondly, we have taken, and continue to take, the tough decisions required for the long term, including our decision in January in favour of new nuclear power stations and our proposals last week for a massive expansion of renewable generation by 2020. I listened carefully to the hon. Member for North-East Hertfordshire (Mr. Heald), who was passionate about the need for renewables, but not in his own constituency. That is surely the problem. I often meet Members who support renewables in the Chamber but are opposed to them when it comes to proposals in their own backyard.

Mr. Heald: Will the Minister give way?

Malcolm Wicks: The hon. Gentleman has already expressed that approach, and I cannot now give way to him.

The hon. Member for Wellingborough (Mr. Bone) talked about the importance of biofuels, and I agree that they are important. The Gallagher review, which will examine the issue of sustainability, will be published very shortly. We have announced today proposals that will push forward carbon capture and storage—a vital technology in the fight against climate change. Indeed, my right hon. Friend the Secretary of State noted that we have published today a consultation document on CCS. Although that consultation is ongoing, we intend to continue to process power station applications and take decisions under section 36 of the Electricity Act 1989. *[Interruption.]* I judge that there is an appetite for CCS, but along only with Norway and possibly the United States, we are one of the leading nations in the whole world on it. It is right to have had a proper competition to decide who should build the demonstration projects, but apparently some on the Opposition Benches say that we should have simply given the contract to one company that had a proposal. That would have been wrong, and it was absolutely right that we went for post-combustion technology because of its application to China.

Some interest was expressed in marine funding for wave and tidal power. We are interested in that, but I warn hon. Members that it is new technology and not an alternative to wind. We have spent a great deal of money on research and development and we hope that two projects will be funded through the marine deployment fund this year. It is a deployment fund, not a science fund, and when the technology is ready, we want to spend the money. However, it is clear that we cannot do that until the technology is ready for deployment.

We are making the tough decisions on renewables and nuclear. We need to do more about energy efficiency and we will. I repeat that I am proud that we are one of the leading nations in the world on carbon capture and storage. We take the nation's security, and therefore energy security, most seriously. We are tackling the biggest challenges of all—climate change and global warming. We are mindful of the social aspects and the need to protect our most vulnerable citizens against rising prices. We have one of the most sophisticated social policies on tackling climate change.

I judge that the Opposition have an appetite to hear more from me and I am happy to comply. We need to be consistent about planning. The Opposition spokesman talked about gas storage. Our planning system is one of the barriers to gas storage and we therefore introduced the Planning Bill, which the Opposition opposed. One cannot talk about the ends without willing the means. The Planning Bill is the means and will enable us, while always taking account of public opinion, especially local public opinion, to make the necessary decisions speedily.

Let me deal with nuclear—I am happy to discuss the subject of the debate all night.

Mr. Heald: The Minister criticised me for saying that it was wrong to put three wind turbines in a small valley in Hertfordshire with a domestic landscape. Is he aware that landscape is one of the most important aspects of the planning systems in Scotland and France? It is mentioned in their planning notes. Will he take note of what is done in Scotland and France when deciding where wind turbines should go?

Malcolm Wicks: I take note of what happens all over the world. I cannot comment on the projects that the hon. Gentleman mentions because I do not know the details, but he may wish to listen because I gave way to him. Given that we have an hour or so of the debate to go, I shall give way to anyone who would like to

[Malcolm Wicks]

intervene. However, I was gently chiding the hon. Gentleman because he made a passionate plea about the importance of renewables and I believe that he was gently criticising the Government for our policy. However, he then got most passionate in saying that the projects should not be in his constituency. That is the problem.

Mr. Redwood: When does the Minister believe that the first new nuclear power station under the Government's plans will open? Will it be agreed under their new planning system? How long will it take, given that there is to be two more years' delay before setting it up?

Malcolm Wicks: I recall how many power stations were built under the Administration of whom the right hon. Gentleman was a distinguished member. I listen to the talk, but I also look at the record, and I find one more impressive than the other. On a cautious estimate, the first new nuclear power station should be up and producing clean and green energy by 2020—some optimists say 2017-18.

Mr. Bone: The Minister did not deal with my earlier comments about his banging his head against the bedroom door and the European Union's failure to liberalise its energy policy. On many occasions, he has promised that the EU would liberalise—when will it happen?

Malcolm Wicks: I do not know how up to date the hon. Gentleman is with the recent Luxembourg meeting of Energy Ministers that I attended, where legal unbundling was agreed. We did not get all the unbundling that we wanted, and we will continue to press for full liberalisation, but it was a significant step forward, of which we can be proud.

Mr. David Hamilton: There was a question earlier about nimbys in England. I assure my hon. Friend that there are as many nimbys in Scotland as in England, irrespective of the planning system in Scotland. Members of the Opposition parties are the very people who behave like that, yet they always profess to be in favour of renewable energy.

Malcolm Wicks: Let us be clear: when there are good environmental or other reasons for saying no to a project—a power station or a wind farm—the answer should be no. That is right and proper. However, we must say yes if we want energy security and if we wish to tackle global warming. That is why the not-in-my-backyard people need to be faced down.

Mr. Andrew Robathan (Blaby) (Con) *rose*

Malcolm Wicks: I am happy to give way to the eminent Whip.

Mr. Robathan *rose in his place and claimed to move,* That the Question be now put.

Question, That the Question be now put, *put and agreed to.*

Question put accordingly, That the original words stand part of the Question:

The House divided: Ayes 183, Noes 279.

Division No. 237] **[7.4 pm**

AYES

Afriyie, Adam
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baker, Norman
Baldry, Tony
Barker, Gregory
Barrett, John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Brady, Mr. Graham
Brazier, Mr. Julian
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Bruce, rh Malcolm
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Lorely
Butterfill, Sir John
Campbell, rh Sir Menzies
Carswell, Mr. Douglas
Chope, Mr. Christopher
Clark, Greg
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Conway, Derek
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Curry, rh Mr. David
Davey, Mr. Edward
Davies, David T.C. *(Monmouth)*
Davies, Philip
Djanogly, Mr. Jonathan
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Francois, Mr. Mark
Fraser, Christopher
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Hammond, Mr. Philip
Hancock, Mr. Mike
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Howard, rh Mr. Michael
Howell, John
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Keetch, Mr. Paul
Key, Robert
Lait, Mrs. Jacqui
Lancaster, Mr. Mark
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Mackay, rh Mr. Andrew
Maclean, rh David
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
May, rh Mrs. Theresa
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Milton, Anne
Moss, Mr. Malcolm
Mundell, David
Murrison, Dr. Andrew
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Robathan, Mr. Andrew
Robertson, Hugh
Rogerson, Dan
Rosindell, Andrew
Ruffley, Mr. David
Russell, Bob

Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Mr. Keith
Soames, Mr. Nicholas
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Teather, Sarah
Timpson, Mr. Edward
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Viggers, Sir Peter
Walker, Mr. Charles
Walter, Mr. Robert
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Whittingdale, Mr. John
Wiggin, Bill
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George

Tellers for the Ayes:
Mr. Nick Hurd and
Mr. Richard Benyon

NOES

Ainsworth, rh Mr. Bob
Allen, Mr. Graham
Anderson, Mr. David
Armstrong, rh Hilary
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Brennan, Kevin
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byrne, Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Cook, Frank
Cooper, Rosie
Cooper, rh Yvette
Cousins, Jim
Crausby, Mr. David
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Curtis-Thomas, Mrs. Claire
Darling, rh Mr. Alistair
David, Mr. Wayne
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Ellman, Mrs. Louise
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Foster, Mr. Don
Foster, Mr. Michael
(Worcester)
Foster, Michael Jabez
(Hastings and Rye)
Francis, Dr. Hywel
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Henderson, Mr. Doug
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoey, Kate
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hughes, rh Beverley
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Ladyman, Dr. Stephen
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McFadden, Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh David
Miliband, rh Edward
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Mudie, Mr. George
Mullin, Mr. Chris
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Oaten, Mr. Mark
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Rennie, Willie
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Salter, Martin
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn

Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Tami, Mark
Taylor, Ms Dari
Taylor, David
Taylor, Matthew
Thomas, Mr. Gareth
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Twigg, Derek
Ussher, Kitty
Vaz, rh Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watson, Mr. Tom
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wyatt, Derek

Tellers for the Noes:
Tony Cunningham and Mr. Dave Watts

Question accordingly negatived.

Question, That the proposed words be there added, *put forthwith, pursuant to Standing Order No. 31 (Questions on amendments), and agreed to.*

MR. DEPUTY SPEAKER *forthwith declared the main Question, as amended, to be agreed to.*

Resolved,

That this House acknowledges that the Government is addressing the recent sharp increases in fossil fuel prices, which reflect an imbalance between supply and demand in global markets, through international engagement; recognises that the UK has the most competitive energy markets among the G7 nations, as recognised by independent analysts; acknowledges the Government's success in establishing a market framework which encourages sharp increases in gas import and storage capacity; further acknowledges the Government's success in establishing a clear framework for investment in new nuclear generation capacity through the Nuclear White Paper, and in setting out a blueprint for a historic expansion of renewable generation through the Renewable Energy Strategy consultation; recognises the Government's work in promoting energy efficiency as an integral part of its strategy; commends the Government's efforts to counter fuel poverty through the Winter Fuel Payment and through securing major financial commitments from energy supply companies; notes the Government's support for microgeneration; recognises that the Energy, Climate Change and Planning Bills will provide a legislative framework that is fit for purpose in changing market conditions and that supports the Government's policy objectives; believes that the Opposition's failure to show clear leadership on energy could put at risk Great Britain's energy security; condemns their failure to support the Government's Renewables Obligation; and deplores their opposition to the Planning Bill, which will provide greater certainty for major infrastructure building and help secure Great Britain's future energy independence.

Food Security

Mr. Deputy Speaker (Sir Alan Haselhurst): I have to inform the House that Mr. Speaker has selected the amendment tabled in the name of the Prime Minister. Will Members who are not staying for this debate please leave quickly and quietly?

7.19 pm

Mr. James Paice (South-East Cambridgeshire) (Con): I beg to move,

That this House notes with concern current food shortages which are believed to have pushed 100 million people into hunger worldwide; recognises that rising food prices are putting household budgets under increasing strain; believes that with rising global demand and pressure on supply it is both a practical and moral imperative that Great Britain retains the capacity to produce a significant proportion of its own food; notes that UK self-sufficiency in food has declined considerably over the last decade; regrets the Government's failure to accept that domestic production is a necessary condition for food security; and urges the Government to relieve pressure on world markets and ensure the security of domestic food supply by enabling British farmers to optimise food production while preserving the natural environment.

At the outset, may I remind the House of my entry in the Register of Members' Interests?

A few weeks ago in the Chamber, I challenged the Secretary of State on the subject of food security. In his answer, he asked for a discussion on the right things to do in response to the changing circumstances. I hope that he will use this debate to make a contribution to those discussions.

Three years ago, the most significant reform of the common agricultural policy since its inception took effect. The so-called mid-term review began the process of cutting the link between how much a farmer produced and how much public money he or she received. In England, the Government quite rightly decoupled totally. Many other countries did so only partially. It is ironic, however, that the price of the two basic commodities at the heart of the present rise in food prices—grain and milk—has risen because of global markets. So, far from having cheaper food as a result of ending production subsidies, the market has conspired to raise prices. The two aspect are not linked; it is a coincidence, but it demonstrates that we should not make rash assumptions about something as unique as food production. Farming cannot be switched on and off like a car plant. That is why this debate is so important.

Why are we concerned? First, we are concerned because of the considerable rise in global food prices, to which I shall return. The second reason is the impact of those price increases on consumers, both here and in the developing world. The price of wheat has risen by up to 150 per cent., but that does not explain the rise in retail prices. For example, in the past two years the price of an average 800 g loaf of bread has risen by almost 30p, but the rise in the price of wheat accounts for less than 10p of that rise. We recognise that the rise in fuel prices has hit everyone, but we have to ask how that total price rise is justified. I suggest that if the price rise had been less than 10p, there would have been much less fuss. The same applies to milk: in the past 12 months, the retail price of a 4-pint bottle has risen by about 11p a litre, but the farm-gate price has risen by just 7p a litre. So in his quite proper concern about inflation, the Chancellor must look at the whole picture.

We all know the basic reasons for the rise in commodity prices. They include the drought in Australia, which has reduced the harvest by 60 per cent., and the increasing demands of China and India, both for grain itself and for animal protein partly raised on grain. In China, for example, meat consumption has risen by 150 per cent. in 30 years. They also include biofuels. Views differ about the scale of the impact of biofuel production. The United States Government claim that about 3 per cent. of the price rise is due to biofuels; the International Monetary Fund puts it at nearer 30 per cent. The fact remains, however, that the United States is pouring money into ethanol production, which is due to rise from 5 billion gallons in 2005 to 10 billion in 2009. That production is using corn that would previously have been sold on the world markets.

Of course, some of these factors could change. Australia could go back to full production, but I have to say that the picture is not encouraging. If we take a medium to long-term look at supply and demand, we see the world population rising by about 1 billion in the next 10 years, and by perhaps 3 billion by 2050.

We must also consider climate change. The Intergovernmental Panel on Climate Change estimates that a 1 m rise in sea level would swamp a third of the world's crop land. That is possible before the end of this century. It is perfectly true to say that there is unused land in the world. For example, some 20 million hectares in Russia and Ukraine have been taken out of production since the end of the Soviet Union. However, it is estimated that some 10 million hectares of farmland around the world are lost each year to urbanisation, deforestation and desertification. The background is not encouraging. World cereal stocks have gone down consistently by 17 per cent. over the past five years.

I put it to the House that we should take our future food supply—including the share of it produced in this country—seriously. The question is: do the Government do so? In December 2005, a joint policy document produced by the Treasury and the Department for Environment, Food and Rural Affairs called "A Vision for the Common Agricultural Policy" made the astonishing statement that

"domestic production is neither a necessary nor sufficient condition for food security".

Let me be clear: no one is suggesting that it is sufficient—we have not been self-sufficient for many centuries—but surely we cannot suggest that it is not necessary. Are the Government really suggesting that it does not matter whether there is any domestic production at all? In the past six weeks, I have challenged the Secretary of State and the Prime Minister in the House to disown that document. Neither of them has done so. It is true that both have made noises about the importance of British farming, but, as I shall show, they have done nothing of significance.

Tim Farron (Westmorland and Lonsdale) (LD): Is the hon. Gentleman aware that Natural England recently produced a manifesto for the countryside, in which it stated that too much of Britain's countryside was being farmed? However, we now have the lowest milk yields in history and farmers are leaving the fells because of their inability to make a living. Will the hon. Gentleman seek to correct the Government's perceptions, which are based on their quango's manifesto?

Mr. Paice: I hope that this debate will succeed in correcting that impression, which has been given by the Government and by Natural England.

Angela Browning (Tiverton and Honiton) (Con): Is my hon. Friend aware that a former permanent secretary at DEFRA volunteered the information to the Public Accounts Committee that, following 9/11, officials approached Government Ministers at the time when the right hon. Member for Derby, South (Margaret Beckett) was Secretary of State to suggest to DEFRA officials that, in the light of that event, the Department should consider the minimum amount of self-sufficiency in this country? They were told by Ministers that that was not necessary.

Mr. Paice: My hon. Friend is entirely right. I am very much aware of that statement. Of course, it was the right hon. Member for Derby, South (Margaret Beckett) who signed the statement to which I have just referred. If the Secretary of State is to achieve anything tonight, I hope that he will start by publicly stating that he has ditched that policy.

Of course, there will be those who say that there is special pleading by farmers, but I want to assure the House that there is not. There are many reasons why hon. Members want to see a vibrant and productive agricultural industry, but the real reason—which I hope the Secretary of State will agree with—is very important. In a world in which supply and demand are now at best in balance, increasing demand will push up prices. As part of the projected population rise to which I have referred, it is predicted that Africa's population will more than double by 2050. No matter how much production in Africa can be increased by husbandry, political stability and technology, that continent will still be buying vast quantities of food on the world market. We, as a relatively rich country, might well be able to meet our needs, but we will be competing head to head with the poorer countries. Where is the morality in that? Increasing domestic production is not selfish; in fact, it is quite the opposite.

Before turning to what needs to be done, let us look at the recent past and the reality behind the Government's claims. In the past 10 years, there has been a steady trend: production of all major food items has declined in this country. Cereal production has declined by some 19 per cent., meat production by 17.5 per cent. and milk production by 5 per cent. Overall, our contribution to indigenous food in our market has fallen from 81.8 per cent. in 1997 to 73.9 per cent. last year. That is the 74 per cent. to which the Government refer in their amendment to our motion.

It is laughable that the Government's amendment claims that we are somehow okay because we are doing better than we were in the 1950s. The Secretary of State—or whoever drafted the amendment—seems to ignore the fact that the population of the world has more than doubled since then, and that it has risen dramatically in Britain. He might just as well have cited the 1930s, when we were really in a deep depression. The figures were even worse then, and today's figures would look even better by comparison.

Mr. Stephen O'Brien (Eddisbury) (Con): I am listening to my hon. Friend's excellent speech, which is putting our domestic production in context and dealing with

[Mr. Stephen O'Brien]

the problems faced not least by dairy farmers in my constituency. Does he agree that whenever this country has most needed to be competitive and to look to its strengths, it has recognised that food production is a strategic industry, which makes it worth investing in to ensure that we remain competitive as well as to contribute to a degree of self-sufficiency in our own land?

Mr. Paice: I entirely agree with my hon. Friend and I will come on in a few moments to what needs to be done to achieve the status of food security that I believe is necessary.

Overall, we produce only about 60 per cent. of all our food, and the food, feed and drink trade deficit has now widened to £14 billion. No doubt the Secretary of State will point out that last year's figure for self-sufficiency was marginally higher than in 2006. Of course that is good, but unless he can assure us that it marks the beginning of a completely new trend, it is pretty meaningless. If I had used the 2006 figures in my calculations, the overall figure would have been even worse than the one I have just given.

What is behind the dramatic fall in our self-sufficiency? Essentially, it is all about profitability. In the period 1998 to 2007, food prices rose by just 20 per cent. against overall inflation of 32 per cent. This year, of course, it is different, but throughout that decade, food prices failed to keep up even with inflation. More importantly, the farmers' share of the food pound—in other words, the proportion of the retail price actually taken by the farmer—has declined by 20 per cent. over the decade. That has shown itself as a fall of 86,000 in the work force over the same period.

Let me now turn to what needs to be done if we are to halt and reverse the downward trend and to achieve greater food security by ensuring that we have the capacity to produce enough to meet the majority of our needs. Of course we will produce surpluses in some products and we will trade them for those that we need to import. It has been like that for many decades, and it will always be so. Unless we have that strong domestic level of production, it will be to the detriment of the developing world that we are buying our food.

There will be those who believe I am about to seek a return to protectionism. Precisely the opposite is the case. Those who advocate a protectionist regime and who want to cling to subsidies, including some leading agriculturists in Europe, are wrong. The real answer lies in fair and free competition—something that patently does not exist at present. We need further reform of the common agricultural policy to make it sustainable and stable. How can our farmers invest if they do not know the shape of any future policy in what is now just four years ahead?

The health check proposals on the table at the moment are, in our view, wholly inadequate. We need a phased programme to shift all funding from direct payments to development funds. We need to see full decoupling across all products in all member states. We need a programme to dismantle all the remaining trade-distorting support; and we need to see a programme of increasing co-financing by member states so that those who want to increase expenditure pay for it. The sooner we can achieve such a stable policy, the sooner our farmers will be in a position to make their long-term plans.

In the meantime, there are things that the Government should do or, in some cases, undo. First, we have to lift the burden of regulations. We know the Government's rhetoric and I am sure that the Secretary of State will use it in his speech, but I have to tell him that in the past five years we have seen a net increase in DEFRA regulation of about 20 per cent. a year. Whereas in 2002, one regulation was revoked for every two new ones, last year it was just one scrapped for eight new ones. It is not just a matter of numbers. Some regulations are necessary, but how they are applied is the important thing. There is no justification for the continued gold-plating of EU regulations; it should be removed if we are to have the free and fair competition that I mentioned.

The legion of inspectors who turn up on our farms needs to be slashed and, in some cases, merged. Even more importantly, however, it is the culture that has to change. In France, a farm inspector sees his job as helping the farmer to meet the regulations' requirements; here, it seems that the inspectors are on commission to see how many penalties they can impose.

While on the subject of regulations, let me deal with two specific ones that are currently of considerable importance. First, the nitrates directive, which applies at the European level, is obsolete and far too prescriptive. There is no excuse at all for DEFRA to go beyond the minimum necessary to comply with it, while hopefully working to have it reformed. The idea of setting in statute what will effectively be national muck-spreading day is ludicrous. It is compounded by the Prime Minister's decision when he was Chancellor to abolish the agricultural buildings allowance, which would have been of some help in meeting the £50,000 or so estimated costs to the average dairy farmer.

Daniel Kawczynski (Shrewsbury and Atcham) (Con): My hon. Friend is talking about regulations. I can tell him that certain agricultural companies in my constituency are sending employees to eastern Europe to undertake some training because the regulations are so over-imposed in this country, but not in other EU countries.

Mr. Paice: I am very much aware of my hon. Friend's immense support as chairman of the all-party dairy farmers group. I am not surprised to hear what he has to say.

Let me refer to the proposed pesticides strategy, which I understand the Secretary of State spoke against last week. I am grateful that he did, but I understand that he did not vote against it. No doubt he will wish to explain that. At its worst, this strategy could reduce grain production by more than half, not just in the UK but throughout Europe. So much for food security. I find it unbelievable, but some pest control products that are to be banned on account of this strategy are actually allowed by organic farmers. These pesticides—copper sulphate and the natural pyrethroids, for example—are so safe that the organic movement allows them, yet they are to banned by Europe.

Mr. Peter Atkinson (Hexham) (Con): The pesticides directive would make it difficult to grow many vegetables, including potatoes, carrots and other root vegetables, quite apart from cereals. Indeed, they would be made virtually uneconomic in this country.

Mr. Paice: What my hon. Friend says applies across the whole sphere of what we might call horticulture and field-scale vegetable production, as well as fruit. The size of the market is such that, in the absence of the present products, it is very unlikely that any company will go to the expense of developing replacement products.

Mr. Stephen O'Brien: I am grateful to my hon. Friend for giving way to me a second time. One of his examples was the NVZ—nitrate vulnerable zone—regulations. Is he aware that the cost of gold-plating is met on the ground, when farmers have to go to the expense of digging their pits and fencing them to ensure that they are not a danger—even though someone falling in would be trespassing on their land? The real issue is seen in my constituency, where the river Weaver has for the last 12 years recorded reduced nitrate levels in the water from the natural fall-off, yet the farmers have to meet this enormous expense for a nitrate problem that does not exist.

Mr. Paice: My hon. Friend makes an important point. We all know that nitrates in water can be caused from run-off of recently applied chemicals, but we also know that they can have a very long historic lead-in. Some work has been done in Rothwell in Lincolnshire to show that nitrate levels in water can reflect actions taken decades or even centuries ago. It is therefore very short-sighted to rely solely on the current situation.

Since my hon. Friend has referred us back to the NVZ proposals, it is worth pointing out that I challenged the Secretary of State only a couple of weeks ago about this problem and the gold-plating issue. I heard various sotto voce comments to the effect that there was no gold-plating in the proposals, but I have to tell the Secretary of State that there is—*[Interruption.]* I would be delighted if he intended to drop them, but let me give him one example—the requirement to have cover crops on the land all through the winter. That is not in the directive, and if the Government are going to drop it, I know that most farmers would be very pleased to hear it, but let us not hear any profession that there is somehow no gold-plating in the drafting.

I could add many other issues to do with double-tagging of sheep, electronic identification and many more, but unless there is a clear benefit to be gained from a regulation, it is pointless. I question considerably the need for them, but the key point in this debate is that all those things restrict farming's ability to increase production.

Let me move on to animal welfare. We in this country rightly pride ourselves on having some of the highest standards, but equally we must look hard at the standards used in food production overseas. There is no point in raising standards at home only to destroy our own producers by importing produce reared under less humane, and therefore perhaps less expensive, standards.

In the long term, such issues could be, or should be, addressed in the world trade talks, but in the short term we must ensure that the consumer knows the full facts. However, food labelling law does not allow that. Apart from beef and honey, there is no obligation for food to be labelled with the true country of origin: that can either be avoided altogether or the label can merely represent the place where the food was last processed. So, British ham or pork may not be from a British pig. If that were to be corrected, our industry could properly market its strengths, but there is one customer whose buying power is greater than that of any other—the Government.

About £2 billion of taxpayers' money is spent on food and drink by the Government and their Departments and agencies, yet the proportion of it that is British is woeful. Only 5 per cent. of NHS orchard fruit is British. The Ministry of Defence sources absolutely no British bacon. There are many other pathetic examples. Of course, Ministers will say that we are not allowed to insist on British products. That is true, but there is nothing wrong whatever with insisting that products are produced to British standards. What hypocrisy we have in a Government whose Ministers regularly proclaim the little red tractor as a logo demonstrating good-quality food, but who are complicit in spending taxpayers' money on food that is not produced to those self-same standards.

On animal health, the Government have consulted on sharing the cost of disease control. That is not a bad idea at all until we realise that, in its current form, it means that farmers should pay the cost of DEFRA's mistakes. It is no coincidence that the proposal appeared just after last year's foot and mouth chaos. True cost sharing can work only if there is genuine sharing of decision making and planning for disease control, and if the Government recognise their unique responsibilities. They are the only organisation who can properly protect our borders against illegal meat imports and the disease risk that they bring. It is estimated that an average of some 12,000 tonnes of illegal meat comes in each year.

The Government must also deal with the crisis of bovine tuberculosis. After 11 years of almost total inaction, there is no prospect of the disease coming under control. Indeed, it is getting worse. On figures for this year so far, we can see that 40,000 cattle have been slaughtered compared with just 28,000 last year. What a waste. What a tragedy for the farmers who see their breeding programmes disrupted and their businesses driven to the wall.

The Government know what has to be done: there must be a comprehensive programme, as we have spelled out before, but it must include addressing the reservoir in wildlife. We on the Conservative Benches want to see healthy wildlife alongside healthy cattle, but in parts of the country we have neither, while we have a Secretary of State who seems to want to compete with the Prime Minister as chief ditherer.

Finally, the Government have a responsibility—

Mr. Roger Williams (Brecon and Radnorshire) (LD): I agree with the hon. Gentleman that we have to deal with the reservoir in wildlife. The question is how we deal with it. Perhaps he will give us his thoughts.

Mr. Paice: I recommend that the hon. Gentleman read the report of the Select Committee of which he is a member. His own Committee has produced part of the answer and I have spelt it out on many an occasion. I am happy to do so again on some other occasion. Going through the whole programme would take a long time—

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Jonathan Shaw): So that is a no, then.

Mr. Paice: No, it is not a no at all. I strongly support the Select Committee proposals, which demonstrate a way forward. The key thing is that we must tackle the reservoir in wildlife. That, of course, is code for badgers. There is no point in hiding that. We need to look at selectively culling badgers in the hot-spot areas. That is one of the proposals made by the Committee of which the hon. Member for Brecon and Radnorshire (Mr. Williams) is a member.

Mr. David Curry (Skipton and Ripon) (Con): I sensed that my hon. Friend was drawing to a conclusion when he used the word "finally". There are two issues that, up to now, he has not mentioned and I would be grateful for an idea of his views on them.

First, the words "genetically modified" have not yet crossed my hon. Friend's lips. What scope might there be to assist global production with that technology, and should British farmers have that piece of equipment in their toolkit? Secondly, the Government will have to address the big issue of how environmental schemes will continue to be funded at a time of rapidly rising commodity prices, which have changed entirely the economics for farmers. For example, we no longer have set-aside. What are his thoughts on that crucial issue? None of us wants to return to the intensive production methods that are now a generation old.

Mr. Paice: I am grateful to my right hon. Friend, who will not be surprised to hear that there are a lot of issues that I have not included in my speech, which would otherwise have been even longer, but I am happy to take him up on those two points.

Our position on GM is quite straightforward. First, it has to depend on consumer demand. The ultimate decision must be taken by the consumer. We see the need for all GM developments to be considered individually. It is wrong to lump the whole GM debate together, because it depends on the merit or demerit of a particular development. There must be proper testing for food safety and environmental safety. We need to ensure that rules on crop separation, liability and such things are sorted. Subject to those requirements, GM crops have a role to play. Whether people want to grow those crops is up to them, as is whether they think there is a market for such production.

Mr. David Drew (Stroud) (Lab/Co-op): Should they be allowed to?

Mr. Paice: That is what I have just described. I will come back to the issue of funding, which was mentioned by my right hon. Friend the Member for Skipton and Ripon (Mr. Curry).

Rob Marris (Wolverhampton, South-West) (Lab): I am grateful to the hon. Gentleman, who is being generous in giving way. He is right about UK food production being vital for the food security of our country—I certainly agree with him there—and I am interested to hear what he says about GM foods. Will he set out his party's policies on the controversial issue of biofuels? What policies should the Government pursue to adapt to the climate change to which he referred—adapting in a way that builds and increases our food security? What measures should be taken?

Mr. Paice: I am grateful to the hon. Gentleman for his support for some of the things I have said. The issue of biofuels has to be based on sustainability. It is clear in the Gallagher report of last week, or whenever it was, that they are not sustainable. In fact, we do not yet have the report; I am jumping the gun. I think we will find that the Gallagher report suggests that they are not sustainable. If you want to know where the leak happened, Mr. Deputy Speaker, it happened here. It is clear that sustainability is the key element, which is why we voted against the renewable transport fuels obligation. We believe that, at present, insufficient sustainability has been built in, but biofuels have a role to play and they should not be ditched completely if they can be made sustainable.

Andrew George (St. Ives) (LD): Will the hon. Gentleman give way?

Mr. Paice: I am conscious of having taken a lot of time, but I give way to the hon. Gentleman.

Andrew George: The hon. Gentleman has been extremely generous in giving way. He has mentioned buyer power, as well as the price of milk and the fact that the retail price was not being passed on to the producers. No doubt he will have followed the results of the Competition Commission report on the grocery sector, and will be aware that it recommended not only strengthening the supermarket code of practice, but introducing a supermarket, rather than a grocery sector, ombudsman. If such an ombudsman were introduced, that would surely do a great deal to assist farmers and food producers in this country, and surely it would help food security in the UK. Is that the policy of the Conservatives?

Mr. Paice: If I had been able to return to my speech, my next sentence would have dealt with that issue, and I will return to the second point raised by my right hon. Friend the Member for Skipton and Ripon.

The Government have the responsibility to ensure that the market works fairly. As the hon. Member for St. Ives (Andrew George) has just pointed out, our supermarkets are all-powerful. They sell the vast majority of our food, and they will continue to do so. Those who think that if they shut their eyes the supermarkets will go away are fooling themselves. However, I believe that the balance of power is wrong. We are still awaiting the Government's response to the Competition Commission's proposals, which the commission said were in the interests of both farmers and consumers. Perhaps we are seeing even more dithering from the Government.

As for the hon. Gentleman's idea about an ombudsman, self-regulation is closely involved in my party's approach to these matters. We are waiting to see whether the Government endorse the idea, and whether they are prepared to say that if the industry cannot set up its own regulatory system, they will set one up instead. In the meantime, we are not making much progress.

Mr. Curry *rose—*

Mr. Paice: I have not yet answered my right hon. Friend's other question, but I am about to do so, if he will allow me.

Mr. Curry: My point is about milk.

Mr. Paice: In that case, I will give way.

Mr. Curry: I refer Members to my entry in the Register of Members' Interests.

Does my hon. Friend accept that the Competition Commission's intervention in the price increase agreed by supermarkets for farmers some years ago has been entirely counter-productive? Supermarkets are now generally reluctant to contemplate increasing prices for farmers in case they are accused of complicity. The Food Standards Agency is having to broker an agreement with the competition authorities so that the dairy partnership can go ahead without the accusation that it is basically a price-fixing cartel.

Mr. Paice: I can only agree with my right hon. Friend. I am well aware of the situation that he has described, and I think that he is entirely right. I know that the supermarkets were upset by the criticism, because they thought that they were acting with the noblest of motives. It is a matter of judgment whether they achieved their objective, but, as he says, that criticism has seriously affected their willingness to do anything to help the industry in the future.

Let me say something about the environment, which is an important issue. Many people, including farmers, see it as an either/or issue. Farmers say to me, "Make up your mind: do you want us to produce food or do you want us to be park keepers?"—and use various other forms of vocabulary. I do not accept that interpretation. I believe that modern, efficient food production can be achieved alongside long-term care for our natural environment. There are many examples of good practice. Work by the organisation LEAF—Linking Environment And Farming—the Game and Wildlife Conservation Trust and the Royal Society for the Protection of Birds, which has a demonstration farm on the edge of my constituency, shows that it can be achieved.

Transferring resources to environmental and development programmes in the second pillar of the common agricultural policy will target funds on activities that yield no market income for the farmer. That is the only way in which we can address the important point made by my right hon. Friend. Payments for entry-level stewardship at £30 a hectare were fine when wheat cost £60 a tonne, but represent no form of compensational carrot now that it costs more than double that. Nowhere is such action more essential than in our hills and uplands, where the landscape has been fashioned by farmers. Tourists visit those areas and biodiversity is considerable, yet economic and, indeed, social existence is often exceptionally fragile in a market economy. The need to recognise the contribution made in those areas is vital.

Domestic food production has regained an importance that is unprecedented since the end of the second world war. That approach has been taken not for selfish or protectionist reasons, but to ensure that this country does its bit to increase world food supplies and to help to restrain price rises for the countries and consumers who can least afford them. That is what the people are increasingly asking for; it is what farmers want to do; and—true—the Government say that it is what they want to do. However, if the best the Government can do is say that we are doing better than we were in the 1950s, they know in their heart that they have failed.

We will never produce enough to meet all our needs, nor should we try, especially as concern about total carbon footprints plays an increasing part in our lives, but there is no reason why we cannot produce enough to meet the significant majority of our needs. We have some of the best land in the world and some of the most technically advanced farmers, but we also have a Government who seem obsessed with regulation and centralisation, and who therefore hinder rather than help those who want to get on with their business.

7.55 pm

The Secretary of State for Environment, Food and Rural Affairs (Hilary Benn): I beg to move, To leave out from "House" to the end of the Question, and to add instead thereof:

"notes with concern current food shortages which are believed to have pushed 100 million people into hunger worldwide; acknowledges the steps taken by the Prime Minister to encourage coordinated international action to address global food security; welcomes the additional UK contribution to the World Food Programme; recognises that rising food prices as a result of global pressures are affecting household food budgets; believes that with rising global demand Great Britain needs a strong farming industry able to produce a significant proportion of UK food; notes that UK self sufficiency stands at 74 per cent. for food which can be grown in the UK, which is higher than in the early 1950s; and commends the Government's role in helping to develop a domestic farming sector that produces what consumers want in a way that preserves natural resources and enhances the valuable environmental benefits that it provides to society.".

I welcome the opportunity to debate food security. I also welcome the context of what was said by the hon. Member for South-East Cambridgeshire (Mr. Paice), if not all the content. I will take his contribution in the spirit in which it was offered. I think that we need both to understand what is happening and why it is happening, and to agree what we should do in response, both internationally and at home.

Let me begin with the international aspect. As the hon. Gentleman said, the last 12 months has seen a remarkable increase in food prices across the globe. Demand for food has increased, one reason being the fact that more people in emerging economies are becoming better off. The world's population is growing: by 2050, there may be another 2.5 billion mouths to feed on this planet of ours. Drought and changing weather conditions have hit yields. High energy prices, poor harvests in some places, speculation, biofuels and export bans have all pushed up prices. We have seen food riots in Haiti, Cameroon and Mexico. The whole House will be concerned about the fact that those price increases are pushing millions of people in the developing world further into poverty and hunger.

Despite the unprecedented prosperity in our world, it should weigh heavily on each and every one of us that even before the recent increases in food prices, 850 million people on the planet did not have enough food to eat every day, and that every five seconds, somewhere in the world, a child dies because it does not have enough to eat. Lives are lost for want of enough food, yet there is enough food in the world for everyone; it is just that the poorest cannot get enough of it, either because they have not enough money to buy it or because other circumstances deny them access to it. I shall say more later about the question of the future.

[Hilary Benn]

It is not for nothing that Josette Sheeran, who heads the World Food Programme, has described what has been happening as "a silent tsunami". The United Kingdom, along with others, has responded, giving a further £30 million to the World Food Programme's emergency appeal. There is, however, a fundamental problem, which was referred to by the hon. Member for South-East Cambridgeshire: the need to increase production in the developing world. The Food and Agriculture Organisation estimates that global food production needs to rise by 50 per cent. by 2030 and to double by 2050 to meet the demands of a growing world population.

Mr. Drew: It is good to hear that the World Food Programme is putting more resources into Sudan, a country that my right hon. Friend and I know very well. Sadly, what we do not hear is that before the latest increase, the amount of resources given to the World Food Programme had been drastically cut. There may be reasons for that, but we never hear those silent voices. It is vital for us not only to play our part and make our own contribution, but to ask other countries to make their contributions too, in terms of not just words but actions.

Hilary Benn: I agree. Like a number of other countries, the United Kingdom has a long and honourable tradition of not just talking about what needs to be done, but putting money into it. I can say from my long experience of dealing with the World Food Programme that it is an outstanding organisation which delivers the most practical assistance to our fellow human beings in times of need. However, it deals with short-term emergencies. The question is: how are we going to increase global food production in what is literally a changing climate, because farmers throughout the world will have to contend with unreliable water supplies and the increasing frequency of droughts and floods? Food production will be affected by climate change, but it could also contribute to climate change if the wrong agricultural policies are adopted. The common agricultural policy, and agricultural support policies in countries such as the United States of America, keep prices high domestically and do not help poorer countries in the global economy; dumping subsidised produce on local markets does not exactly encourage and help farmers in those countries to produce. All of that is why we need a deal through the World Trade Organisation Doha round, and it is why I agree 100 per cent. with what the hon. Member for South-East Cambridgeshire says about reform of the CAP through the health check. Indeed, at the recent meeting of the Agriculture Council I made the point about what we in the UK have done in decoupling. I am grateful for the hon. Gentleman's support, but the problem is that there are others in the European Union who have to be persuaded that the path of reform is the right one to take.

On pesticides, the UK, along with the Irish and one other country, appear to be the only nations that have done the work and identified the potential problem, which is why I spoke in the way that I did when this matter came up at the recent meeting of the Agriculture Council, and we will return to it.

On nitrate vulnerable zones and the nitrates directive, I simply say to the hon. Gentleman that I would not have started from here, and nor would he; I suppose that this question should be addressed to those who agreed the nitrates directive all those years ago, but I think that the Environment, Food and Rural Affairs Committee, chaired by the right hon. Member for Fylde (Mr. Jack), got it right in its recent report. On labelling, the upcoming new EU proposals offer an opportunity to make progress on a number of points that the hon. Member for South-East Cambridgeshire raised.

Looking beyond the recent price rises in global food commodities—which many commentators believe will come down from their peak, but will not return to where they were previously—we need to consider the future. Apart from giving more help to the World Food Programme, the UK—in the spirit of the contribution of my hon. Friend the Member for Stroud (Mr. Drew)—has committed £120 million a year to boost agriculture in poor countries and £400 million over five years for international agricultural research, and Ban Ki-moon has taken an initiative with the taskforce, which is looking at a range of things that need to be done.

Let me make one final observation on the international dimension: ultimately, good governance in countries has a hugely important influence on whether markets work successfully. Zimbabwe, for example, has in the space of 25 or 30 years gone from being the bread basket of Africa to a country that is incapable of feeding itself, not because of any factor except a monumental failure of governance.

Robert Key (Salisbury) (Con): Looking to the future, does the Secretary of State agree that we will depend on advances in science, technology and agriculture to a greater degree than ever, and that it would be absolute folly to reject GM technology both in Britain and in order to aid overseas problems, and that we should be increasing research in such technology and building confidence? We should, as my party spokesman has said, be careful not to dry up resources for science and research in this important area, both in terms of reducing insecticides and pesticides in our own crops and in producing drought-resistant crops in the rest of the world?

Hilary Benn: In responding to the scale of the challenge facing us in the fight against dangerous climate change and producing enough food for a growing world population, my view is very simple: we should look at all the means that are available, and we should not be afraid to ask questions. In relation to GM, we have to be able to provide answers to two questions that the public not unreasonably ask. First, they ask whether the product is safe to eat, and there is no evidence that it is not. Secondly, they want to know about the environmental impact of growing these crops. I recently gave approval to a trial that the university of Leeds wanted to undertake with a variety of potato. I am sorry to have to say that the trial has been trashed, and it is difficult to know the answers to the questions in those circumstances.

One step that the EU could take is to speed up approval for new varieties to come in. Imported soya grown from GM sources is fed to a lot of livestock in this country, and therefore becomes part of the food chain.

Mr. Atkinson: On the destroyed potato trial plot, it would help if the Secretary of State changed the Government's policy and did not publicise the addresses of those trial plots.

Hilary Benn: I intend to reflect upon that point. I think I am right in saying that this was the first trial to which I have given approval since taking up my current post. We need to find a way of answering the question, which, legitimately, everybody asks, because we should not be afraid of the answers, whatever they are; but those doing research into GM technology also need to be able to demonstrate that it can deliver some of the things that are sometimes claimed for it. That must be shown to be the case if GM is to be increasingly taken up.

The question that goes to the heart of this debate is this: what do we mean by "food security"? I think the House would agree that it means people having, at all times, access to enough safe and nutritious food at a price they can afford. It also means having a food supply system that is reliable and resilient and able to withstand shocks and crises. In other words, we need to think about availability, access and affordability.

We in the UK are not, of course, insulated from global price rises any more than anyone else is. We have seen the oil price rise to unprecedented levels—now almost $140 dollars a barrel, whereas a decade ago the price of a barrel was a tenth of today's price. We all feel the consequences of that in the shopping basket and on the forecourt when we fill up the car, and this is particularly difficult for households on low incomes, even though there has been a long-term decline in this country in the proportion of household budgets spent on food. The average household spends about 10 per cent. of its budget on food, whereas 10 years ago it was nearer 11 per cent. and 20 years ago it was 13 per cent.—and further back in time it was higher still. However, those averages hide the impact on those with less money. Low-income households currently spend about 15 per cent. of their household budget on food. The Government have been helping pregnant women through the Healthy Start programme, which provides free vitamin supplements and vouchers for essentials like milk, fruit and vegetables. We are spending about £100 million on that programme in Great Britain and Northern Ireland.

I also know that the supermarkets are acutely conscious of the pressures these price rises have exerted on their customers' budgets, and in the last week or so we have seen signs of them responding. On a visit to any supermarket it is evident that our major grocery chains have been very successful in providing consumers with choice and a diversity of food products sourced from both this country and elsewhere around the world. Consumers have become highly sophisticated in choosing what to buy. There is also a growing network of farmers' markets and farm shops, as it is true that we as a society are becoming more interested in where our food comes from; the year of food and farming is in part about trying to educate more of our young people that food comes from farms, and does not grow in supermarkets, thereby informing the choices consumers make.

David Taylor (North-West Leicestershire) (Lab/Co-op): The Secretary of State will be aware that when addressing the National Farmers Union conference in February, the Prime Minister stated that its members had a core responsibility to grow and produce most of the food consumed by the British people. What proportion of food, by value, that is consumed by the British people is produced by British agriculture, and what proportion does the Secretary of State expect that to be in five and 10 years' time?

Hilary Benn: If my hon. Friend will bear with me a moment longer, I will come on to that point.

The UK currently enjoys a high level of food security. Our food supply chain is, however, highly dependent on energy, and reducing that energy dependency will be very important in addressing the challenges we face. Our farming industry makes a very important contribution to our food supply by producing food that consumers want. I want—we want—a strong, thriving, successful farming industry, and in many respects the outlook is brighter than it has been for some years. Let me say to my hon. Friend that domestic production is necessary for food security, but it is not on its own sufficient.

Daniel Kawczynski: The Secretary of State is trying to paint a very rosy picture—that he is a friend of farmers—but is he not concerned about the large number of judicial reviews that the NFU is pursuing and the growing number of such reviews that it feels forced to pursue because it fundamentally disagrees with Government policy on so many things?

Hilary Benn: Well, we are a free society and individuals and organisations are perfectly free, by those means, to challenge decisions that the Government have taken. I should be very happy to discuss with the hon. Gentleman the particular context of some of those. We await judgments in those circumstances and we will of course be judged by the courts on the basis of the decisions that have been taken by the Government, but I do not accept the premise that the Government are somehow not trying to provide support. However, if one is talking about regulation, we are operating within a context where a lot of it comes from Europe, and it is indeed society itself that presses for that.

Let me turn to the facts and individual products. Coming directly to the point about self-sufficiency, which my hon. Friend the Member for North-West Leicestershire (David Taylor) raised, milk and cereals production is about the same as it was 30 years ago, although it peaked in the early 1980s. It has gone up and down a bit. Self-sufficiency in vegetables has undoubtedly fallen from about three quarters to less than two thirds. Imports from the EU have risen sharply. Self-sufficiency in butter, on the other hand, has risen from just under one third to nearly two thirds over the past 30 years. Of the foods that can be produced in this country, we are about 74 per cent. self-sufficient and yes, it is true that that is higher than it was in the 1950s or, indeed, the 1930s. It is not as high as it was at the height of the CAP, and 60 per cent. of the food that we import comes from the European Union, which is itself about 90 per cent. self-sufficient in the food that it needs.

Would it be sensible to make self-sufficiency a policy aim? What about exports, which are very important for the farming industry? If self-sufficiency means protectionism—the hon. Member for South-East Cambridgeshire said that he was not arguing for that—is that a desirable aim? We are a trading nation. We export as well as import food, and there are of course some things that we cannot possibly grow ourselves that we

[Hilary Benn]

need to buy. What is more, feeding the population of the UK sustains a very large industry, not just agriculture, and some 3.7 million jobs. It accounts for 7 per cent. of gross domestic product, and for one fifth of UK greenhouse gas emissions. Of course, food manufacturing is the largest single manufacturing sector in the UK.

Kerry McCarthy (Bristol, East) (Lab): My right hon. Friend has talked about self-sufficiency but he has not really put that in the environmental context. Does he not agree that in this day and age, when this country produces food such as apples, it is absolute madness to incur the environmental consequences of importing apples from somewhere such as New Zealand?

Hilary Benn: In the end, consumers have a choice about what it is they wish to buy in those circumstances. Food security cannot be considered in isolation from the rest of the world. Part of the answer to the question that was raised earlier is that we need an open global trading system and an end to the distorting subsidies.

Mr. Paice: I am very grateful to the Secretary of State, not least for the way in which he is addressing the subject. He rightly said earlier that I was not calling for protectionism, but does he also accept that I was not calling for self-sufficiency either? I specifically used the phrase "food security", which I defined as the capacity to produce the majority of our needs. We have never been fully self-sufficient and nobody is asking us to be.

Hilary Benn: I accept the point, and in asking the question—others have raised it, and I was not attributing that view to the hon. Gentleman—I think it important that we have thought through exactly the argument that he has put, so that we can answer it in relation to those who do say, "Should we not aim to be self-sufficient?" Then, we can get on to discussing what we mean by food security and what the right policies are.

Mr. Michael Jack (Fylde) (Con): The right hon. Gentleman is correct to put this matter into an international context. At the world food summit, the Food and Agriculture Organisation secured its plan to address this issue, but at the same time, the Secretary-General of the United Nations, Ban Ki-moon, indicated that the UN was going to produce its own plan to deal with the same issue. The World Trade Organisation has an influence in terms of its market policy. The World Bank also has an influence and so does the European Union, yet so many delegations said, "We've talked about this ad nauseam over the last two decades, but what guarantees are there that we will have a course of action that will deliver the increase in food supply that we need?" What role are the UK Government going to play in trying to create coherence among all the players who have an influence on this subject?

Hilary Benn: The right hon. Gentleman makes a very important point. When one looks at the international system, one could describe a similar situation regarding a number of other issues, where there are lots of fingers in the pie. I do not mean that in a disrespectful sense, because those organisations have a view to express. Indeed, I was discussing this, in part, with the secretary-general of the OECD only this morning. I think that the answer would be that the UK will do what it has done on a number of other occasions—argue our corner to try to ensure that we have an effective international system.

The single most important priority in improving production is the need to focus on Africa, because it has not experienced the green revolution that Asia went through. We must also consider issues such as getting governance right, markets, communications, water supply, access to seeds, lowering the cost of fertiliser, helping with transport and getting products to market. Some of the food grown in the developing world rots. The rats get it before anyone can eat it because the infrastructure is not there to get it from where it has been grown to where it needs to be. That is why progress on all those fronts is required if we are to solve the problem.

Bob Spink (Castle Point) (UKIP): The right hon. Gentleman is right to refer to the common agricultural problem as part of the—*[Interruption.]* Sorry, that was a Freudian slip; I meant to say that he is right to refer to the common agricultural policy as part of the problem. Does he agree that the common fisheries policy is also dysfunctional? If so—I guess that I will not get very far down this line—will he therefore explain why the Government's policy is not simply to withdraw from them? Given that the hon. Member for Norwich, North (Dr. Gibson) is present and that apples have been mentioned, does the right hon. Gentleman understand that the demise of the honey bee will have a major impact on our agriculture and biodiversity, and what will he do about spending more money on research into that problem?

Hilary Benn: I understand that the policy that the hon. Gentleman has put forward is that of the party that he now plants his standard in; it is not the policy of either of the parties represented on the Front Benches. However, the sustainability of the world's fish stocks is a really important issue. If, in the end, we fish the seas out, we have all got an even bigger problem on our hands.

Mr. Curry: Will the Secretary of State give way?

Hilary Benn: I will—for the last occasion, seeing as it is the right hon. Gentleman.

Mr. Curry: May I invite the right hon. Gentleman, in response to the question that came from his back-bench colleague, to assert that trade is a good thing—that if we do not buy New Zealand apples, they may not buy our whisky, for example—and that the environmental damage of a long sea voyage is almost certainly a great deal less than that of the final bit by lorry from the port to the processor to the supermarket? Trade has done a huge amount to advance the cause of civilisation, and I hope that none of the Front Benchers is going to suggest that we should do anything but seek to promote it.

Hilary Benn: I happily say, since the right hon. Gentleman invites me to do so, that trade is indeed a good thing, which is why I have just told the House that we need an open global trading system. However, I also said to my hon. Friend the Member for Bristol, East (Kerry McCarthy)

that individuals have a choice. If they are going to eat apples, which lots of people do—doing so is very good for them—they can decide where they want their apples to come from. *[Interruption.]* "Kent", says my hon. Friend the Member for Chatham and Aylesford (Jonathan Shaw) from a sedentary position—and who am I to argue with him?

In bringing my remarks to a close, I want to come to the question whether our food supply is secure. Currently, the answer to the question is yes, both because we produce a lot of it ourselves and because we are able to buy the rest of the food that we need on the world market. Will the answer to the question be yes in the years ahead? The truth is, none of us can answer that question for sure, which is why this debate matters so much. We should therefore ask ourselves how we can watch what is happening and set up a system of warnings—if I might use that word—to alert us to changes that we ought to be worried about. That is the starting point for this debate. In the document that I promised the House at the last departmental questions, I intend to suggest what those warnings might look like. I intend to produce the document alongside the Strategy Unit's report on food, and I genuinely look forward to contributions. As a starter for 10, the things that we might want to watch include the overall global availability of food compared with population growth; the pattern of UK food imports and supply diversity; the changing patterns in domestic land use here and elsewhere in the world; the energy dependency in our food chain and food chain resilience; affordability of food, and especially whether low-income households can afford nutritious food; and public confidence in the food system to deliver. There will be many other suggestions—

Rob Marris: Will my right hon. Friend give way?

Hilary Benn: I will give way one final time in a minute, as it is my hon. Friend.

What is striking about this debate is that all of us can think of things that we might need to worry about—*[Interruption.]* I did give way to the hon. Member for Shrewsbury and Atcham (Daniel Kawczynski). However, the answers are not clear. While the hon. Member for South-East Cambridgeshire listed a series of things about which he wished to complain, his speech was light on answers. I do not say that because I doubt his ability, but because, in truth, all of us are trying to work out the right policy to adopt to respond to this issue.

Rob Marris: My right hon. Friend probably knows what is coming. One of the big factors that we have already had warning of is the change in climate to which he has adverted. Those changes will accelerate in the United Kingdom as well as elsewhere. I urge on my right hon. Friend a policy on food production and security in the UK that keeps a close eye on climate change, because it is one of the biggest issues facing UK agriculture.

Hilary Benn: I am happy to say that I agree completely with my hon. Friend. What is the best way to ensure our farming sector can meet this challenge? We need to support farming in producing food that consumers want in a way that maintains the natural resources on which farming and food production depend—the quality of the soil and the availability of water—and increases environmental resilience, because there is not a competition between the two. We need to be more aware of where our food comes from and how it is labelled and to find ways of producing food with much less dependence on fossil fuels. We also need to encourage farming to play its part in reducing emissions and to encourage the next generation of farmers to see the great opportunities that exist.

One thing is beyond doubt, and that is that the world is going to need a lot of farmers and a lot of food over the next 50 years, and it is the job of every one of us to respond to that global challenge. The truth is that all our lives depend on us getting it right.

8.23 pm

Mr. Roger Williams (Brecon and Radnorshire) (LD): I draw the House's attention to my declaration of interests in the register.

In July last year, I asked the Under-Secretary of State for Environment, Food and Rural Affairs, the hon. Member for Lewisham, Deptford (Joan Ruddock), about food security, and she replied:

"the hon. Gentleman knows that we are pretty confident about the position here because of the diversity of sources from which we draw our food supplies and our very effective international trade."—[*Official Report*, 19 July 2007; Vol. 463, c. 417.]

That was a fairly good answer, but what disappointed many of us was that there was no mention of British agriculture and the part that it can play in food security.

Dan Rogerson (North Cornwall) (LD): My hon. Friend makes a good point. I listened with interest to the Secretary of State, but I was disappointed that he did not focus a little more on that question and on the Government's role in at least ensuring that single farm payments are made in time to farmers who rely on them to invest in the sorts of things that we want to see—*[Interruption.]* The Secretary of State says from a sedentary position that the Government are making progress, but they recently had to revise downwards their estimation of how much they would be able to achieve. Although things are improving, they still have a long way to go.

Mr. Williams: I thought that the Secretary of State was more encouraging towards British agriculture than I have heard him be recently. My hon. Friend makes the point about the single farm payment and what a sapping effect the problems with it had on the confidence of British agriculture and its ability to invest and carry on its business.

The Secretary of State defined food security as having sufficient food and access to food unhampered by bad governance, substandard infrastructure or the inability to pay for that food. As several hon. Members have said, this is an issue not of self-sufficiency, but of security of supply and where we get food from. The issue is greatly affected by national agricultural output and European agricultural output. Indeed, the EU is a great exporter of food and is an important source for food security in the whole world. Many analysts of climate change predict that northern Europe will increase its importance in global food production.

As an historical perspective on food production, I point out that in 1900 there were some 2 billion people on the planet; in just over a century we have increased

[Mr. Roger Williams]

to 6.5 billion. Food supply has kept up with that increase in population until very recent times because people have been innovative and engaged in research and experimentation. Mechanisation, plant breeding, fertilisers, agrochemicals and herbicides have all contributed to a great increase in food production, so much so that food prices have fallen in real terms over that period, especially in the past 20 years. That has been a big disincentive to investment in British agriculture. When I did my training, we were in the midst of the green revolution that did so much to bring improved food security to Asia, including the use of F1 hybrids and other technical developments. Many millions of people are alive in Asia today as a result of the improved food supplies provided by the green revolution. Many children have also gone on to better and more productive lives as a result.

Individual food security is about not only sufficient calories, but sufficient vitamins, essential amino and fatty acids and minerals. We need not only food, but a range of foodstuffs that meets our nutritional needs. Where disasters have happened, it has often been a case not of insufficient food, but of an inability to get the food to people fast enough because of civil unrest, poor infrastructure or delays in transportation. The problem has been logistics failure rather than food shortage, but many people are undernourished. It has been estimated that their numbers have increased considerably as a result of the increase in food prices.

Why is food security a hot topic and why does it cause concern for Britain and the British Government? The Government were initially sceptical about food security implications for Britain, or our responsibilities for the rest of the world. Britain's own food production has fallen as a percentage of our needs, and world food stocks recently reached an all-time low. Food on shelves and in store is likely to be inadequate if transport is disrupted, either by industrial action or by fuel shortages. Recent threats of industrial action have shown that food is spread so thinly across the nation that getting it to the shelves is a real issue, and it is one for which the Government must take responsibility. The Government's reaction was that although food production was falling in Britain as a result of decoupling, Britain was resilient because of its secure home base and diversity of supply. More work needs to be done on the resilience of the distribution network.

Other factors have already been touched on this evening that have implications for food security: the possible increase in the population to 9.5 billion by 2050; the increase in wealth of India and China, as well as the fact that they eat and want foods of higher quality and cost; and the competition for land from biofuels, with all its implications in causing a tighter market for food supplies.

What should the Government do and what can they do? First, it is a question of attitude. I call on Ministers to show more pride in British agriculture, to stand up for it and to be proud of what it has achieved in producing good, wholesome food over a long period and in ensuring that people in this country have access to that food and to variety. Secondly, Ministers should invest in the greatest resource in British agriculture—the men and women who work in it. There is too little demand for many agricultural courses in our colleges of further education. Let me give a little example. In my local agricultural college, which is in one of the biggest agricultural constituencies in England and Wales, only one person wants to go on to level 3. As a result, he will have to travel 50 or 60 miles to another college to take part in that training.

David Taylor: The hon. Gentleman asked Ministers to take a greater pride in British agriculture. Does he include in that their taking a more robust attitude in Europe in matters of labelling, for instance? It is absolute lunacy that pigs that are grown for slaughter and slaughtered in, say, Denmark can be brought to, say, Kent, processed and then presented on the supermarket shelves as a UK product. That is barmy, is it not? Why are we not taking the other EU nations to task on it?

Mr. Williams: The hon. Gentleman makes a good point. We seem to have been talking about labelling for as long as I can remember. It would be a huge step forward for British agriculture, and for the Government in the eyes of British agriculture, if they could do more on the labelling question. It seems to me that the issues are relatively straightforward and that a little bit of determination and guts could lead to a success story.

The Government could do more to promote the use of second generation biofuels. The problem with food security and biofuels comes from the first generation of biofuels, which involve making bioethanol from foodstuffs such as wheat. The second generation, which involves cellulosic enzyme technology, uses crop waste rather than foodstuffs. The Select Committee on Environment, Food and Rural Affairs and the Select Committee on Environmental Audit have both published reports that made that recommendation, yet the Government do not seem to be taking it forward. The next thing that the Government could do is invest in research into plant breeding, which might mean using genetic modification as a research tool.

Kerry McCarthy: Before the hon. Gentleman moves on from biofuels, let me say that although great emphasis is being placed on the fact that biofuels are increasingly taking up agricultural land and that that is forcing up food prices because of the scarcity of such land, is not another factor the fact that agricultural land is increasingly being used to grow soya that is then used as animal feed? Everyone knows that it takes 7 kg of grain to produce 1 kg of beef. Is that not as much of a factor as the fact that biofuels are being produced?

Mr. Williams: The hon. Lady makes a good point. As we go on, in terms of global food security, we will have to look at how much food is eaten in vegetable and plant form and how much is eaten as meat. The ruminants do not have a good conversion factor in converting corn and soya into meat, but species such as pigs and chickens are relatively efficient. Two thirds of all agricultural land is grazing land and if we can use that land more efficiently to produce food in the form of meat, meat production still has an important part to play in food security. I do not think that people always realise that arable land takes up only one third of the total global agricultural land.

By investing in research, the Government could do a great deal to improve the efficiency and effectiveness of agriculture in this country. By exporting that technology,

they could do a lot for other countries, too. I referred earlier to the green revolution, which is an example of how research and technology can take forward production to an extent that is difficult to anticipate.

The next issue is preventing waste, which the Secretary of State has already mentioned. More research and more investment in infrastructure and transport are needed. Some 30 per cent. of all food is wasted. Some is not even harvested, and some deteriorates in store. Much is wasted in processing and in retail when it is not sold during the time in which it is meant to be sold. It is wasted in the home, too. If only a small amount of that waste was used for its proper purpose as food, food security would be addressed.

British farming must not be discriminated against by uncompetitive regulation. The hon. Member for North-West Leicestershire (David Taylor) talked about pig production, and we have seen the pig herd in this country reduced by about a third or a half of its total. Part of the problem is that it has to compete against imports of pigs that are reared and produced in conditions that would not be allowed in this country. That is where labelling comes in. If the Minister and the Secretary of State can do anything for the pig industry in this country, they should ensure that imports meet the same standards and regulations as apply here.

Mention has also been made of the situation in much of the EU, where full decoupling has not taken place. That puts British agriculture at a disadvantage, too. Some of the compliance cost for agriculture seems unnecessarily complicated and oppressive. Mention has been made of all the inspections. Yes, we must have a compliance system to ensure that public money is properly accounted for and spent, but some of the compliance requirements do not seem to go that way at all.

Nitrate vulnerable zones have been mentioned. It is all very well for the Secretary of State to say, "I wasn't there when the agreement was made," but we have to deal with the issue now, and ensure that Britain is not disadvantaged while other countries are not made to sort out their difficulties—*[Interruption]*—or fined. There is another issue that the Secretary of State must take up during the mid-term review: the move towards pillar two must not be done at a rate that makes British agriculture uncompetitive and unprofitable. We want to move towards pillar two, but in a considered manner, and the profitability of agriculture must be borne in mind. I believe that the hon. Member for South-East Cambridgeshire (Mr. Paice), who spoke for the Conservatives, said that we should move away entirely from direct payments to management schemes. That is the first time that I have heard that suggested. He must mean that to be done at the end of 2013.

Mr. Paice: I think that the phrase I used was a "phased programme" of transfer; that has been our approach to common agricultural policy reform for several years now. It is about shifting resources from pillar one to pillar two over a reasonable period, precisely for the reason that the hon. Gentleman describes—to give farmers time to adjust. That shift should happen across the whole of Europe.

Mr. Williams: I am pleased that the hon. Gentleman has been able to clarify that point. He also talked about co-financing for nations that wanted to spend more on agriculture. I am not sure how that would work within a common agricultural policy. I understand the issue of co-financing within the CAP, but it seems to me that if one country wanted to spend more on a particular aspect, that would destroy the concept of a common agricultural policy.

People should take responsibility for their own food security. That is a point that a number of people have taken up. When towns or developments are being planned, allotments and other land should be set aside so that people can get involved in food production. People not only want farmers' markets and other local food production, but want to produce food for themselves, and they should be given the opportunity to do so.

I call on the Government to take action on the Competition Commission report on supermarkets. There is no doubt that there have been uncompetitive practices. Supermarkets are reaping the rewards of their actions: the fact that food prices have risen substantially is partly due to supermarkets having paid farmers so poorly that food production has been reduced. Representatives from supermarkets are now going around the country trying to find produce to fill their shelves. The Competition Commission recommended establishing an independent ombudsman for the supermarket and retail trade. I ask the Minister to say, when he replies to the debate, when the Government will act on that issue.

My last point is that we should secure the hills. The hills are a huge jewel in the crown for the UK. The profitability of farming in the hills is decreasing so rapidly that no young people will take up the farms there in future. Unless the Government come forward with plans to address that problem, we will end up with dereliction in the hills, rather than the management that so many people want, so that they can enjoy their walks and their recreation in the hills.

This has been a useful debate. It is one that the Secretary of State wanted, and all Members have engaged in it in a positive way.

8.43 pm

Dr. Ian Gibson (Norwich, North) (Lab): I was inspired to contribute to the debate after a meeting held last week by Sir Ben Gill, who gathered together 100 brains from different parts of the United Kingdom to consider the issue. The problem with such debates is that 100 issues come flooding out into the ether, rather as they did in the last speech. The subject requires some concentrated focusing down on what the important issues are, in both the short and the long term.

I want to thank two friends of mine, Professor Ian Crute from the Rothamsted research laboratory in Harpenden, and Professor Chris Lamb from the John Innes Centre and the Sainsbury laboratory in Norwich; the people there do sterling work on plant genetics and developing food crops. I shall say something more about them when I focus on the issue, but I start with the comments of the new chief scientific adviser, Professor John Beddington. At a GovNet sustainable development UK conference in Westminster, at which the Secretary of State spoke, Professor John Beddington said quite clearly:

> "There is progress on climate change. But out there is another major problem. It is very hard to imagine how we can see a world growing enough crops to produce renewable energy and at the same time meet the enormous increase in the demand for food which is quite properly going to happen as we alleviate poverty."

[Dr. Ian Gibson]

That is a strong, political message from our new chief scientific adviser. I am sure that more will be said about that issue in the coming months.

The year 2008 is distinguished by the fact that fewer members of the world population derive their livelihood in rural areas than in towns. More people buy food produced by others than are involved in its production. A few years ago, land workers in this country disappeared. In my part of the world—East Anglia—there were always strong Labour constituencies, because farm workers knew which way the cookie crumbled. It all changed when new factories were built and so on. We lost a lot of that technology and skill on the land.

This year is the centenary of a discovery that has probably saved more lives than any other discovery in the history of mankind—the Haber-Bosch process of making ammonia from gaseous nitrogen and hydrogen, which was discovered in 1908. It provided the ability to manufacture nitrogen fertiliser, and it is estimated that without access to synthetic nitrogen fertilisers there would be half as many humans on the planet, or we would have had to cultivate double the land area. Either way, there would be major ecological destruction, conflict and suffering. Some people argue against that view, but whether one loves them or hates them, pesticides and insecticides have made an important contribution to farming development across the world. We feed 6.5 billion people from 1.5 billion hectares of land. The area of land used to grow grain globally—about 2 billion tonnes per annum—has hardly increased in the past 50 years, but crop productivity has kept ahead, as we have heard, of rapid population growth, which has been achieved through foresight and sustained investment in agricultural science and technology, from the period between the wars until 20 years or so ago, when we became rather complacent. That may cost us dear.

With global grain stocks at an all-time low—less than 10 days' worth, it is estimated—and with ever-increasing demand from an urbanising Asian population; with the losses of arable land to degradation and urbanisation; and with the impact of climate change and the rising cost of oil, we can be sure that high food prices will be with us for some time to come. The only response is to increase the food supply. There are only two ways to increase food production: plough more land or increase the yield per hectare. I shall deal with the first proposal and discount it as a solution. The total land area of the earth is about 13 billion hectares, but more than a third is desert, high mountains or covered in ice, so it does not support the growth of crops. Of the remaining two thirds, we cultivate 1.5 billion hectares, which is only 18 per cent. of the land area of the planet, leaving more than 7 billion hectares, which support plant growth. However, we would be ill advised to use that land because it is stable pasture, forest and savannah, and harbours a vast supply of stored carbon. If we plough it or cut down forests, we release carbon into the atmosphere and reduce the earth's capacity to fix carbon. That is not a sensible thing to do, although we know that deforestation is taking place and that the pressure to bring more land into cultivation is indeed very great in some parts of the world, and there is a strong political pressure.

If we are not going to plough more land, how are we going to achieve more productivity per hectare to meet global demand? Scientific knowledge comes into it, as does an understanding of plant genetics, soil science, plant pathology, and pest biology. In fact, we must harness our understanding of the components of agricultural ecosystems. Science will enable us to remove some of the things that constrain agricultural productivity, and we must invest in it quickly. Since the years of the previous Government, we have believed that as a wealthy nation we will always be able to buy what food we want on world markets and that affordable food will always be available. As a result of that complacency, we have under-invested and severely damaged what was, and still can be, a world-class capability in agricultural science. The point is that as food prices increase, it is the poorest of the world, and even the poor in rich nations like ours, who suffer. In Europe, and particularly the UK, we have fertile resilient soils, a favourable climate and excellent skills, so we have an obligation to the future to ensure that we obtain maximum productivity with minimum environmental disturbance from that natural resource.

Let me return to the science. Five things constrain plant growth. Science and technology cannot deal with all of them, but it can address most of them. First, radiant energy for photosynthesis is all about latitude. We cannot do too much about that, but through molecular genetics it is possible to make photosynthesis more efficient and therefore fix more carbon for growth. The work at Rothamsted research laboratory in Harpenden introduces the prospect of higher crop yields by increasing the efficiency with which radiant energy is converted to chemical energy. The UK has a jewel there—the longest established agricultural research centre in the world, and a deep reservoir of knowledge and expertise which we must do more to foster and exploit.

Another constraint is temperature, which is a feature of latitude and altitude. We can use modern glasshouse technology to conserve energy and prolong growing seasons but, more importantly, we must anticipate problems of extreme temperature, even here in the UK, where it could have catastrophic effects on cereal yields. Mathematical simulation and modelling from Rothamsted point to the need for emphasis to be placed on breeding crops with resilience to high temperatures, which are predicted to become more frequent.

A further constraint is water. The only reason why we can grow food in some parts of the world, such as India, is that we move water from places where it is plentiful to places where it is scarce. We can use sophisticated technology to use water more efficiently, and 70 per cent. of fresh water on the planet is used for agriculture. The competition for water for urban, domestic, industrial and agricultural use is becoming more intense. It could, indeed, become the source of warfare and strife. Science can deliver to us crops that use water more efficiently—a really green and valuable application of the science of genetic engineering. That is the target of several research groups, and in particular, that which I have spoken about at the John Innes centre in Norwich.

At the beginning of my contribution, I mentioned nitrogen fertiliser and its importance for cultivation. Adequate crop nutrition—sufficient provision of nitrogen, phosphorous, potassium and trace elements—is essential for high yields. We need crops that are nutrient-use

efficient, and we need to use high technology to ensure that nutrients get to the right place at the right time to bring about their effects. Nitrogen fertilisers require fossil fuels for their synthesis and they can pollute watercourses; we must use them more efficiently. The world experts in that arena are also located in the UK, at Rothamsted. In Norwich, we have groups working on the prospect of transferring to other crop plants, such as wheat, the genetic capacity of legumes, which fix their own nitrogen through associated bacteria. We can transfer them across plants. We surely must resource better and encourage more important work, because it is vital to our future.

The fifth constraint, and the source of much wasted water, energy, labour, nutrients and so forth, are pests, diseases and weeds. Some 25 per cent. of all crops are lost to those causes before or after harvest, and the control of pests, diseases and weeds would go a long way to providing the extra 50 per cent. of food that we will need between now and 2030, when the world's population will reach about 9 billion. How do we do that? In Norwich, at the Sainsbury laboratory at the John Innes centre, and at Rothamsted, pioneering work exploits natural plant defences and their genetic control, aided by green chemistry to deliver a new generation of pest-resistant and disease-resistant crops. The threat of resistance to pesticides, the agricultural equivalent of MRSA, is being countered and responded to at Rothamsted, with the application of new molecular diagnostic methods and management practices that will sustain the effective lifetime of those valuable chemicals.

In conclusion, Members will realise from what I have said that the challenge is great, but we have the tools, technology and intellect to meet it, and we must nurture, encourage and resource the science. This is my message: we must sweep away any regulatory environment that impedes that progress and makes the lives of farmers who grow food more difficult. We ought to ensure that safe pesticides exist, and as the argument develops we ought seriously to consider genetically modified crops again. We all know the arguments in respect of GM crops, and I do not want to go through them now, because we will do so on many future occasions, but about 300 million Americans have consumed food derived from GM crops—without a single tort in the most litigious society in history. [*Interruption.*] My hon. Friend the Member for Stroud (Mr. Drew) laughs, and we could continue the argument until the cows come home.

The use of Bt cotton in, for example, China benefits small-scale farmers. Other people will point to the monopolies of the various pharmaceutical companies—Monsanto, DuPont, Syngenta and so on—and how they develop the technology. The argument is there. However, as the Minister said, we have to look seriously at GM as part of a key breeding tool in the context of a shift to science-based, targeted and predictive breeding underpinned by some kind of plant genetics.

GM is not the whole process, but it is a part that we have to contemplate seriously and get back to. The arguments are not all about how the technology is used; they are also about how such crops are produced and what good they are. As was said in a debate on human embryology, when GM was used to produce insulin in human cells there was no argument whatever; the development was quite tolerable. However, when we try to make plants that are resistant to certain bugs and viruses, resistance seems to develop among certain parts of the community.

The science-to-crop-improvement pipeline is fractured internationally and it requires significant capacity development in developing countries. Today we have read in the papers that not enough physicists are coming through; we also need more plant geneticists. We need people who want to work on plants and develop new, efficient crops that are resistant to drought and so on. We must get such people into our education system. Plants are not always popular; animal and medical techniques and technologies seem to take many of the best people. We have to keep hammering home the message that we need to produce more food and we need to use science to do it.

8.56 pm

Mr. Michael Jack (Fylde) (Con): I am delighted that my hon. Friend the Member for South-East Cambridgeshire (Mr. Paice) managed to secure this important debate on the security of our food supply. The hon. Member for Norwich, North (Dr. Gibson) said that we all ought to do something about the issue, so for the record I should say that Sunday afternoon saw me on my allotment harvesting my first courgettes, nurturing my peas and onions and battling against the overwhelming forces of the weeds.

Doing a little horticulture made me reflect on the fact that at least I had at my disposal a range of sophisticated chemicals to deal with the creatures that—in spite of my most persuasive words to the snails and slugs that keep coming on to the allotment—want to take away the food that I am growing. I realised how fine the margins are between having and not having a food supply. The hon. Member for Norwich, North rightly reminded us of the enormous progress made by science and technology, as far as western agriculture is concerned, in increasing the margin between having and not having a crop.

Before I became a Member of Parliament, I worked in the horticulture industry. I remember standing in a field of leeks that had been hit by a severe cold spell. They had effectively melted. No amount of science was going to stop the loss of that crop. It is important that we recognise that all our discussions on the availability of food are surrounded by natural forces over which we—mankind on this planet—have very little influence. Yes, we can do something to address the vagaries of climate change, but the limits are there for all to see.

I had the privilege and pleasure of going to the world food summit in Rome on behalf of the Environment, Food and Rural Affairs Committee. I sat through the presentations of all the Heads of State there, and that gave me an interesting perspective into the whole question. In the west, we have effectively subcontracted our supply of food to supermarkets and major caterers; 80 per cent. of the food spend in this country happens in supermarkets. The idea that the Department for Environment, Food and Rural Affairs has some command-economy role to play in respect of the price of food or its supply is not credible. However, the Department can influence some of the key policy instruments that can ultimately affect the purchasing policies of companies

[Mr. Michael Jack]

such as Sainsbury's, Tesco and Marks & Spencer. We have subcontracted our food supply to them; they make the procurement decisions.

It is important to distinguish between the factors that have led to a short-term rapid rise in the price of food and consider them against the background of the period five or 10 years ago when my hon. Friend the Member for South-East Cambridgeshire would have talked about falling real rates of return to producers and the impact that they were having on the structure of the United Kingdom's agriculture. Those falling real rates of return were a contributory factor in the restructuring of the dairy and horticulture industries, and in pig producers going out of business and so on. They are also one reason why people in the arable sector have looked, enviously in the first instance and now with enthusiasm, at biofuels, which represented an opportunity to use set-aside land productively to produce something rather than nothing.

From the western point of view, we have to look at the relationship between the overall policy framework, namely the common agricultural policy, and its effect on the supply side of the equation. The world food summit taught me that there is another view of agriculture, and the Secretary of State alluded to it when he talked about Africa. When one listens to the Heads of State from the less developed parts of the world, it is clear they take a very different view. Those countries have very small-scale micro-agriculture. There are some medium-sized and large-scale producers, but nothing compared with the very large-scale agriculture in the United States and some parts of western Europe. Their challenges are the affordability of seed and simple fertiliser, the availability of water, and the opportunity to get their food to market – all the things that the Secretary of State mentioned. It is a question of how we in the west can stimulate production in those countries and address the fundamental issue of the supply of food for their indigenous people. At the same time, that will take some of the pressure off the west having to make up for the fact that, in the less developed countries, the margin between feast and famine is wafer thin.

It is interesting to look at the statistics showing the priority that we in the world give to agriculture. In the past 12 months, we put $1 trillion into propping up the world's financial system and $4 billion into aid for food production. It is also interesting that it costs the world $20 billion annually to deal with the consequences of obesity. Perhaps if we ate a little less, there would be a little more for others.

There are so many ways of looking at this multi-faceted subject that it is difficult to come to a neat five or six-point conclusion on what we need to do. I am firmly of the view that it is vital to knit together the many and various world bodies and policy-setting forums. The World Trade Organisation has been talking about market liberalisation and opening up opportunities. That is right, because the returns that farmers receive fundamentally change the supply-side equation. If one wants more from farmers, give them the return and within 12 months they will react to it.

However, there are downsides to reform. For example, the change in the sugar regime under the common agricultural policy resulted in the price of sugar within the European Union falling, which brought forth immediate criticism from Afro-Caribbean producers who said, "We can't supply sugar at that price—it's not high enough for us." We can open the door to market access, but the price consequences can have the wrong effect, and unless one can help those countries to modernise their agriculture, we will lose an important resource. It is vital to link together the work of the European Union, the WTO, the World Bank, the International Monetary Fund, the United Nations and the Food and Agriculture Organisation, and then to make certain that the grand plans that they talk about really happen. At the world food summit, the President of Senegal got up and said, "Look, we've been at this for 10 years. We've heard all this before. Just give me the budget of the FAO and I'll go and sort out the world's food supply." He was saying that we had had too much talk and not enough action.

One of the themes that came out of the conference was that, because there had been a green revolution, people thought that agriculture had started to motor forward in the less developed world and the development agenda had moved on to health and education. Then, all of a sudden, we found that agricultural production had been falling, just when the world's population was increasing and climate change was threatening some of the major centres of world agricultural production, such as Australia. If we bring the two together, we get a shortage of supply, rising demand and rising prices. Therefore, optimising the opportunities to use our agricultural knowledge to address those issues is one of the most important things that we can do.

I have one or two other points of contrast. President Lula da Silva of Brazil made a passionate defence of his country's production of biofuels. He pointed out that Brazil has 340 million hectares of agricultural land, 200 million hectares of which is pasture, with 63 million devoted to crops and only seven million used to grow sugar cane. He pointed out that 77 million hectares of land could be brought into production in one of the most interesting areas in the world for agricultural production and he said that that could be done without destroying the rain forest. I have to take what he said at face value, but against the background of rising arable crop prices, the demand for biofuels and the important issues of sustainability raised in western circles, I asked myself why those 77 million hectares were not being used for production. Constraints exist, some of which are agronomic, but some are influenced by market access.

That brings us full circle to the European Union's policy on subsidies versus exports, and its attitudes to the World Trade Organisation talks. There are interesting lessons to be learned from some of the speeches at the conference, and for me, the cameo speech was that of the President of the Republic of Madagascar. He did not stand up and say, "I want lots of aid", but said that there were certain things that his country could do for itself. His first point was that

"industrialized countries subsidize the export of these products"

the things that his country produced. He wants a level playing field with regard to the economics of world agricultural production. He went on to make a number of points, but the next one that caught my eye was that

"no-one really cared about farmers, their legal situation, their security, their ability to access credit".

Simple things can give a sense of security to the local farmer, such as the provision of resources and credit, which is where the World Bank can make such an enormous difference.

The President talked about the initiative going on in Madagascar—a new vision that he called "Madagascar naturally". He went on to talk about the liberalisation of the price of rice in that economy, which had led to a 25 to 30 per cent. increase in production in the past three years. That shows the simple relationship between return and an increase in production. He also said that

"we need better-training and better advice...we have to increase our productivity per hectare by using better seeds."

He did not want to become dependent on western nations, but wanted to improve his storage and transport facilities. He wanted to standardise and improve his product; he wanted to develop new products that would meet international demand; and he wanted better marketing strategies. Against that background, he said that his country also produced some of its own biofuels.

While I was sitting there listening to all that, and we were discussing the food chain, climate change, agricultural science, environmental issues, the role of aquiculture and the challenge of pests and diseases, I kept saying to myself, "Where's DEFRA?" It was not represented. There was no DEFRA Minister and no DEFRA civil servant. The UK representation was left to the Department for International Development. I am sure that it did a very good job of putting forward the UK's position, but given that DEFRA has the prime responsibility for food, it has the levers to mobilise our food chain by disseminating information and using technology. It has learned many of the lessons that are so vital in other parts of the world, it leads on climate change and, as the hon. Member for Norwich, North has pointed out, it holds the levers on agricultural science.

The John Innes Centre has a budget from public funds of £12.5 million and earns another £12.5 million from contracts. That makes £25 million, which would hardly buy a really good premiership forward. We have to address the priority that we give to the science and technology issues that are vital not only to our agriculture but to that of less developed countries. I would like the Secretary of State's Department to become fully engaged in providing what the President of Madagascar said would be a key ingredient in improving the performance of his agricultural sector. For Madagascar, read many other enlightened countries, particularly in sub-Saharan Africa.

It comes down to this: we must consider the factor that has caused us to consider this matter now—the rising price of food—but at the same time, we must minimise the risk to the world's food supply chain. We must use our technology and knowledge not only to increase total food productivity from our excellent indigenous agriculture but to maximise the potential of Africa, the east of Russia and other parts of the world, such as Brazil, that have tremendous potential. Then we might rest a little easier in our beds about the world having a secure supply of food.

Several hon. Members *rose—*

Mr. Deputy Speaker (Sir Michael Lord): Order. Before I call the next speaker, may I say to the House that we have probably a little under half an hour to go? Three Members are seeking to catch my eye, and if each can manage to restrict his remarks to a little under 10 minutes, we might fit everybody in.

9.12 pm

Mr. David Drew (Stroud) (Lab/Co-op): I shall take careful note of your remarks, Mr. Deputy Speaker, and be as brief as I possibly can, particularly as I rehearsed my arguments in the debate that we had on 3 June, as my hon. Friend the Under-Secretary of State for Environment, Food and Rural Affairs knows. I shall make my speech and he can make his, and we can reconsider food security.

I wish to address some matters that are different from those that I raised that day, at the time of the Rome conference. I am delighted to follow the comments of the right hon. Member for Fylde (Mr. Jack), the Chairman of the Select Committee on Environment, Food and Rural Affairs, on the conference. I shall park the matter there, but it was an important conference and it is good to hear for the first time the contents of some of the speeches.

I wish to address some of the major themes and discuss some slightly different issues. It is a pity that my hon. Friend the Member for Norwich, North (Dr. Gibson) is no longer in his place, because he does the science bit and I do the anti-science bit. Long may that continue—we are very good friends, but we do not agree about everything. I wish to say a few things about genetically modified crops, as people would suspect.

I shall begin with a couple of points that are more general. As I said in the debate on 3 June, I never felt that the era of low food prices would last for ever. I also felt that low food prices sometimes have counter-productive effects. We have abused food and used it in ways that we should not, and it has been taken for granted. As the most basic of all God's supplies, we have taken far too liberal a view of food and of how to face up to future challenges. I would argue that at least we can now debate the matter—I suspect that, a year ago, we would not have held such a debate. Perhaps the Government took food security for granted, and there was a general context in which it was believed that food would remain cheap, that that was a good thing and that we would never have to debate the matter. However, that is clearly not the case and we are having the debate, which concentrates the mind.

The reasons for being where we are have been well rehearsed. As no one else has done so, let me give a plug to the Cabinet Office paper, which the Select Committee examined. It remains a good analysis of the different criteria whereby our food is produced, who can buy it, the international consequences and the impact on health. The latter has not been mentioned, but it is important and we ignore it at our peril.

We talk about food security as a global or a national issue, but it is sometimes highly personal. I shall say a little about the impact of rising food prices on the poor, which should concern us, shortly. There is a live debate about what we should do with the school meals service. The School Food Trust now says that it can do nothing with the money that it has set aside to provide school meals, and that, despite Jamie Oliver, there has been a decline in the take up of school meals. That has a huge impact in two respects. First, it means that some children will have inferior food and, more particularly, if we

[Mr. David Drew]

cannot educate children appropriately at school about good food and catering, there is little chance, given the way society has gone, that they will have that education.

I am grateful to July's edition of *Green Futures*, which states that Washington state has decided to put $600,000 into locally grown food and vegetable snacks for the school meals service there. The Americans had no hesitation—partly because they support their agricultural system in that way, but also because, when they have a problem, such as rising food prices, they put resources into it—in subsidising those who most need it. Such initiatives, which are perceived as "nanny state" if this country introduces them, are part and parcel of the operation of American states. We should take more such action.

Let us consider the impact of rising food prices on the poorest. Again, the Americans have had food stamps for generations. If we consider the link between production and support for the producers, we might like also to examine the impact on those who buy food. The impact of rising food prices in the past few weeks and months has been greatest on those who buy. I do not suggest food stamps per se, but one of the advantages of a deficiency payment system was that we provided food to those who could least afford to buy it. The whole EU has moved away from that to a minimum price system, and that has an effect. Those who cannot afford to buy food of quality and variety are adversely affected. It is therefore a great shame that we do not consider a more flexible system. As a long-standing opponent of the EU, I wish we had more national control because there can be reasons for intervening. For example, I have considered the school meals service, supporting the poorest through flexibility in providing food, and the price at which the food is being made available.

To some extent, we are still debating the last war, although things have moved on. As the hon. Member for South-East Cambridgeshire (Mr. Paice) said, there are new opportunities for production and new people are going into production. People are growing more in their gardens and trying to get allotments. Community agriculture means that people are genuinely coming together—there are two examples in Stroud, as hon. Members can imagine. People are making the best use of their time and are willing to consider how they can produce food. That is at least interesting, and we need to encourage it and see it as a different way of really localising the food chain. Again, I stress that we must see food security not as a global or national issue, but as a local one.

It was interesting to hear some of the things that Sir Iain Anderson said about biosecurity and biosafety in a private meeting last week. I have felt for a long time that the biggest threat to this country is animal disease, whether imported or created indigenously—we all know about the impact of that. I have never been sure what we would do if a series of animal diseases all hit at the same time. I did not receive a terribly satisfactory answer to my question a week or so ago, but I continue to bang on about how important it is to look at the strategy, because I do not think that we will get animal diseases in single order anymore. Rather, it is quite possible that we will have a number of them all together. We need to have the means to bear down on them, otherwise our whole food chain will suffer.

But on to GM. I heard what my right hon. Friend the Secretary of State said about the issue being safety and the environment. I also heard what my hon. Friend the Member for Norwich, North said about how we must continue to experiment. I would introduce a third factor, which has always worried me, which is this: who owns the means to propagate GM? My greatest concern has always been about the concentration of our retailers and supermarkets—we are increasingly seeing this with the globalisation of the control of seeds, fertilisers, pesticides and the rest of it. Until we can break those monopolies, I will always be fearful. That is my fundamental opposition to GM. It is interesting that people have recently begun to look into both the entry costs and the exit costs of GM. There is always the terminator gene, too. I know that it can be greatly exaggerated, but it is nevertheless something that we must face up to.

In conclusion, I am not nearly as sanguine about GM. I do not see it as the answer. More particularly, the worrying thing is that GM is moving in the direction of increasing concentrations of power and the ability to influence the food chain in a completely different way from how I would like it to develop. My way would be to encourage localisation, encourage more people to do things for themselves, and recognise that there are farmers' markets and ways for communities to come together and effect changes in what we now call food fundamentals. Again, those things are happening out there, but it is a great shame that we in this place do not look at those local initiatives and see them as important to the huge strategic issues that we face regularly. As long as that is heard and understood and as long as there is some recognition that this issue is as important as some of those other debates, I will be quiet and let others continue the debate.

9.23 pm

Mr. Richard Benyon (Newbury) (Con): In the few minutes left, I will try to add something new to this debate.

I always think that food security needs to be considered in the context of the fragility of our food supply. That was brought home to us recently by the fuel strike, during which we saw photographs—they may have been in the *Daily Mail*, but they were there nevertheless—of empty shelves. If I want to scare myself as I cross the M25 coming into London, I think for a moment about how many eggs, pints of milk, loaves of bread, bags of peas or tonnes of fish have to cross that line just to feed this city on a daily basis. The way in which that is achieved daily is a triumph of market forces. I try to imagine how it would happen if it was controlled by a central agency—by DEFRA, perhaps. I suspect that there might be a few people fed in the suburbs, but food riots in Chelsea. We have to learn from the successes of the free market in order to make ourselves more self-sufficient.

That is why I support the idea of places, such as Thanet Earth. I have not been there, and there might be all sorts of problems locally that I have not heard about, but I have always believed that there was a market for proper, large-scale, home-grown food production near to centres of population. I have never subscribed to the belief that low wage costs elsewhere in the world would drive food production inexorably away from these shores. I have seen at first hand how food is produced highly

efficiently in places such as Kenya. However, given the wage inflation in the developing world—it stood at 43 per cent. in parts of China last year—I believe that there is a huge market for places such as Thanet Earth. Furthermore, I never believed the GM theory that was propounded a few years ago—that we could feed the world from a farm the size of Delaware. There is a great future for British agriculture.

I am amazed that the Government's proposed amendment to our motion says that

"UK self sufficiency stands at 74 per cent. for food which can be grown in the UK, which is higher than in the early 1950s".

It is worth putting that statement into context. When Winston Churchill spoke at a National Farmers Union dinner in the 1950s, he said:

"30 million people, all living on an island where we produce enough food for say 15 million, is a spectacle of majesty and insecurity this country can ill afford".

I wonder what heights of hyperbole he might reach if he were able to consider the situation today, with double the population and the declining level of food self-sufficiency.

Given the global changes in demand, our own consumer needs and the effects of the rise in the price of oil, we are faced with either a serious problem or a great opportunity. Huge challenges face our agricultural community, but there are also opportunities, and we need to embrace them. Unfortunately, at present, there appears to be a widespread lack of understanding of the fundamental importance of agriculture in this country. This sometimes leaves farmers with a sense that they are redundant, undervalued and misunderstood. I think that I am the only dairy farmer in the House—my hon. Friend the Member for Leominster (Bill Wiggin) will correct me if I am wrong—but I will not be one for much longer. I am selling my herd this autumn. Regulations relating to nitrate vulnerable zones and the cost of complying with an overburdening regulation scheme are driving me out of milk production. I should have reminded hon. Members to look at my declaration in the Register of Members' Interests.

Farmers are the main users of land in Great Britain. Farming is a significant economic sector, but it is easy to forget the contribution that it makes to other income earners in this country, including tourism. The present Government have failed to give confidence to the agricultural community as a whole. We have seen their incompetence over the single farm payments and the needless red tape, gold-plating and bureaucracy that have been imposed on farmers and landowners. I remember my father talking about the agricultural community's fear of Labour party manifestos which talked, year after year, about the nationalisation of land. It is wonderful that that is no longer in Labour manifestos; it has not been in them for years. I submit, however, that there has been a nationalisation of the use of the land. What we can actually do on our farms is now so restricted, and the quangocracy now controls so tightly what farmers can do, that we no longer have the freedom that we had in the past.

In conclusion, I want to make a plea, and I use these words with great caution. I believe that there needs to be a reassessment of the power of the environmental and conservation lobby. Actually, I call it the conservation industry. I am part of it; I have chaired a conservation organisation and I am a member of a variety of conservation bodies. I consider myself a conservationist. I have won conservation awards, for what that is worth. The problems of the 1970s, which included hedges being taken out to produce more food, represented appalling excesses. I can remember being encouraged to use appalling pesticides, such as Hostathion, which killed everything and had a wide impact on our environment. However, since the 1970s, the pendulum has swung much too far the other way.

I heard recently about a prime management objective on an agreed management policy of a farm in Scotland, which was

"to create, maintain and encourage a high density of breeding raptors".

I have nothing against raptors; in fact, I am very fond of them and take great delight in the red kites on my farm. I would, however, question whether we have the balance right. In an era of food shortage, is it morally right to have such a—dare I say it—smug first-world attitude in saying that farms in this country should no longer have the prime objective of producing food? I submit that we can produce food and maintain the environment. The moral issues were clearly put by my hon. Friend the Member for South-East Cambridgeshire (Mr. Paice): when we cannot grow something here, we have to buy it on the world market, and when we buy it on the world market, we are competing with poorer countries. That is something that we should ponder—whether we are getting the balance right.

I wanted to say much more, but I also want to hear my hon. Friend the Member for Shrewsbury and Atcham (Daniel Kawczynski), the eminent chairman of the all-party dairy farmers group.

9.31 pm

Daniel Kawczynski (Shrewsbury and Atcham) (Con): I read the motion as focusing on our own food security here in the UK, although many others have spoken about problems in other parts of the world. I view the motion as relevant to our own country, and the Secretary of State has tried to pour a soothing balm over the whole crisis that we face. He tried to appear both very positive and as the friend of the farmers, but I have to tell him—I want to take this opportunity to explain it to the House—that this country faces a crisis in its agricultural sector. He knows how passionately I feel about dairy farming, and speaking as chairman of the all-party dairy farmers group, I have to tell him and the House that more than 170 MPs across the parties are involved in the group and they all feel passionately about the future of our dairy sector.

In 1997, 47 cattle were slaughtered in Shropshire. Last year, the figure had risen to more than 1,200. I keep repeating those figures: how can we go from 47 cattle slaughtered in one year to more than 1,200? To me, that seems just phenomenal. It goes over and over in my mind, and it reflects the state of the crisis that we have with bovine TB in Shropshire. This year, if current trends continue, more than 1,600 cattle will be slaughtered in Shropshire.

As the House knows, I like talking about Shropshire, but nationally, as my hon. Friend the Member for South-East Cambridgeshire (Mr. Paice) stated—the National Farmers Union confirmed these figures to me today—28,000 cattle were slaughtered in 2007 and it is

[Daniel Kawczynski]

likely that 40,500 will be slaughtered in 2008. That is going to cost the British taxpayer more than £100 million in compensation to the affected farmers—money that I believe the Government can ill afford in current circumstances.

One farmer in my constituency is Mr. Chris Balmer—I want that name to be indelibly etched in the mind of the Secretary of State—from the village of Snailbeach. He had bovine TB on his farm and I had to intervene on 16 occasions concerning the fiasco over his rural payments during the last year. This is a man who has been literally brought to his knees by the incompetence of DEFRA in respect of tackling bovine TB and getting the payments to him. If I could ask one thing of the Secretary of State, it would be to please ensure that that one constituent is treated in a much better way in future. If the right hon. Gentleman is interested to know more about the serious problems that my constituent has faced, I would be happy to talk to him about them.

It does not have to be like this. France has eradicated bovine TB. Less than 0.004 per cent. of herds in France are infected—*[Interruption.]* I hear some socialist MP saying no, that is wrong. Well, I have spent hours translating Ministry of Agriculture statements from France where those involved are lauding their achievements in this sphere. France has tackled bovine TB through a huge investment in extra testing, vaccines and a limited cull of badgers. If the French can do it, why can the Government not do it? They will not do it because, in their growing unpopularity, they are desperately worried about those marginal seats where there are many members of the Wildlife Trusts.

The Government do not want to offend members of the Wildlife Trusts. I understand that. There are 5,000 Shropshire Wildlife Trust members and it is the biggest organisation in my county. So concerned are those people about my desire for a limited cull of badgers that they insisted that on Friday night my wife and I spend four hours watching a badger sett and looking at all the badgers. They even gave my baby daughter Alexis a little cuddly badger to play with. They desperately want us to stop talking about badgers and a potential limited cull, but my priority has to be my Shropshire farmers, although I think badgers are sweet. I have seen all the evidence that there is a definite link between badgers and the spread of bovine TB.

I must also tell the Secretary of State that I entirely agreed with my hon. Friend the Member for South-East Cambridgeshire when he raised the issue of illegal meat imports and said that 12,000 tonnes of illegal meat come through our ports. Why is that being tolerated? We need extra security guards in our ports to deal with that illegal meat. Australia and New Zealand have specific border guards who deal with the problem to ensure that illegal meat and substances are not trafficked. Will the Secretary of State give me an assurance that some investment will be made to ensure that there are more officers and sniffer dogs at our ports to try to deal with the huge increase in illegal meat imports?

Food security starts with encouraging people to grow their own vegetables. That may be a funny thing to say, but one Briton in three is thinking of starting up an allotment and growing their own vegetables. I have 16 raised beds at home and I grow all my own vegetables for my family, as well as having planted an orchard. I take great pride in looking after my orchard, and nothing gives me more pleasure than looking after my fruit trees and vegetables and providing my family with organic foods grown locally.

The Government should do more to encourage councils to have more allotments. Today, I went to Greenfields, which is part of Shrewsbury, and spoke to the gentleman who runs the Greenfields allotments. There is a huge waiting list of people trying to get allotments and we should do more to encourage councils to give people the chance to grow their own food.

I am conscious of the time, so I shall end my remarks. I have spoken in private with the Secretary of State on this issue, and today I spoke with the National Farmers Union. We all await the Government's decision on bovine TB, which is one of the worst things affecting my constituency. I hope to hear from the Secretary of State some assurances that the Government will finally tackle the disease and save many Shropshire farmers from going out of business.

9.38 pm

Bill Wiggin (Leominster) (Con): The Secretary of State has said that the

"poorest can't get enough food".

He is right, but failing in the UK makes that problem worse in the rest of the world. He moved from the previous DEFRA position, and we welcome that U-turn. He is a nice chap; he waves his arms around in an inclusive way and I have a soft spot for people with political parents, but he is wrong about food security being an unknown in the future. He never offered solutions on animal health and welfare, deregulation, gold-plating or, worst of all, public procurement, so without leadership on the issue food security will be a problem in the future.

The hon. Member for Brecon and Radnorshire (Mr. Williams) is a member of the Select Committee, but he failed to mention TB. Perhaps he should go away and read the Committee's report. He did mention our own farmers with pride. In this year, the 100th anniversary of the National Farmers Union, I can completely agree with him that we owe farmers a great debt of gratitude and we should be extremely proud of the industry.

The hon. Member for Norwich, North (Dr. Gibson) made a very interesting scientific speech, which I enjoyed—he spoke of such matters as the invention of fertiliser—but it might have come across better as a PowerPoint presentation. It was very technical.

My right hon. Friend the Member for Fylde (Mr. Jack) talked about his allotment. I cannot resist pulling his leg: I know he is an expert on all agricultural matters, but he did tell the House that he was talking to his slugs and snails, which made me chuckle. He also talked about the horticulture industry and melting leeks, the limits of climate change, and—most important—the world food summit. I listened carefully and with enjoyment to what he said about the President of Madagascar's speech, about the fact that we talk about improving agriculture but do not actually do it, about the way in which countries can help themselves if they are allowed to, and, of course, about the endless demand for a level

playing field. I know that my constituents will be sad to learn that DEFRA was not represented at the conference, as I think they would rather it was abroad than at home.

The hon. Member for Stroud (Mr. Drew) described himself as the anti-science Member, which worried me somewhat. He also told us that we had abused food—I was not sure what he meant—and talked about things being "in the round", from which I assume that he had eaten what he should not have eaten. He talked about school food and nutritional education, which I agree is an important subject—as is Washington state's support for local production. I believe that if we address ourselves to local procurement, we can make a huge impact and send out all the right signals. I agree with the hon. Gentleman that the present position is a disgrace.

The speech that I considered most powerful was made by my hon. Friend the Member for Newbury (Mr. Benyon), who knew exactly what he was talking about. He spoke of opportunity, understanding agriculture and the undervaluation of the dairy farmer. I think we all agree with that. He talked with great sadness of how he was being driven out of dairy farming by the nitrate vulnerable zone regulations, and I too thought that that was deeply sad. He also talked about the single farm payment, the nationalisation of the use of land and, of course, his own award-winning role as a conservationist. It was an extremely helpful and powerful speech, and it was sad that my hon. Friend could not continue for longer. It was really good to hear about an experience of that kind. I hoped that what he said about raptor breeding in Scotland related to golden eagles, but I suspect that it involved a lesser species.

My hon. Friend the Member for Shrewsbury and Atcham (Daniel Kawczynski) talked of the crisis in agriculture, and mentioned his constituent Chris Balmer. No one should miss the chance to emphasise the importance of what our constituents are suffering as a result of TB and rural payments. My hon. Friend spoke passionately about the dairy farming sector, of which he is a strong advocate, and about the number of cows being culled because they have TB.

I do not think anyone has been left in any doubt that global food supplies and prices matter, because we live in an uncertain world in which global demand for food is rising and supplies are under pressure. The cost of the basics—wheat, rice and other cereals—is rising, and the increasing cost of fertiliser, energy and fuel is making food more expensive to produce and buy. Consumers are facing record food prices, while farmers and food producers are being squeezed because the increasing food production overheads are forcing up the costs of bringing food from farm to fork. We can no longer take it for granted that plenty of food will be available at low prices. In the last year alone, prices paid by consumers for food have risen dramatically. Butter and eggs are up by more than a third, bread by more than a quarter, flour by more than one fifth, and milk and cheese by one sixth.

Regulation has placed an enormous burden on our farmers, costing the industry £500 million a year. The Government have already cost the industry more than £20 million in lost interest alone, and face a potential £300 million fine from the EU for failing to deliver the single farm payment on time. They believe that if British consumers have access to food, the food security issue is resolved, but at this time our country cannot continue to rely on an increasing supply of food imports. There are steps that the Government should be taking to improve domestic food production.

Food procurement is the key. The Government have tremendous resources at their disposal to back British production through the £2 billion budget for public procurement, but with just 5 per cent. of British fruit being served in the NHS and our armed forces being fed with lamb that is just 13 per cent. British, it is clear that the public sector could do more to support local food production, or at least take steps towards a system whereby food that is publicly procured is produced to standards that are acceptable in Britain so that our producers can compete.

Red tape is another crucial issue, and the Government fail to understand it. They must end gold-plating, and they can start by listening to farmers telling them about the impacts of the nitrates directive, which will cost farmers on average about £11,000 each, as well as the shift from risk to hazard-based pesticides, which will have a disproportionate effect on yields, and welfare standards and labelling.

Happily, British consumers want to buy British, as they recognise the higher welfare standards to which our livestock is produced. The public demand those standards and our farmers deliver them, but meat cheaply imported and then sold as British—sometimes labelled as British because it is processed here—is all too often produced in conditions that fall well below the standards we would find legally and morally acceptable. This greatly disadvantages our own domestic food producers, and to counteract that the Government should be pressing the EU and the WTO to raise standards around the world. Then British producers could out-compete as standards rise, rather than see animal welfare dragged down by price to the lowest common denominator. The Government should also establish a better and more honest system of food labelling.

Robert Key: On food labelling, is my hon. Friend aware of another fabrication being perpetrated on the British consumer: the fact that smoked food does not have to be smoked? Most smoked bacon is dipped in chemicals and has never been near a whiff of smoke. Is that not astonishing?

Bill Wiggin: My hon. Friend is absolutely right, and it is a shame because we all try to support British food when we go shopping, but if we do not have honesty in labelling, how can we possibly direct our purchasing power in the right direction?

When the Government launched their consultation on cost sharing for animal diseases, the Secretary of State remarked:

> "I want the industry to be much more deeply involved in the key policy and operational decisions, and rather than shy away from hard choices I think now is an opportune moment to reinvigorate this debate."

If anyone is shying away from hard choices on disease control, it is this Government. They have dithered and failed to take the tough decisions on tackling TB so that we can have healthy cattle as well as healthy wildlife.

From an animal welfare point of view alone, I cannot see how the Government can justify the suffering caused by leaving sick badgers to crawl around, excluded from their own social groups, fighting and possibly infecting

[Bill Wiggin]

other social groups of badgers through scratches, and then slowly dying, riddled with lesions that start in the bladder. That is inhumane, and we need to face up to our responsibilities to tackle this infection in order to protect our healthy badger population. Of course we should be acting responsibly towards our wild animals, but the taxpayers are footing a £100 million bill each year for culling infected cattle, and this bill looks set to rise inexorably higher. This situation cannot continue.

Much of our debate has focused on land-based food production, but the incompetent way the Government regulate food production extends beyond the land we farm and into our fisheries, which we must manage sustainably. Like our farmers, our brave fishermen are under tremendous financial pressure. They have fuel costs, which have doubled over the past year, and while fishermen in Spain are receiving de minimis aid from the Government, the Department for Environment, Food and Rural Affairs is in no position to support our fishing industry. The industry should be having access to £97 million of the European fisheries fund that we are entitled to, but because the Government failed to agree with the devolved Administrations how the money should be spent and failed to submit their operational programme to the European Commission by last year, and are in the middle of consulting the industry on it—something they should have been doing this time last year—this money will not be available until later this year, and some of it might even be withheld.

Moreover, because the Government have not produced a policy to tackle fish discards, edible fish that could be sold to British consumers is being thrown back into the sea dead, and this precious food resource is wasted with no value to anyone. Food security—along with energy security, climate change and terrorism—is one of the major challenges of the 21st century. It matters to the public, to food producers on land and sea, and to our economy. To deliver it, we need competitive, viable and sustainable British food production fit for the 21st century. We also need a Government who have the political will to take the steps to help our food producers and free them to feed the nation.

At the next general election, the public will have a choice between a Conservative party that truly values British food producers and consumers, or more years of misery, dithering and ruin under Labour.

9.49 pm

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Jonathan Shaw): This has been a good and welcome debate. We welcome the remarks from the hon. Member for South-East Cambridgeshire (Mr. Paice) and the way he set out the key issues facing not just this nation but the world, in terms of how we tackle a rising population and the demands on our food.

Many Members made important contributions, and particular reference was made to the European Union. Members from all parts of the House frequently say, "Why aren't we doing this in Europe? Why aren't we doing that? What about nitrates, pesticides, electronic identification? Why aren't you telling the other member states what to do?" Grandstanding is all very well, but Members really know that what we have to do is to make hard, solid arguments. On looking at the direction of travel of common agricultural policy reform, we see that many member states do not agree with us. They take a more protectionist line, and it is we who are in the vanguard of CAP reform. It is the UK Government who are shifting the subsidy for food production to public goods, so we are working hard on that issue and making good progress.

Many Members made important contributions on what farmers and the farming community have done for our environment, and rightly so. This year is the 21st year of agri-environment schemes, which have been enormously successful. Many Members will doubtless have seen very imaginative schemes on farms in their own constituencies. The hon. Member for Salisbury (Robert Key) referred in an intervention to pesticides. I visited a farm recently where the farmer had a stewardship scheme. He had put in a border that was encouraging ladybirds. Of course, the ladybirds eat the aphids, so he was spending less money on fertilizer and pesticides. Such simple measures have led to enormous achievements, so we congratulate the farming community on its contribution in that regard.

Several Members mentioned supermarkets, and the right hon. Member for Skipton and Ripon (Mr. Curry) referred to the discussion between supermarkets and the Competition Commission. He criticised the fact that, when supermarkets had tried to increase the amount of money that they paid to farms for good reasons, they were fined by the Competition Commission. My noble Friend Lord Rooker wants a dialogue, and we should surely be able to have a mature dialogue involving producers, the Government and the supermarkets that does not breach competition rules. That is a sensible idea and I know that he is taking it forward.

Many Members talked about the World Trade Organisation, and we welcomed what the hon. Member for South-East Cambridgeshire said in that regard. He said that he agrees with us on protectionism, which we, too, do not want to see. Now is the time that we need to take forward the WTO, not least because a deal could be worth an estimated €120 billion to the global economy annually. That is €30 billion for the EU economy alone. We need to reform the agricultural policy, which undermines the ability of poorer countries to produce and trade agricultural goods and keeps prices high for EU consumers. Further CAP reform would reduce the prices that UK consumers pay for food. In 2007, the cost of the CAP to consumers was €33.4 billion.

The hon. Member for Brecon and Radnorshire (Mr. Williams) referred to the single farm payment. We are making good progress on that, and it is the right policy because it is area-based and allows farmers to respond to the market. He is right to say that the EU is an important player in global food production. As the hon. Member for South-East Cambridgeshire said, we too have that responsibility. We will continue to be a contributor to the world, and we will of course support Africa and develop its agricultural industry, as mentioned by the right hon. Member for Flyde in a thought-provoking speech—*[Interruption.]* I mean the right hon. Member for Fylde (Mr. Jack). I was thinking about his reference to snails and wondering whether he meant the members of the Select Committee, but I am sure that he would not be so rude. He made the important point that there

has not been enough focus on agriculture in Africa, and the World Bank is now concentrating on that in a more effective way.

The hon. Member for Brecon and Radnorshire mentioned the men and women who work in agriculture. One group that has not been mentioned in this debate is migrant labour. We introduced the Gangmasters Licensing Authority, and hon. Members will remember the cockle pickers in Morecambe. It was right to introduce legislation on that issue and we pay tribute to Paul Whitehouse and the work that he has done in collaboration with the trade unions and supermarkets. That has made a real difference to ensuring that we have floors of decency in the sector, in our packing sheds and fields. Migrant labour makes an important contribution without which this country would not be so strong in food production. We should point that out whenever possible. That is what farmers tell us, and it is an important point.

Hon. Members mentioned biofuels, and we anticipate the Gallagher report. The hon. Member for South-East Cambridgeshire appears to have read it already, as he gave us a sneak preview. He obviously has good sources. We will bring that report forward shortly, and we need to tackle the issue of first and secondary biofuels.

Hon. Members also mentioned waste. We throw away some £10 billion-worth of food a year—6 million tonnes—while 6 million children die of malnutrition.

My hon. Friend the Member for Norwich, North (Dr. Gibson) made an important contribution, focusing on the work of scientists. He told us how fertiliser was invented in 1908 and what a huge contribution it has made to the yield we can get from our land. He also talked about how we need more research on, for example, how we use water and chemicals in the farming industry.

Mr. Ian Taylor (Esher and Walton) (Con): Will the Minister accept a compliment on the trials of genetically modified food, which—if the trials work—will be an essential component of food security?

Jonathan Shaw: My right hon. Friend the Secretary of State recently gave the go-ahead to a trial involving potatoes, but sadly they were vandalised—[*Interruption.*] They were mashed, someone suggests.

We live in a world of contradictions, in that we have some of the finest food we have ever produced—as hon. Members who have visited agricultural shows will have seen—but we are also producing some of the worst. It is important for supermarkets to be conscious of the primary producer. Asda is producing sausages, which it cannot even call pork sausages, for 16p and it should consider its responsibilities.

My hon. Friend the Member for Stroud (Mr. Drew) talked about educating children about food. I pay tribute to the year of food and farming which has made a huge contribution by bringing thousands of children on to farms so that they understand that food is not produced neatly wrapped in cellophane by supermarkets, but grown and reared on our farms.

The hon. Member for Leominster (Bill Wiggin) referred to animal diseases, and we are grateful for the partnership arrangement for bluetongue. Hon. Members referred to TB. My right hon. Friend the Secretary of State will make a decision on that—[Hon. Members: "When?"] Very soon. The hon. Member for Newbury (Mr. Benyon) referred to his experience as a dairy farmer and to Thanet Earth. Food security

Mr. Andrew Robathan (Blaby) (Con) *rose in his place and claimed to move,* That the Question be now put.

Question, That the Question be now put, *put and agreed to.*

Question put accordingly, That the original words stand part of the Question:

The House divided: Ayes 185, Noes 278.

Division No. 238] **[10 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Amess, Mr. David
Ancram, rh Mr. Michael
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baker, Norman
Baldry, Tony
Barker, Gregory
Barrett, John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Brady, Mr. Graham
Brazier, Mr. Julian
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Bruce, rh Malcolm
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Chope, Mr. Christopher
Clark, Greg
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Curry, rh Mr. David
Davey, Mr. Edward
Davies, David T.C. *(Monmouth)*
Davies, Philip
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Foster, Mr. Don
Francois, Mr. Mark
Fraser, Christopher
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gray, Mr. James
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Howard, rh Mr. Michael
Howell, John
Hughes, Simon
Huhne, Chris
Hunter, Mark
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Keetch, Mr. Paul
Key, Robert
Kirkbride, Miss Julie
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lancaster, Mr. Mark
Leech, Mr. John
Leigh, Mr. Edward
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Mackay, rh Mr. Andrew
Maclean, rh David

McIntosh, Miss Anne
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Mates, rh Mr. Michael
Mercer, Patrick
Milton, Anne
Moss, Mr. Malcolm
Mundell, David
Murrison, Dr. Andrew
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Opik, Lembit
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Penrose, John
Pickles, Mr. Eric
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Rogerson, Dan
Rosindell, Andrew
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, David
Simpson, Mr. Keith
Soames, Mr. Nicholas
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Teather, Sarah
Thurso, John
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Viggers, Sir Peter
Walker, Mr. Charles
Walter, Mr. Robert
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Whittingdale, Mr. John
Wiggin, Bill
Williams, Mr. Roger
Williams, Stephen
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George

Tellers for the Ayes:
Mr. John Baron and
Mr. Nick Hurd

NOES

Ainsworth, rh Mr. Bob
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Austin, Mr. Ian
Bailey, Mr. Adrian
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blunkett, rh Mr. David
Borrow, Mr. David S.
Brennan, Kevin
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byrne, Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Ellman, Mrs. Louise
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Henderson, Mr. Doug
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoey, Kate
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keen, Alan
Keen, Ann
Kemp, Mr. Fraser
Kennedy, rh Jane
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
McCabe, Steve
McFadden, Mr. Pat
McCafferty, Chris
McFall, rh John
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McKechin, Ann
McKenna, Rosemary
McDonagh, Siobhain
McGovern, Mr. Jim
McIsaac, Shona
Mactaggart, Fiona
McGuire, Mrs. Anne
McNulty, rh Mr. Tony
McAvoy, rh Mr. Thomas
Malik, Mr. Shahid
Mallaber, Judy
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh David
Miliband, rh Edward
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Mudie, Mr. George
Mullin, Mr. Chris
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick

Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Stewart, Ian
Stringer, Graham
Stuart, Ms Gisela
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Timms, rh Mr. Stephen
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Twigg, Derek
Ussher, Kitty
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wyatt, Derek

Tellers for the Noes:
Mr. Bob Blizzard and Mr. Sadiq Khan

Question accordingly negatived.

Question, That the proposed words be there added, *put forthwith, pursuant to Standing Order No. 31 (Questions on amendments), and agreed to.*

MR SPEAKER *forthwith declared the main Question, as amended, to be agreed to.*

Resolved,

That this House notes with concern current food shortages which are believed to have pushed 100 million people into hunger worldwide; acknowledges the steps taken by the Prime Minister to encourage coordinated international action to address global food security; welcomes the additional UK contribution to the World Food Programme; recognises that rising food prices as a result of global pressures are affecting household food budgets; believes that with rising global demand Great Britain needs a strong farming industry able to produce a significant proportion of UK food; notes that UK self sufficiency stands at 74 per cent. for food which can be grown in the UK, which is higher than in the early 1950s; and commends the Government's role in helping to develop a domestic farming sector that produces what consumers want in a way that preserves natural resources and enhances the valuable environmental benefits that it provides to society.

DELEGATED LEGISLATION

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Delegated Legislation Committees),

REPRESENTATION OF THE PEOPLE

That the draft Representation of the People (Northern Ireland) Regulations 2008, which were laid before this House on 14th May, be approved. *[Mr. Watts.]*

Question agreed to.

Mr. Speaker: If it is convenient for the House, I shall take motions 3 to 7 together.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Delegated Legislation Committees),

REPRESENTATION OF THE PEOPLE

That the draft Service Voters' Registration Period (Northern Ireland) Order 2008, which was laid before this House on 14th May, be approved. *[Mr. Watts]*

TRIBUNALS AND INQUIRIES

That the draft Appeals from the Upper Tribunal to the Court of Appeal Order 2008, which was laid before this House on 4th June, be approved.

That the draft First-tier Tribunal and Upper Tribunal (Composition of Tribunal) Order 2008, which was laid before this House on 4th June, be approved.

That the draft Transfer of Tribunal Functions Order 2008, which was laid before this House on 4th June, be approved. *[Mr. Watts.]*

HEALTHCARE AND ASSOCIATED PROFESSIONS

That the draft Health Care and Associated Professions (Miscellaneous Amendments) Order 2008, which was laid before this House on 4th June, be approved. *[Mr. Watts]*

Question agreed to.

BUSINESS OF THE HOUSE

Ordered,

That, notwithstanding the practice of the House as to the intervals between stages of Bills brought in upon Ways and Means Resolutions, more than one stage of the Finance Bill may be taken at any sitting of the House. *[Mr. Watts.]*

Swindon to Kemble Railway (Redoubling)

Motion made, and Question proposed, That this House do now adjourn.— *[Mr. Watts.]*

10.17 pm

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): I should like to start, Mr. Speaker, by thanking you very much for giving me the opportunity to raise the subject of dualling the Swindon to Kemble railway line. I welcome to the debate my constituency neighbours, the hon. Members for Stroud (Mr. Drew) and for Cheltenham (Martin Horwood), and the Minister, who is in his place. *[Interruption.]* Ah, yes. I also welcome the Under-Secretary of State for Communities and Local Government, the hon. Member for Gloucester (Mr. Dhanda), who is on the Treasury Bench, too.

Two railway lines run through my constituency. In the north, the Cotswold line passes through via Moreton-in-Marsh, and in the south is the Golden Valley line, which serves Cheltenham via Kemble to Swindon, where it joins the Great Western main line to London. Both lines have been blighted by unacceptable delays, and although improvements have been made in recent years, the delays continue to frustrate regular commuters and infrequent travellers alike.

One key factor behind the continued delays is that long sections of both lines are single track. The fundamental nature of the problem is that, self-evidently, only one train can pass on any single section at any one time. The section of single track on the Golden Valley line is located between Swindon and Kemble and is 12.5 miles long.

In April, I, along with my hon. Friend the Member for Mid-Worcestershire (Peter Luff), met representatives of Network Rail to hear their business case for the schemes. The meeting was held in advance of the release on 5 June of the Office of Rail Regulation's "Periodic review 2008: Draft determinations", which defines Network Rail's funding allocations for 2009 to 2014. Although there was some positive news in the ORR's report in that the green light was given for the redoubling of the Cotswold line, it was decided that, apparently, the improvements to the single-track section between Swindon and Kemble on the Golden Valley line do not conform with current Government priorities. Obviously, that was a huge disappointment, which the hon. Member for Stroud and I expressed in a meeting with the ORR on 12 June; it is also, of course, the reason why we are all here tonight.

At this juncture, I hope that the Minister will note that although both lines pass through my constituency, their two closest stations are still about 30 miles apart—a journey that would take nearly an hour by road. The lines are used by completely separate sets of commuters and serve completely different regions of the country. Therefore, any claim that the two are connected in the county of Gloucestershire for funding purposes is completely fallacious. On the Kemble branch, delays and cancellations are frequent. The infrastructure cannot support an hourly timetable; delays are regularly exported from the line and Network Rail believes that significant demand from both passengers and freight is being suppressed because of those limitations.

I should like to highlight what I consider to be a matter of importance regarding the ORR's decision not to allocate funding for this scheme. I have received, via two constituents, correspondence from the ORR. I think it erroneous, so I hope that the Minister will listen carefully. The letter, which has been sent to my constituents, states:

"With regard to the Swindon to Gloucester line, Network Rail has determined that it does not need to redouble this route in order to achieve the requirements of the Government's High Level Output Statement (HLOS) for the period 2009-2014 and so has not put forward this scheme for funding under our present review of its outputs and charges".

The Minister may be interested to know that I had a meeting with senior Network Rail representatives on Thursday and I asked them whether what that letter said was really true. They came out with this important statement:

"Whilst this is correct in terms of the Capacity Metric, it is incorrect in terms of the Performance Metric.

The scheme was identified by Network Rail as contributing to the delivery of the HLOS performance metric, over and above the schemes that are required to deliver the HLOS capacity metric.

We confirm that the scheme was put forward to the ORR within the Network Rail HLOS Submission for funding as a performance scheme."

I hope that the Minister will reprimand the ORR and ask it not to send out misleading information to my or anybody else's constituents.

Mr. Mark Harper (Forest of Dean) (Con): I, too, wrote to the ORR and its reply to me slightly contradicts the one that it sent to my hon. Friend. It specifically said that it felt that the scheme would have gone beyond the performance and capacity requirements specified in the Government's high level output specifications, and that that was why it had chosen not to fund it. Effectively, it said that it can meet the Government's requirements without implementing the scheme; effectively, it was blaming the Government rather than itself for not funding the scheme. It would be helpful if the Minister could clear up the discrepancy.

Mr. Clifton-Brown: Clearly, this is a matter of contention. I am grateful to my hon. Friend. I did not mention him at the beginning because he was not in his place; but I am delighted that he is here. No doubt the Minister will wish to clear up the issue that my hon. Friend has raised.

As I have said, Kemble station on the line is in my constituency. There are 18 daily Swindon-bound trains, of which eight terminate at London Paddington, and 18 Gloucester-bound trains, 17 of which continue to Cheltenham Spa. Passenger use of the station is on the rise; in 2006-07, the numbers were up 17 per cent. on those for 2004-05.

As the current single-track alignment is mainly centred, it does not allow for a simple redoubling of the line. However, Network Rail has noted in a letter to MPs through whose constituencies the line passes that the scheme

"offers value for money and wider benefits to the operation and performance of the route and wider network".

What is really important is that in its assessment, Network Rail estimates that the scheme has a benefit-to-cost ratio of 9.96, which puts it in the category of offering

very good value for money—better value for money, in fact, than some of the schemes that are proceeding. There are a number of reasons for that, and I should like to put them to the Minister. First, the scheme will provide for a reduced journey time, due to simplification of the layout at Swindon. The constraint of the current single-line operation will be removed, which, when combined with an increased capacity on the line, will allow for four trains per hour in each direction.

Secondly, a redoubled line would offer a diversionary route for trains from a number of routes, affecting a great many regions. It would allow trains travelling to or from Wales to bypass the Severn tunnel when it is out of action due to maintenance, and it would provide a diversionary route for freight traffic travelling from Southampton to the west midlands and for trains from the south-west to the north of England, which is the preferred diversionary route. Thirdly, a redoubled line would provide much greater route flexibility, which has knock-on beneficial effects for several regions.

Fourthly, another key cause of delays on the line is the age of the tracks, which need regular repair. The current single line limits the amount of work that can realistically be scheduled. A redoubled line would allow track work to occur more rapidly while maintaining a viable service.

Fifthly, First Great Western has written to me firmly expressing its support for the improvements and has commented that the scheme

"makes passive provision for a new station to serve the rapidly expanding North Swindon Area—helping reduce congestion and the broader environmental impact".

The station at Moredon will be vital in working towards achieving the Government's aspirations on community sustainability in this area.

Mr. David Drew (Stroud) (Lab/Co-op): Will the hon. Gentleman give way?

Mr. Clifton-Brown: I happily give way to my neighbour.

Mr. Drew: I congratulate the hon. Gentleman on securing this debate. Does he agree that one thing that would help those of us who desperately want the redoubling to take place would be the publication of all the investigations that have gone on into this piece of line? There is a need for transparency that would help the arguments. We always seem to be there, or thereabouts, and then we fail at the final hurdle. If we got the information, at least we could have an open debate on the merits of the case.

Mr. Clifton-Brown: I entirely agree with the hon. Gentleman, and the Minister will have heard what he said. I hope that we can have an honest and open debate and that the Minister will make available to Members of Parliament any information that he has, perhaps through parliamentary questions, and we can get it out into the public domain in that way.

Sixthly, the Golden Valley line is key to the new inter-city express programme— the IEP—from 2015 onwards. The IEP represents the high-speed train—HST—replacement and is designed to provide additional seating capacity and operational performance. Without redoubling, we will not be able to see the full benefits of the IEP.

Finally, there is the possibility of the developments resulting in a saving. The closure of the Minety level crossing box would result in savings of approximately £300,000 per annum.

Martin Horwood (Cheltenham) (LD): I congratulate my neighbour on securing this debate; he has my complete support. Does he agree that another environmental benefit of the redoubling taking place would be that many of the journeys that commuters take from towns such as Cheltenham Spa to Swindon to avoid the unreliable service would be improved because they would be able to take the more reliable service that would result?

Mr. Clifton-Brown: I entirely agree with my neighbour. I will come to that later.

I turn to the beneficiaries of this scheme. Where necessary, I will quote from a report from the Minister's Department of May 2007, "South West Regional Planning Assessment for the Railways", from which he will note that many of the aspirations listed are tied up with this 12.5 mile stretch. If—and it is a big if—there are no delays on the line, one can get on the 7.21 at Kemble station and be at London Paddington at 8.40, putting residents well within the magic figure of being two hours from the capital. The report notes:

"Fast, frequent and reliable connections to main city centres and on longer distance routes (particularly to London, the Thames Valley and Heathrow) will be critical to maintaining and improving the South West's economic competitiveness".

As Members here know, but the Minister may not, the south-west is a rapidly growing area. Gloucester is seen as a highly desirable town to live and work in, and it has been estimated that an extra 15,000 houses will need to be built in the town by 2026. That is complemented by the estimated 22,000 to 36,000 new jobs that are being created in Cheltenham and Gloucester in the same period. In Swindon, the population is estimated to grow by nearly 30,000 between now and 2026. In other words, between the three major towns and cities, we are looking at a growth in population of about 50,000 between now and 2026. Unfortunately, taking Cheltenham and Gloucester specifically, I cannot think of many other towns within two hours and 100 miles of London so poorly served by rail connections.

This scheme has the backing of the Gloucestershire county council, The South West of England Regional Development Agency, the regional assembly, the district and urban councils and Gloucestershire's MPs—as can be seen by their presence here tonight. They all recognise the clear need for joined-up thinking from the Government in matching the transport infrastructure of the region with the expansions proposed by the regional spatial strategy.

On 21 April this year, I called an Adjournment debate on another travel-related matter in my constituency, that of the road improvement scheme on the missing A417/419 link, and the Under-Secretary of State for Transport, the hon. Member for Glasgow, South (Mr. Harris) responded in that debate also. He will know from that debate that road congestion in Gloucestershire is building considerably. Studies for much of Gloucestershire paint a bleak picture of congestion on the roads. Given the anticipated population growth in the area, and the increased focus on the environment

[Mr. Clifton-Brown]

and reduced car usage, rail could provide a key part of the solution, as the hon. Member for Cheltenham (Martin Horwood) indicated.

I have produced a comprehensive list of the benefits that can be gained through a redoubling of the Swindon to Kemble line, and the Minister will have noted that it closely correlates with each of the nine key development objectives for the railway listed *in his report, from* which I have been quoting. Having shown the clear need to make this improvement, I would like to finish by highlighting the imperative of time. If the Swindon to Kemble redoubling does not feature in the ORR's funding priorities now, it will not feature again until 2014 at the earliest, because by 2010, we will see the massive redevelopment of Reading station, the Crossrail development and, perhaps, the recently announced proposed development of high-speed tracks throughout the country. My concern is that the budget, equipment and manpower for this scheme will not be in place if it is not scheduled by 2010.

If the Swindon to Kemble improvement is not made now, it is likely that it will be delayed not just for five years but perhaps for another 10 or 20 years. Given that Network Rail estimates the cost of this scheme to be just £38 million, there can be few schemes in the country that offer such sustainability and connectivity, or which ensure regional economic growth for such good value for money, as I stressed through the indices I cited earlier. I hope that the Minister will cheer up the constituents of all my colleagues here tonight, and of others in the south-west, by assuring me that he will press the ORR to reconsider its decision.

10.32 pm

The Parliamentary Under-Secretary of State for Transport (Mr. Tom Harris): I begin by congratulating the hon. Member for Cotswold (Mr. Clifton-Brown) on securing this debate so soon after I responded in his earlier Adjournment debate on the A417. This is an important issue for his constituents and for rail users, especially those travelling on the Great Western main line. I also extend a welcome to other colleagues, particularly the Under-Secretary of State for Communities and Local Government, my hon. Friend the Member for Gloucester (Mr. Dhanda) and my hon. Friend the Member for Stroud (Mr. Drew).

Our railways are experiencing record numbers of passenger journeys and levels of freight. The Government's unprecedented levels of investment in the network are paying off, and that investment is set to continue. I begin by reminding the hon. Member for Cotswold that far from ignoring the need for crucial strategic investment in the railways, we are meeting our obligation to make record real terms investment in the railways – more than any other previous Government in the history of the railways, either Labour or Conservative.

Last year's rail White Paper, which set out the high level output specification HLOS contained the improvements the Government want to buy over the five years to March 2014, and the money that we will commit to this. Our plans are for the biggest increase in rail capacity in a generation, which will result in a system capable of carrying a 22.5 per cent. increase in passenger demand by 2014. That equates to 6 billion additional passenger kilometres each year, and it will also accommodate 34,000 extra high-peak-hour passengers travelling into London each day and 10,000 extra into our other major cities. Some 1,300 additional carriages are being procured to help provide that capacity. We require reliability to improve further, taking the public performance measure from last year's high of 90 per cent. of passenger trains arriving on time to a new average high of 92.6 per cent across the network. Safety, too, will continue to improve, and we will introduce measures to reduce risks to passengers and workers by 3 per cent over five years.

The Government's plans are affordable and deliverable, as the independent Office of Rail Regulation has just concluded. I emphasise the word "independent", because the independence of the ORR is a crucial part of the effectiveness of the rail industry structure. Earlier this month, the ORR published its draft determination of the funds that Network Rail should be allowed for the five years to 2014. It drew on the work that Network Rail and the train operators have done to show how they would deliver HLOS – work that Network Rail published in its November 2007 strategic business plan and updated in April 2008.

The ORR has undertaken a detailed and thorough review and has challenged and tested each element of Network Rail's industry plan to see whether it is efficient. It has assessed the nature and extent of Network Rail's enhancement expenditure to determine whether it contributes towards the improved output that the Government want. In its draft determination, the ORR sets out the infrastructure schemes that it considers Network Rail should be funded to deliver. It explains the reasoning behind its conclusions and invites comments. It will take all comments into consideration before publishing its final determination at the end of October.

The Great Western main line, of which the Swindon-Kemble line is part, is expected to benefit from huge investment, as it has expanded to be ready to accommodate the extra 637 million passenger kilometres of journey that we want it to carry by 2014. Longer peak trains will provide for the extra 2,900 peak passengers arriving at London's Paddington station every morning, and Maidenhead and Twyford station platforms will be extended to cope with them. As the hon. Gentleman said, Reading station and the surrounding rail junctions are to be rebuilt to deliver the increased network capacity required by 2014 and to meet the longer-term passenger and freight requirements at that busy crossroads.

Mr. Clifton-Brown: I am grateful to the Minister for his patient explanation, but would he not accept that a more reliable and regular service from Kemble to Swindon would enhance the modifications that he is making from Swindon to Paddington? If an unreliable service feeds into a more reliable service, the latter will be hampered.

Mr. Harris: If the hon. Gentleman will just be patient, I have some positive things to say about the Swindon-Kemble line. I shall get round to them.

In Bristol, train lengthening plans are being developed to provide additional peak commuter capacity. The route between Bristol and Birmingham is to benefit from line speed improvements, to enable faster journey

times between the cities. In Cardiff, there will be a wide range of track, signal and station improvements to increase the capacity of the local network, with the Welsh Assembly Government contributing to a shared investment in the network that will let more and longer peak trains run.

It is anticipated that our national stations improvement programme will fund improvements at Swindon, Gloucester and five other busy Great Western stations—Slough, Cheltenham, Chippenham, Newbury and Didcot. We plan that our access for all programme will, among other things, improve disabled access at Chippenham and Severn tunnel junction stations on the Great Western line. Station and track works will be undertaken to prepare the Great Western main line for the operation of a new generation of inter-city express trains, with services expected to start in 2016. At the London end of the route, we expect much of the work for Crossrail to be undertaken during the first HLOS period.

Those schemes are all driven by the need to create the capacity and quality needed for the forecast growth in passengers and freight. The Swindon-Kemble line redoubling scheme that the hon. Gentleman supports has been developed more for the performance benefits that it would bring than for the capacity that it would provide. The demand that is forecast on the route can continue to be met by the current train services. Performance on the Great Western line has been so poor that earlier this year, the Government took formal action against the operator, First Great Western, to insist on improvement. In parallel with that, the ORR has warned Network Rail that there must be an improvement in punctuality and reliability or it will consider enforcement action.

A joint performance improvement plan for the route has been developed by Network Rail and First Great Western, and the ORR is overseeing its implementation. Extra carriages are being obtained and additional drivers, guards and technicians recruited to improve reliability. There has been a steady overall improvement in route performance since April. I am cautious at this stage, and a lot remains to be done to ensure that better performance is embedded in the operation and becomes consistent, but the first signs are encouraging.

It is in that context that the ORR has had to consider the two track redoubling schemes for Great Western routes put forward by Network Rail as candidates for investment in the HLOS period. Network Rail offered both the Swindon-Kemble line and the Oxford-Worcester line the so-called Cotswold line as optional enhancements in its April strategic business plan update to the Office of Rail Regulation.

The Cotswold scheme involves partial redoubling between Oxford and Worcester to deliver performance benefits on the Cotswold line and consequential improvements along the Thames valley. It is calculated that the Cotswold redoubling would bring First Great Western performance to more than 90 per cent.—closer to the 92 per cent. performance requirement sought from long-distance routes in 2014 under high level outputs.

The ORR heard evidence from the rail industry on both redoubling schemes for the Great Western main line. The train operators and Network Rail identified the Cotswold line as the preferred scheme, and not enough evidence was submitted to make the case for both schemes going ahead. The ORR's draft determination—I stress that it is only a draft determination—is that Network Rail should be funded to redouble the Cotswold line.

That is welcome news for the Cotswold line, and it should bring significant benefits for the hon. Gentleman's constituents and the wider group of users of the Great Western main line. Network Rail plans to undertake the work early in the HLOS period, commissioning the enhanced line. It is not a case of choosing the cheapest. Network Rail estimated the cost of the Cotswold line works to be £51 million, against £32 million for Swindon-Kemble. The ORR has chosen the most efficient option and has satisfied itself that, overall, Network Rail is on target to deliver the service performance sought by the Government for 2014.

I recognise the benefits in doubling the Swindon-Kemble route and we have heard several examples tonight from the hon. Member for Cotswold, my hon. Friend the Member for Stroud and the hon. Member for Forest of Dean (Mr. Harper). The project would improve performance on the Swindon to Gloucester route and on the Great Western main line. It would reduce the impact on train services to and from south Wales when the Severn tunnel and the route to Bristol Patchway are disrupted. Local and diverted long-distance train services could operate during planned engineering works instead of local services being displaced by diverted long-distance trains.

Journey times would be fractionally improved as trains would not have to slow down for the turnouts into and out of the single track section. There is an aspiration for a new station in north-west Swindon that becomes more practicable if the line is a double track. The extra capacity would make it possible to operate additional local trains, should there be the demand for that.

I understand that the rail industry now intends to develop the case for doubling the Swindon-Kemble line as well as the Cotswold line, and to put that case to the ORR as part of the response to the consultation. Although the ORR has determined that it would not fund Network Rail for projects the primary benefit of which is to improve performance or capacity beyond levels explicitly specified in HLOS, the ORR will take account of the need for a sustainable network plan and the longer-term needs of the railway. There must also be evidence that projects offer value for money. The hon. Member for Cotswold covered that in his comments.

I encourage the hon. Gentleman and the rail industry to take account of those points in commenting to the ORR. At this stage, the case for redoubling the Swindon-Kemble line must be addressed to the ORR.

Mr. Drew: I am pleased to hear what my hon. Friend is saying. Will he encourage the ORR to look at modal shift? We are not considering simply a route to London, but an opportunity to get people to work and live along it. Rather than using the car, they can use the train. It is vital to take that into account.

Mr. Harris: That is a valid point in the general debate about achieving modal shift. I caution my hon. Friend against using the modal shift argument to the ORR during the consultation period. My understanding is that ORR will consider the scheme based on the capacity and performance targets that can be achieved in 2014

[Mr. Tom Harris]

rather than on the modal shift. If I am wrong, I will write to my hon. Friend, but I understand that modal shift is not one of the metrics that the ORR would use to determine whether the scheme should receive funding.

I understand the arguments in favour of doubling the Swindon-Kemble line. I will not comment on whether I was disappointed about the decision that the ORR reached in the draft determination, but I will commit my officials to working with the industry to make the case strongly to the ORR that redoubling the line should go ahead.

Mr. Clifton-Brown: What the Minister has just said is very helpful and sounds like good news as far as it goes. I was careful in my speech not to link the Swindon to Kemble line with the fact that the Cotswold line is to be partly redoubled. The Minister seemed to indicate that the performance target of the overall First Great Western area could be achieved by redoubling the Cotswold line. However, let me say to him gently that that line is used by a completely different set of commuters in a completely different part of the country. It would not be fair to the people who use the Kemble to Swindon line if it was knocked out because the Cotswold line was dualled.

Mr. Harris: The hon. Gentleman does not have to worry too much about speaking to me gently or otherwise. I am quite happy to be talked to in a less then gentle way by him. I did not want to give the impression that the ORR was faced with an either/or decision on those schemes. The ORR will assess the schemes on their individual merit and on their effect on the performance and capacity of the network as a whole.

As I said at the start, the Government have set out in the HLOS the improvements that we want to buy by 2014 and the money that we will commit to them. Having set the direction, and with the necessary funding, we now look to industry to deliver that. I understand the case that the hon. Gentleman and others have made for the redoubling of the Swindon-Kemble line, but we need to wait for the ORR determination process to finish. There is currently no case for the Swindon-Kemble project to be considered for exceptional funding outside HLOS. However, with the appropriate arguments made and the appropriate data provided to the ORR by the hon. Gentleman and my hon. Friends, I am confident that the case will be given a proper hearing. The ORR will be making its final determination in October. From my personal perspective, I wish the scheme a fair wind.

Question put and agreed to.

Adjourned accordingly at fourteen minutes to Eleven o'clock.

House of Commons

Tuesday 1 July 2008

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

NEW WRIT

Ordered,

That the Speaker do issue his Warrant for the Clerk of the Crown to make out a new writ for the electing of a Member to serve in this present Parliament for the Borough Constituency of Glasgow, East in the room of David Marshall, who since his election for the said Borough Constituency has accepted the Office of Steward or Bailiff of Her Majesty's Manor of Northstead in the County of York.—*[Mr. Hoon.]*

Oral Answers to Questions

COMMUNITIES AND LOCAL GOVERNMENT

The Secretary of State was asked—

Home Information Packs

1. **David Taylor** (North-West Leicestershire) (Lab/Co-op): What recent representations she has received on the performance of qualified home inspectors and domestic energy assessors in the preparation of home information packs. [214835]

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Iain Wright): The Department has received a number of representations in the form of correspondence from hon. Members, including my hon. Friend, and assessors. We have also conducted a number of meetings and workshops at which such issues have been raised.

David Taylor: As a past victim of serious delays and problems when moving house, I have been a supporter of the home information pack concept since its inception. In the past year, however, my constituents have alerted me to the fact that the reduction in fees for energy performance certificates is diluting the calibre of the people who produce them. Will the Minister tell the House whether he is satisfied with the regulation of a HIP market in which low-cost, unqualified people who are wholly without training are usurping professional domestic energy assessors, thereby misleading home owners and bringing the scheme into disrepute?

Mr. Wright: I thank my hon. Friend for that important question. He will be aware that all domestic energy assessors and home inspectors have either gained a qualification in the subject or have proved to an accreditation scheme that they have the relevant skills and knowledge. On the important point about publicity for such qualifications, I am keen to encourage awarding bodies to consider something like a kitemark for high-performing training and assessment centres. I am discussing the standards for training providers with trading standards and the Qualifications and Curriculum Authority. I am more than happy to meet my hon. Friend to discuss the examples from his constituency.

Angela Watkinson (Upminster) (Con): Estate agents in Upminster with whom I have discussed the matter all report that there is no demand whatever for home information packs, and that prospective house buyers prefer to employ a surveyor. What assessment has the Minister made of the national demand for HIPs?

Mr. Wright: I disagree with the hon. Lady: when consumers actually see HIPs, there is demand for them. We need to encourage estate agents and others to show HIPs to home buyers and sellers. All the indications are that HIPs improve the home buying and selling process. Linked with energy performance certificates, they can provide suitable information to ensure that the biggest investment that someone is likely to make—buying a house—proceeds in as smooth a manner as possible.

Mr. Clive Betts (Sheffield, Attercliffe) (Lab): As my hon. Friend will know, I am a supporter of the HIP process. However, will he consider the experience of one of my constituents who bought a HIP from an estate agent for about £400 so that he could put his house on the market? He then switched to a second estate agent for very proper reasons. The second estate agent demanded that he pay another £100 to have the HIP validated, even though it was produced by accredited people. Does my hon. Friend agree that that sort of sharp practice gives estate agents a bad name? Will he investigate that matter, which I have written to him about, as it should not be happening in the marketplace?

Mr. Wright: My right hon. Friend the Secretary of State for Communities and Local Government was muttering "sharp practice" when my hon. Friend was asking his question. They share similar thoughts on a range of matters regarding home buying and selling. My hon. Friend has been a passionate supporter of home information packs. He raises an important point, and we need to stamp out such practices as much as possible, particularly in the volatile and turbulent market that we have at the moment. I would be happy to meet him to discuss the specifics of the case that he raises, and to ensure that we deal with the matter appropriately.

Lembit Öpik (Montgomeryshire) (LD): As the Minister's colleagues have helpfully implied, HIPs are not popular and they are not demanded by house buyers. Along with all the other people whom he has agreed to meet, will he meet me to discuss *Which?* magazine's interesting alternative proposals, which would simplify the process, make it much more relevant to the purchaser, and do away with the tons of irrelevant material that most people never require and that, for the reasons that he has heard, offer questionable quality control?

Mr. Wright: I think that I will be very busy. I am always happy to meet the hon. Gentleman, but I think that he shares my view that the home buying and selling process should be as transparent, and the information

as relevant and up-front, as possible. HIPs have gone a long way towards providing that. We fully accept that we need to go further to ensure better, more transparent home buying and selling services. I am happy to work with him and other hon. Members to achieve that.

Mr. Stewart Jackson (Peterborough) (Con): The Minister clearly has not read the comments of Sir Bryan Carsberg, who, as he will know, chaired the body that recently conducted a year-long independent review of HIPs. He concluded:

"They don't make a useful contribution to the house buying process. They don't speed up transactions and they are in danger of becoming out of date too quickly."

The industry does not want HIPs, and buyers and sellers do not want them. Will the Minister finally admit that HIPs are slowing an already stagnant housing market, and that it is time they were dumped?

Mr. Wright: We need to be sensible about this. About 750,000 HIPs have been produced in what we should all recognise is a very difficult market. HIPs and energy performance certificates are providing lower up-front costs for first-time buyers and falling costs for property searches—incidentally, I have just come from the fifth anniversary dinner of the Council of Property Search Organisations. Furthermore, if home owners carry out the changes proposed in the EPCs, there will be savings of around £100 million on energy bills.

We will engage openly and constructively with all involved in the housing market to try to tackle the current global problems. If the hon. Gentleman wants to sit on the sidelines and snipe with undisguised glee, he can do that, but I want to get on with the job.

Eco-towns

2. **Mr. James Paice** (South-East Cambridgeshire) (Con): What plans she has to change the planning process for eco-towns. [214836]

The Minister for Housing (Caroline Flint): None. Like any other proposed development, eco-towns will be subject to planning applications. Each application will need to be decided on its merits, and we would generally expect the local planning authority to make the decisions.

Mr. Paice: It is obvious that the right hon. Lady will not be able to deliver eco-towns within a plan-led system, which is what I thought the Government wanted. The proposals for many of the sites, including Hanley Grange on the edge of my constituency, are simply a rehash of proposals that have already been rejected by the regional plan. If she is to proceed with this, is it not clear that she will have to override all existing planning processes and ignore local opinion, especially as all the local authorities already oppose the proposals?

Caroline Flint: I disagree with the hon. Gentleman. All the locations for prospective eco-towns are undergoing a thorough examination at the pre-application stage. I have suggested to local authority colleagues, community groups and others that they should engage with the process, because it is important to offer the hope of affordable homes and housing that can help us to meet our climate challenge. It is a shame that the Conservatives have decided not only to oppose the locations—which they are doing virulently and without a great deal of evidence—but to oppose the whole programme. I think that that makes clear the derisory nature of their so-called support for more housing.

Ms Patricia Hewitt (Leicester, West) (Lab): When my right hon. Friend considers proposals for an eco-town in Leicestershire, will she consider in particular the possible impact of the proposed development at Ashton Green in my constituency and, more broadly, its possible impact on the regeneration of Leicester? The eco-town proposal has many attractive features, but it must not take place at the cost of the development of Leicester, which is proceeding successfully despite the current difficult conditions.

Caroline Flint: My right hon. Friend is absolutely right. I can reassure her, and all Members, that the point of the process in which we are involved is to establish what the plans are, the impact that they will have on existing communities, and their possible impact on regeneration plans for other parts of the region.

I strongly believe that despite claims that the process is not open, we are engaging in a very healthy debate. The developers and their plans are being scrutinised within an inch of their lives, not only by local communities but by local representatives and our Department, to ensure that when I decide on a final shortlist, they will be able to hold up their heads and demonstrate the standards that we should expect not just of eco-towns, but of any eco-development in the future.

Sir Peter Tapsell (Louth and Horncastle) (Con): May I remind the Minister that, last Wednesday, East Lindsey district council, in which no one political party has an overall majority, voted by a large majority to ask that Manby in my Lincolnshire constituency be removed from the list of proposed eco-towns? As she probably knows because she was good enough to visit us recently, Manby is more than an hour's motor drive from the nearest mainline railway station and is in the middle of some of the best agricultural land in Europe, at a time when the world is facing food starvation. Can we therefore have an assurance that no devices in the planning system will be used to overcome the wishes of the overwhelming majority of local people not to have an eco-town in Manby?

Caroline Flint: The hon. Gentleman is right: I have visited the site. It is a former RAF base, part of which is already occupied by the local authority, which uses former RAF buildings as offices. When I visited the site, it was made clear to me that the local authority was undertaking this in a positive spirit because it recognised that it faced a real housing supply problem and that it had to look for alternatives to building out from the local market town of Louth, which is not far away. It is its choice to remove this option from the list—which, I should make clear, was a local authority bid—but it will still have to recognise that it has a housing supply and affordability problem that it must address, and that the problem will not go away even though it has removed its bid for an eco-town.

Hugh Bayley (City of York) (Lab): York has two large brownfield development sites which between them could provide 5,000 badly needed houses, but they cannot be considered as an eco-town because the sites fall within an existing urban area. What steps will my right hon. Friend take to ensure that the lessons learned

from the eco-town process about building communities to high environmental standards at scale can be applied in urban areas such as York?

Caroline Flint: My hon. Friend makes an important point. One purpose of the eco-town programme is, of course, to provide more housing, but another is to look at what innovation can be brought to bear on making sure we have zero carbon across a whole development and on taking advantage of the opportunities that a site the size of 5,000 households at minimum can give us. We must look at what we can learn from this programme. Already in the past six months we have learned an awful lot about waste, water neutrality and about both the technologies that are currently available and those that are in the pipeline and that could be applied to the eco-town programme. As my hon. Friend says, we must learn about how they could be applied to new builds in existing communities or be retrofitted in existing communities. The benefits of the programme are to do with eco-towns, but they also offer a lot of potential for the built environment elsewhere.

Julia Goldsworthy (Falmouth and Camborne) (LD): The Minister's Department likes to talk the talk about community empowerment and engagement, but it does not walk the walk. Is that not apparent in its approach to eco-towns? What does the Minister think speaks more loudly to the British public: a declaration of passionate commitment to the empowerment agenda, or the imposition of eco-towns against the will of the local community and its elected representatives through site-specific planning policy guidance that can then be overturned on appeal? Do not actions speak louder than words?

Caroline Flint: Nice speech, but completely wrong. The fact is that we have just completed one round of consultation in which we have received many different responses, and we will be consulting on a draft planning statement on eco-towns and a sustainability appraisal, which will take place. I am visiting every location and elected representatives have been asked if they want to be part of that. I have been meeting people who are opposed, but I have also been meeting people whose voices often are not heard: individuals and families who are on housing lists, and those who are living in other people's homes—sleeping on sofas and elsewhere—such as youngsters who have moved away from their families but cannot afford a home in their areas.

I challenge anyone to suggest that we are not being inclusive, and that we are not allowing voices to be heard; but there is more than one voice in this debate. At the end of the day neither the Liberal Democrats nor the Tory party have any policies that attempt to meet the housing challenges of supply and affordability in this country, and that is a disgrace.

Mrs. Jacqui Lait (Beckenham) (Con): The right hon. Lady is mounting a stout defence of a policy that is falling apart in front of her eyes. Will she comment on her Department's eco-towns panel, which recommended two weeks ago that eco-towns such as Curborough should be built not with one parking space per household but with none? How can she seriously believe that people will want to buy a house in the middle of nowhere if there is no space to park a car?

Caroline Flint: As the hon. Lady knows, if one selects from reports, one can pick and choose what slant one wants to put on the matter. The challenge panel has been tasked with testing out the developers on whether the plans deserve the brand of "eco" or whether they were trying to get another plan in under the radar. I thought that everyone wanted it to do that. One task the panel had was to press developers on how to reduce reliance on cars—*[Interruption.]* No, it is interesting to hear from those on the Conservative Front Bench. They talk about sustainability and green politics but when they get down to the nitty-gritty of public transport and rail, they are not interested

Mr. Speaker: Order.

Community Regeneration

3. **Sarah McCarthy-Fry** (Portsmouth, North) (Lab/Co-op): What recent steps her Department has taken to regenerate communities; and if she will make a statement. [214837]

The Secretary of State for Communities and Local Government (Hazel Blears): I today announced £500 million over the next three years for the new deal for communities partnerships, which, along with the working neighbourhoods fund, support areas in building better places to live and offering more opportunities for local people. We will shortly publish a new framework for regeneration that will demonstrate how we will build further on that success.

Sarah McCarthy-Fry: I thank the Secretary of State for that response. Does she agree that the best community-led generation happens when the people who live in those communities make the decisions? How much of the funding that she has just announced will be made available for capacity building and to support people who live in those communities so that they have the skills and confidence to take the lead in making decisions?

Hazel Blears: My hon. Friend is not only right, but has a great deal of personal experience in building capacity in her community so that people can shape their futures. I was delighted to visit with her recently the Hillside youth centre in Paulsgrove. She has mobilised local young people to rebuild their youth centre. I can reassure her that, for all the funds in the new deal for communities and the working neighbourhoods fund, it will be vital that we are there to help local people to make decisions and determine the future for themselves.

Michael Fabricant (Lichfield) (Con): Will the Secretary of State come, too, to places such as Burntwood and Chase Terrace and see how important it is to regenerate such areas? Housing on brownfield sites could be built to the highest ecological standards. Will she also come with me to Curborough and see just why it is totally impractical to try to build an eco-town in the middle of nowhere where no roads are available?

Hazel Blears: The hon. Gentleman tempts me, as ever, to spend time visiting the sites that he has identified.

Michael Fabricant: We could go on our motorbikes together.

Hazel Blears: We certainly will not be going on our motorbikes together; that is for sure. I cannot promise that I will go to those specific areas, but I reassure the hon. Gentleman and the whole House that the eco-towns programme, as my right hon. Friend the Minister for Housing has said, is subject to intense scrutiny and proper examination. We have to make some difficult decisions, and we saw last week during the final stages of the Planning Bill the inability of the Conservative party to take difficult decisions.

Richard Burden (Birmingham, Northfield) (Lab): My right hon. Friend will know that she has hardly been able to walk past me or my hon. Friend the Member for Birmingham, Selly Oak (Lynne Jones) over the past few months without our badgering her about the Kings Norton new deal for communities project. I thank her for confirming £21.6 million for that project over the next three years. Will she confirm that the important thing now is that Birmingham city council and the other partners should get on with putting the project into practice? I echo, too, the point made by my hon. Friend the Member for Portsmouth, North (Sarah McCarthy-Fry). Local communities have to be partners in the process, not merely consultees.

Hazel Blears: I would not quite classify my hon. Friend as having stalked me around the corridors of the House of Commons, but he has done exactly what a good Labour MP should do, which is to call Ministers to account and to press his case. He has done that effectively. I confirm that the priority is to get on and to make the difference. The big capital investment in Kings Norton will significantly transform his area. We have discussed before in the House the importance of the development trust being able to lead the development and to shape it for the future in the way that local people want. That is how we get sustainability.

Mr. Khalid Mahmood (Birmingham, Perry Barr) (Lab): I thank my right hon. Friend for the announcement that she has made of additional spending in urban areas, particularly for regeneration. All her work in the past few years has been welcomed hugely in my constituency. Will she meet a delegation of councillors from Birmingham city council to discuss regeneration funding and, in particular, working neighbourhoods funding, which the local authority is not currently applying properly? She will be able to hear their concerns and discuss how we can move forward.

Hazel Blears: I will be delighted to meet my hon. Friend and discuss these very important issues with him. He, too, is a champion for his community. Let us not forget that the result of eight years of Labour investment in the new deal for communities has been significant changes in tackling crime, raising young people's educational achievements and raising people's satisfaction with their area. One thing on which we need to do more is tackling worklessness, which is why I am concerned that in the areas involved, local authorities in particular must work with Members and the community to give some of the people who have never had a chance the opportunities that we can offer them.

Social Housing

4. **Mr. Jim Cunningham** (Coventry, South) (Lab): What recent steps the Government has taken to increase provision of social housing. [214838]

The Minister for Housing (Caroline Flint): The 2007 comprehensive spending review provided £6.5 billion for the delivery of 45,000 social rented homes a year by 2010-11. I recently announced that the Housing Corporation will have increased flexibility to help registered social landlords and others to purchase new homes from developers for social rent. It is expected that £200 million will be spent on that in 2008-09.

Mr. Cunningham: I thank my right hon. Friend for that answer. Given the credit squeeze, what are she and the Government doing to maintain a house building programme for social needs?

Caroline Flint: What we can do is ensure that we use the money that we have available for our affordable housing programme to keep the market moving. I shall shortly announce a new set of actions that we will take to show that we have ideas about what happened last year and how the programme will go forward. Clearly, that will be affected by events here today, to which we must be able to adapt. I hope that the announcements that I shall make shortly will show that we are responding to the situation. We will build more affordable homes, for rent and to buy, but at the same time we will use our revenue and influence to ensure that we help the housing market at this difficult time.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): Will the Housing Minister undertake to examine objectively the cost of providing affordable houses in the eco-towns? If it turns out that they are much more expensive than affordable housing elsewhere, will that not drain the budget and make it much more difficult to meet the Government's overall target for affordable housing?

Caroline Flint: I will take that as support for affordable housing in eco-towns. Of course we look at price issues. I have said that the eco-towns should aim for at least 30 per cent. affordable housing, which could be for rent but will also include low-cost home ownership. That demonstrates the fact that, along with our aims on other fronts such as public transport and the environmental sustainability of eco-town projects, affordable housing is very important to this Government in any development, including eco-towns.

Mr. Paul Truswell (Pudsey) (Lab): A number of new flats in my constituency remain unoccupied and planning permissions are not being progressed, presumably as a result of the current state of the housing market. Does my right hon. Friend accept that it is no use imposing overall housing targets on an area without being much more robust and specific about the number of social and affordable units that are needed to meet desperate housing needs?

Caroline Flint: Of course, we do not just impose housing targets out of nowhere. We have in place an assessment that takes into consideration the housing needs of communities, and I suggest to my hon. Friend's local authority and others that they ensure that they undertake that assessment. The planning guidance and other help that we have given them enables them to influence what sort of housing is built. If local authorities all got on with developing their local development framework, that would give a much better indication of their vision for their community. When developers made proposals, local authorities would then be in a stronger position to argue against the sort of housing that might not meet local needs.

Tim Farron (Westmorland and Lonsdale) (LD): Three quarters of the homes in my constituency that were built as social rented properties have been sold off. As a consequence, the supply of social rented properties locally is inadequate, and one in three of the young people we lose never return because of the lack of affordable housing. Does the Minister accept that it is very important to ensure that homes built to be social rented properties remain affordable, and that community land trusts perform an excellent role in ensuring that such homes are protected from the vagaries of Government policy? Will she undertake to give legal and financial support to the development of community land trusts?

Caroline Flint: Not only do we recognise the importance of CLTs as a model for the support of local affordable housing, we are doing something about it. We are already working with a number of CLTs of various sizes around the country. My hon. Friend the Under-Secretary of State for Communities and Local Government, the hon. Member for Hartlepool (Mr. Wright), has been engaged with this matter as part of his work on the Housing and Regeneration Bill. We will do more in this area, but I am proud to be part of a Government who are prepared to look at many different options that offer people the chance to have housing in their communities. Importantly, we are working to ensure that communities realise that affordable housing is an asset that should be kept not just for the next five years but in perpetuity.

Ms Dari Taylor (Stockton, South) (Lab): What consideration is the Department giving to the CDS Co-operatives housing project, which provides social housing and allows people to buy or part-rent according to their income? The housing remains permanently in a community trust, and thus is an asset for everyone in the community.

Caroline Flint: I know that my hon. Friend the Under-Secretary has met representatives of the project to which my hon. Friend refers. Her example demonstrates that housing for people in the 21st century should be varied. It might be provided by the local authority, a housing association, a CLT or a co-op, but different models of home provision are exactly what we need if we are to open up the market. I have worked with co-ops to tackle worklessness and social housing. Their excellent work has had an important influence on showing how social housing can be a springboard to further opportunities for people.

Adam Price (Carmarthen, East and Dinefwr) (PC): Sixty years ago, Aneurin Bevan came up with his other big idea – a national housing service that was publicly owned and run, and a massive house building programme managed by central Government. He modelled his approach on his ideas for health, so can the Minister explain why the Government – officially at least – are Bevanite on health but Thatcherite when it comes to the stock transfer of council housing?

Caroline Flint: Well, considering where we started from in 1997, I think that we have made huge inroads. We inherited a backlog of repairs to local authority housing stock worth £19 billion, 2 million homes were below basic standards of decency, and the Conservative Government started to cut their affordable housing programme in the 1990s. We have made progress, through our decent homes programme and the measures that we have taken to increase social housing. About 250,000 homes have been made available through registered social landlords, but the work does not stop there. That is why, among other measures, we are working with CLTs, housing co-ops and local housing companies, and the £6.5 billion that we have put into such schemes demonstrates that this Labour Government are on the side of people who need housing.

Interfaith Strategy

5. **Ms Celia Barlow** (Hove) (Lab): What progress has been made in developing an interfaith strategy. [214839]

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Parmjit Dhanda): The consultation on the interfaith strategy closed on 7 March. We plan to publish the strategy in July.

Ms Barlow: Is my hon. Friend aware of the work of Hope 2008, an organisation that supports the voluntary work of the Churches in Britain? Every year, churches, mosques, synagogues and temples perform a very valued service in the community, not least in my constituency of Hove and Portslade. What will he be doing to support that valuable organisation's work?

Mr. Dhanda: I congratulate my hon. Friend on the work that she does in Hove, and she is right to say that Hope 2008 does excellent work, which underpins and is very much in tune with our work on an interfaith framework. We have adopted a phrase coined by the Chief Rabbi and believe that organisations should work face to face as well as side by side, in the sort of collaborative action supported by Hope 2008. As I said, we will unveil our interfaith strategy later this month and, alongside it, details of the multi-million pound pot that will support that work.

Mr. Gary Streeter (South-West Devon) (Con): But given what the Minister has just said about outcomes that faith groups can achieve, will he ensure that not only Government, but local government provide equal access for faith groups that care for some of the most vulnerable people in our community every day? Those groups often face prejudice when accessing resources and funds. Will he do something about that in the interfaith strategy?

Mr. Dhanda: The hon. Gentleman makes a fair point, and it is one that is made to me regularly by our Faith Communities Consultative Council. It has been very supportive of the work on the interfaith framework, and its ideas are being put into practice in the framework, as he will see in a few weeks. He is right to say that there is more that we can do with our faith communities. We are committed to that, and I have seen the very good work that they have done, not least during the floods last year – including in my constituency. The council has also been involved in planning for a possible flu pandemic and how we would approach such an emergency. The engine for that work was the faith communities in the first place. They have written reports and are working with us. When we publish the report, I hope that the hon. Gentleman will see that, like a stick of rock, it has their work, commitment and values running through it.

Mrs. Ann Cryer (Keighley) (Lab): Does my hon. Friend agree that interfaith strategies in the north of England would have a greater chance of success were Muslim women welcomed into their mosques?

Mr. Dhanda: I agree with my hon. Friend. In fact, my right hon. Friend the Secretary of State has done a great deal of work in that respect, including setting up the National Muslim Women's Advisory Group, which is working closely with the Department. I have been pleased to see some of the interfaith work that is being done in the north of England, especially around the mosques and madrassahs. However, my hon. Friend is right that we can do much more with Muslim women. I hope that the work of the Mosques and Imams National Advisory Board will also make a real difference in that context.

Sir Patrick Cormack (South Staffordshire) (Con): Has not everything that the Minister has said pointed to the danger of imposing some form of strategy from above? Instead we should encourage local communities, churches and others, bearing in mind that we have an established Church, to develop their own approach to those of other faiths.

Mr. Dhanda: That is why the title of the initiative has changed from a strategy to a framework. That is something that the faith communities wanted, and they have been at the heart of driving this work. I am pleased to say that we have had some 185 responses to the framework consultation, but the hon. Gentleman will find that local activity is at the heart of it. It is about collaborative social action being supported by local authorities and run at a local level, although it is supported financially at times by the Government.

Mr. Jim McGovern (Dundee, West) (Lab): Last week I attended a function organised by my constituents, Mr. and Mrs. Abubaker, as part of their charitable fundraising efforts in memory of their son, Yusef, who tragically died aged 12 playing his beloved sport of football. In attendance at the function were members of the Syrian, Malaysian, Chinese, Palestinian and, of course, Scottish communities of Dundee. Does the Minister agree that the efforts of Mr. and Mrs. Abubaker are an example of how we can bring together wide and varied communities, regardless of ethnic origin, creed or colour?

Mr. Dhanda: I thank my hon. Friend for discussing this matter privately with me yesterday. I wish to pass on my condolences and, I am sure, those of the whole House to Mr. and Mrs. Abubaker on the loss of their son. I was fortunate enough to see the website that has been set up describing some of the activities that are happening in their son's name in Dundee, which range from touch rugby tournaments to Arab food tasting. The website lists Yusef's favourite charities and his hobbies, and the work that is being done in his name, bringing different cultures, races and faiths together, is a brilliant example from which we can all learn.

Mr. Paul Goodman (Wycombe) (Con): First, I am sorry to hear about the death of the son of the constituents of the hon. Member for Dundee, West (Mr. McGovern).

The Minister will know that trust between the Government and faith communities is essential if the interfaith strategy is to work fully. He will also note that the Education Secretary recently claimed to have found "shocking evidence" of faith schools asking parents to pay for school places. In the case of some Jewish schools, this "evidence" turned out to be voluntary contributions towards school security measures against potential attacks by violent extremists. So will the Minister kindly pass on a message to the Education Secretary? For the sake of the interfaith strategy as a whole, he should stop knocking faith schools in order to build up his own Labour party leadership ambitions.

Mr. Dhanda: I fear that the hon. Gentleman's remarks may not have been as bright as his suit on this occasion.

Mr. Goodman: Or your tie.

Mr. Dhanda: Indeed. I thank the hon. Gentleman.

I will be talking to the Secretary of State for Children, Schools and Families in due course, not least to congratulate him on and thank him for the work that he has been doing with our Department on the school twinning programme and on cohesion projects, not least sending two sixth formers from every sixth form in the land to Auschwitz—something that I believe the Leader of the Opposition called a gimmick.

West Northamptonshire Development Corporation

6. **Mr. Brian Binley** (Northampton, South) (Con): What steps her Department has taken to monitor planning decisions made by the West Northamptonshire development corporation. [214840]

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Iain Wright): West Northamptonshire development corporation is currently considering planning applications for more than 25,000 dwellings, which is one of the biggest growth pipelines in the country. I therefore recently met the chair and chief executive of WNDC to discuss the issue, and continue to take a close interest.

Mr. Binley: The WNDC, set up under the sustainable communities project, recently received an application for Grange Park village for a mixed development, including 450 houses. It was opposed by local residents, all the local authorities, Anglian Water, the Environment Agency and the Highways Agency, on the basis that the project was unsustainable. The Minister will not be surprised to hear that the project was passed almost unanimously. The total rejection of local opinion in decision making—

Mr. Speaker: Order. I think that the Minister will be able to answer from what the hon. Gentleman has already said.

Mr. Wright: I understand that on 21 May the hon. Gentleman wrote to my right hon. Friend the Secretary of State on this matter. He will know that the basis of planning applications and the possible quasi-judicial role of the Secretary of State mean that I cannot possibly comment on the merits or otherwise of Grange Park.

Mr. Peter Bone (Wellingborough) (Con): In Northamptonshire, local councils have a planning policy with strategic green areas between major developments. Why is it that the Government have just published their core spatial strategy and overruled that policy?

Mr. Wright: The hon. Gentleman will know, as I know, that the Government take the importance of green belt and greenfield sites extremely seriously. We have a policy that the majority of development should be on brownfield land—something like 60 per cent. of all new development—and, at 75 per cent. in the past couple of years, we have exceeded that target considerably. I hope that the hon. Gentleman will join me in congratulating local authorities and developers on helping to ensure that development is brownfield first.

Social Housing

7. **Simon Hughes** (North Southwark and Bermondsey) (LD): How many families are on social housing waiting lists. [214841]

The Minister for Housing (Caroline Flint): On 1 April 2007 there were 1.67 million households on the waiting list for social housing in England.

Simon Hughes: I hope that the Minister realises that that is equivalent to 60 per cent. more people on waiting lists in England than in the past, that in London there has been a near doubling of people on the waiting lists since Labour came to power, from 181,000 to 333,000, and that in my borough over the same 10-year period the number of those on the list has gone up from 3,700 to 8,900. Will the Minister be far less complacent about Labour's abysmal record of providing social housing and realise that, unless the Government do fantastically differently in the next two years, they will be regarded as absolute failures in looking after the people of this country, who expected more from a Labour Government?

Caroline Flint: I think that I could be accused of a lot of things, but complacency is not one of them. Clearly the pressure on our housing list is concerning, which is why we have doubled the amount of money that we can spend on affordable housing. As I said to my hon. Friend the Member for Pudsey (Mr. Truswell), however, we also have to look at the different types of housing that we provide to people. The waiting list is not an indicator of absolute need. Since—*[Interruption.]* If the hon. Member for Falmouth and Camborne (Julia Goldsworthy) listens, she will hear the answer.

Since 2003, households have been able to apply to any local authority's waiting list, which has obviously contributed to some of the rise. On top of that, people are living longer so we often have to find housing for four generations of families compared with three generations years ago. Single-person households now make up 72 per cent. of new household projections. Unfortunately, part of that is because love does not last, people break up and there are more divorces. We are dealing with a very different set of demographics but we have shown that we are putting money behind the initiatives and, like the hon. Member for North Southwark and Bermondsey (Simon Hughes), I await with anticipation Mayor Johnson's plans for affordable housing in London.

Mr. Brian Jenkins (Tamworth) (Lab): My right hon. Friend must realise that the only way in which to bring the waiting list down is to build more houses. Now that we are entering a period when the house building sector is slowing down, many building companies will make very competitive tenders for public sector housing, so will we work with local authorities to ensure that we can build those houses and reduce the waiting lists?

Caroline Flint: Yes, we will work with local authorities. Certainly, some of my discussions over the past month or so have been about the role that local authorities could play both in supporting people who may find themselves in difficulty regarding their mortgage payments and also in working with us to make sure that existing building projects go ahead and on how we can use our muscle in terms of our affordable housing programme not only so that homes are built but also so that we keep people at work in the building trade.

Mr. David Curry (Skipton and Ripon) (Con): But is not the recession in the housing market bound to be bad news for people who cannot afford a home at market prices? About 50 per cent. of all affordable homes in Britain are by-products of homes built at market prices, and if the Government do not think a little more long term about how those markets might be decoupled so that the social and affordable sector does not depend entirely on the health of the market sector, the misery and misfortune of people who would normally be able to afford a home will inevitably be multiplied in families who cannot afford their home.

Caroline Flint: I welcome the right hon. Gentleman's genuine concern about the affordability of housing. That is why we have helped about 110,000 people on to the housing ladder through our various shared equity and shared ownership schemes. It is interesting to note that despite the current situation a third of transactions are being undertaken by first-time buyers, so there is already some movement in the market. However, just as in May, when I announced an expansion of £100 million in our Open Market HomeBuy package, which helps many people on to the affordable housing ladder, so I shall be making further announcements in the not-too-distant future about what more we can do to help people to have a home of their own. For the long term, I hope that the present crisis will help us to talk with lenders and house builders about different models for home ownership in the future.

Topical Questions

T1. [214825] **Kerry McCarthy** (Bristol, East) (Lab): If the Secretary of State will make a statement on her departmental responsibilities.

The Secretary of State for Communities and Local Government (Hazel Blears): My Department will continue to focus on regeneration, housing and preventing violent extremism. I am delighted to announce today £500 million for the new deal for communities.

Kerry McCarthy: My right hon. Friend will be aware that at present local authorities accept people for priority rehousing on grounds of homelessness only when they have reached the wire—when they have had to fight legal proceedings right up to the eleventh hour and the bailiffs are knocking at the door. That causes great anxiety for families who already face the threat of eviction or repossession, so does my right hon. Friend's Department have any plans to review the situation?

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Iain Wright): I thank my hon. Friend for that question. A couple of weeks ago, I was in Bristol looking at the great work on homelessness that is being done with the local authority. My hon. Friend will be aware that current homelessness legislation provides a strong safety net for families with children and for vulnerable people. As soon as the local authority is satisfied that homelessness is likely within 28 days, it must take steps to ensure that the applicant and his or her household will continue to have somewhere to live. However, I understand her concerns and we are working with the Ministry of Justice, the Council of Mortgage Lenders and others to provide and develop mortgage rescue packages to prevent homelessness in the first place. Alongside the biggest-ever cash injection for homelessness services, I am sure that will help to minimise as much as possible the risk of repossession.

Mr. Eric Pickles (Brentwood and Ongar) (Con): I wonder whether the Secretary of State has had time to look at the latest survey by the Local Government Association, which has branded 24-hour drinking a failure. The LGA survey warns that violence continues to blight the streets leaving taxpayers with a completely unacceptable £100 million bill. On top of that, local authorities have lost £43 million in licensing costs. Does the right hon. Lady believe that 24-hour drinking is a social experiment that has failed?

Hazel Blears: The hon. Gentleman will be very well aware that the number of 24-hour licences in this country is tiny. There has been a relaxation of licensing provisions so that people can now drink at different times. If he talks to the police, he will find that in his area, as in mine, they are pleased that we now have staggered closing times, and that we do not see the scenes on the streets that we used to see when people all came out of premises at the same time. We now have a better system for managing our night-time economy, which means the local authority, the police, trading standards and environmental services all working together on the issue. That is the practical approach, rather than an approach in which figures are plucked out of the air.

Mr. Pickles: It is fortunate that the Local Government Association talked to local police and trading standards. The overwhelming majority of health authorities and councils reported pressure on resources. The right hon. Lady cannot kid herself any longer: our towns are nightly turned into vomitoriums, with brawling and bad behaviour. In March 2004, she said that the reforms would create a "continental café-bar culture". How did her dream of a nation at ease with itself, gently sipping chardonnay, turn into something more like chucking-out time in Deadwood?

Hazel Blears: If the hon. Gentleman thinks that my dream is of people gently sipping chardonnay, perhaps he has not often been on a night out in Manchester, and perhaps he needs to go on one. I can tell him that a night out in Manchester is now a much more pleasant experience, because the police are active on the streets, the local authority has introduced a "best bar none" award in which bars are rewarded for managing their premises properly, and people can go out and thoroughly enjoy themselves in a safe environment. That is about making practical policies that work on the ground, with people working together. Local authorities' trading standards departments have done an excellent job of cracking down on some of the off-licences and pubs that have been serving drink to under-age youngsters. We need to tackle those kinds of problems, while allowing the vast majority of people who go out, have a drink and enjoy themselves to do just that.

T2. [214826] **Ms Katy Clark** (North Ayrshire and Arran) (Lab): My right hon. Friend will be aware of the current local government pay dispute, and will know that two days of strike action are scheduled for July. Does she agree that we need a resolution to the dispute, and will she call for negotiations to be opened?

Hazel Blears: We are all very disappointed that we face the prospect of industrial action, as the services that local authorities provide clearly impact on people who can sometimes be very vulnerable. I hope that all parties can get together and find a resolution. Clearly, settlements must be affordable, and we must be conscious of the dangers of inflation in the economy. However, if we can resolve the issue without industrial action, that would clearly be in everyone's interests.

T6. [214830] **Simon Hughes** (North Southwark and Bermondsey) (LD): In addition to failing to cope with waiting lists, the Government have, in 10 years, presided over a 10 per cent. reduction in the amount of social housing in England. Council housing has gone, so that there are now only three families in council houses for every seven that there were 10 years ago. Given all that, do the Government feel no embarrassment or shame about having been so dreadful? Is there any chance of a real acceleration of programmes, so that people can have housing built in their communities, as it used to be, including under the Macmillan Tory Government?

The Minister for Housing (Caroline Flint): The £6.5 billion that we are putting behind the affordable housing programme is an indication of what we are providing—and that is just for social homes for rent. We are also doing work to enable local authorities to use their land assets, through local housing companies, to build more homes. I am sure that the hon. Gentleman would acknowledge that in 1997 we inherited a situation in which £19 billion-worth of repairs had to be made to existing housing stock. We have enabled more than £20 billion to be spent on transforming the living conditions of many social tenants. Sometimes in government, one has to make choices about priorities. Having done that work, we are now in the middle of a programme that will offer many more thousands of homes, with up to 45,000 homes a year being built for social rent by 2010-11. That is a strong indication that we are able to make tough choices. At the forefront of our minds is the question of how we make sure that everybody, regardless of whether they are home owners, has a chance to have a decent roof over their head.

T3. [214827] **Rob Marris** (Wolverhampton, South-West) (Lab): What steps has the Department taken to allow more local control over planning decisions about applications to build in the back gardens of houses?

Caroline Flint: My hon. Friend will be aware that we have strengthened the guidance in that area, and we urge local authorities to use it. Again, however, to strengthen the arm of local authorities, it is very important that they undertake their strategic housing assessment so that they can demonstrate that they are not only up to speed on housing needs locally, but actively engaged in the question of where the housing should go. Alongside that, we are working with local authorities to identify the land banks that are available to them for the location of future housing. If that work is done, it could strengthen the arm of local authorities to deal with the applications that come in. In the absence of a strategic housing assessment or of that land bank work, some people win their applications, to the dismay of some local authorities.

T7. [214831] **Mr. Laurence Robertson** (Tewkesbury) (Con): May I ask when the Secretary of State intends to publish her findings on the south-west regional spatial strategy? When she does, will she take into account the terrible flooding, of which she is well aware, in Tewkesbury, where there are proposals to build thousands of extra houses, including thousands very close to the Walham sub-station that very nearly went under? If it had have gone under, the county probably would have been evacuated. Will she take all those points into account when she publishes her findings?

Hazel Blears: Yes, I can certainly reassure the hon. Gentleman that we have taken a number of steps to ensure that our planning framework for dealing with flooding is strengthened. We have a new planning policy statement, which is now working, and the hon. Gentleman will also be aware that the borough council in his constituency has been allocated just over £1 million to help it with the cost of dealing with the flooding that took place in his constituency. Obviously, we have £31 million for flood restoration, too.

I am concerned that one year on, some people remain out of their homes. We are determined to do everything that we can about that, but we have managed to ensure that the vast majority of people are back in their homes and resuming their normal lives. I can assure the hon. Gentleman that the spatial strategy, which will be published extremely soon, will take into account the issues that he has raised.

T4. [214828] **Helen Southworth** (Warrington, South) (Lab): Will my right hon. Friend look at the urgent need in Warrington for more shared equity homes, and at the need for our local authority to be more effective when giving planning consent in order to ensure that any consent for affordable housing is delivered on, and that the houses are retained in the affordable sector?

Mr. Iain Wright: My hon. Friend raises an incredibly important point. Through the planning framework and measures such as planning policy statement 3 and others, the local authority is absolutely key to ensuring that it has the homes that it needs in its area, taking into account local circumstances. Shared equity and affordable housing schemes are absolutely key, too. I have been to Warrington and seen what is going on, and I suggest that, frankly, Warrington borough council needs to do more to ensure that those affordable housing and shared equity issues are addressed. I commend my hon. Friend and her constituency neighbour, my hon. Friend the Member for Warrington, North (Helen Jones), for their sterling work on the subject.

T8. [214832] **Mr. Peter Bone** (Wellingborough) (Con): The Broadholme sewage treatment works in my constituency will reach its capacity by 2010, but according to the Government's Northamptonshire core spatial strategy,

"an expansion of the Broadholme…treatment works is unlikely to be achieved before 2013".

What are my constituents expected to do between 2010 and 2013 put a peg on their nose and cross their legs?

Hazel Blears: I would not dream of giving the hon. Gentleman's constituents such advice. Clearly, in the growing areas of our communities, it is important to ensure that there is proper infrastructure, including transport, education provision and the vital service of sewage disposal and treatment. I was going to say that I would take it away and look at it, but perhaps I should ensure that it is properly dealt with. I am grateful to the hon. Gentleman for raising the issue.

T5. [214829] **Helen Jones** (Warrington, North) (Lab): When the Under-Secretary of State for Communities and Local Government, my hon. Friend the Member for Hartlepool (Mr. Wright), visited my constituency recently, he took a great interest in the future developments at Bruche, and he promised to monitor them. Will he take steps to ensure that affordable and social housing developments built there and in other places are of the best possible quality and that we do not return to some of the cheap and nasty stuff that was thrown up in the past?

Mr. Iain Wright: During my visit to my hon. Friend's constituency I was interested in that development, which is not only exciting for Warrington but very significant for the whole north-western strategy for affordable housing. My hon. Friend raises an incredibly important point: the issue is not only about numbers but about design and good-quality planning, which are also important. The local authority has a key role to play in that. I really enjoyed my time in Warrington; I hope that I will be invited again, because I want to keep a close eye on the development.

T10. [214834] **Mr. Robert Goodwill** (Scarborough and Whitby) (Con): Up and down the country, local authority environmental health officers are visiting farm house bed and breakfasts and telling the proprietors that the family pet can no longer occupy its traditional place in the dog basket by the Aga. That is because the floor of the kitchen has been designated as a food preparation area. Was that decision made in the Department or by the local authorities? Does the Secretary of State agree that the situation is completely barking?

Hazel Blears: I am sure that the hon. Gentleman will agree that it is essential that high standards of food hygiene are maintained where there are customers, and I am sure that he wants to ensure that that happens. He will also agree that it is important that legislation should be proportionate to the issues that it is designed to address. Clearly, our food hygiene rules are important. I will gladly look at whether they should relate to where the dog can sit, but we must not underestimate the need for our communities to ensure proper, good and high

standards of food hygiene for the premises that they use and the places where they stay.

T9. [214833] **Mr. Graham Allen** (Nottingham, North) (Lab): My right hon. Friend will be aware that Nottingham, North has the highest concentration of challenged schools; that was announced two weeks ago by the Secretary of State for Children, Schools and Families. Will she say how other Departments can work with the Department for Children, Schools and Families to ensure that sorting out educational attainment becomes everybody's problem, rather than being seen as something that rests purely with education?

Hazel Blears: As ever, my hon. Friend raises an important issue, for which there must be an integrated approach across Government Departments and local public services. He is right that there is a very high number of challenged schools in his constituency, but Nottingham city schools also have one of the highest rates of improvement in the number of children getting five GCSEs. Yes, the base is low, but the city is doing extremely well in making progress. My hon. Friend has already met the Secretary of State for Children, Schools and Families. Mine is the corporate Department co-ordinating the local area agreement process, and I will ensure that there is a co-ordinated response. My hon. Friend is absolutely right: early intervention and supporting young people is the way forward to improve our communities now and in the long-term future.

Sandra Gidley (Romsey) (LD): My local council is advising families who are given notice to quit by a private landlord to stay put until legal action is taken. Will the Minister do her best to outlaw that practice, which is unfair on landlords and tenants?

Caroline Flint: The hon. Lady will be aware that we are doing a review of the private rented sector at present, and I will be looking to that for ideas about how to tackle the—to put it mildly—less reputable landlords, and, more positively, for ideas about what contribution reputable landlords could make to our provision of housing in partnership with local authorities and others. I shall consider the point that the hon. Lady has raised and write to her about it.

Point of Order

3.34 pm

Miss Anne McIntosh (Vale of York) (Con): On a point of order, Mr. Speaker. Last week, I saw on the Order Paper that I had been fortunate enough to have a question selected for a response, most likely from one of the Under-Secretaries of State. The question related in every particular to the responsibilities of his Department—to a British standard for flood-resistant products in connection with planning policy statement 25. Imagine my surprise when I saw that my question was no longer to be taken today. I have not had an explanation. If I do not get a satisfactory explanation, will you, Mr. Speaker, look kindly on the issue as a subject for a future Adjournment debate?

Mr. Speaker: Transferring is a matter for a Department, but it is my understanding that the hon. Lady, or any hon. Member, should be notified. I will look for an explanation as to why she was not notified—that is unacceptable.

Transparent Taxation (Receipts)

3.35 pm

Mr. Nigel Evans (Ribble Valley) (Con): I beg to move,

That leave be given to bring in a Bill to make provision for all receipts printed in the United Kingdom to contain a figure for the total amount of tax paid on the goods and services purchased.

I declare my interest as the owner of a small retail store in Swansea.

The purpose of the Bill is to ensure that taxation is as transparent as possible. People rightly want to know how their money is spent, but it is also essential for the Government to be open about how that revenue is raised. The Government estimate that the Treasury's receipts for 2007-08 will be £549.9 billion, projected to rise to £575.2 billion next year. The Bill would be particularly relevant to purchases that are subject to multiple taxes and duties. I am thinking specifically of fuel, tobacco and alcohol, which are everyday items bought, at one time or another, by the majority of the population. Each purchase soon adds up. On those products alone, the Government will rake in an estimated £41.2 billion in 2007-08. That is a huge amount of people's hard-earned money, and they deserve to see exactly how it is collected.

The Bill would benefit the taxpayers of this country and have few, if any, cost implications for major businesses. It would not be an extra burden but merely a hassle-free way of making government as open as possible. Smaller businesses would not be targeted by any potential legislation; safeguards would be put in place to ensure that they were not adversely affected. Placing the amount of tax generated on each receipt next to the total price would make people better able to see how and where their taxes are collected. It is important that people see where their money is going; in that way, a Government can be held fully accountable.

In researching the Bill I have consulted representatives of the Adam Smith Institute and the TaxPayers Alliance, both of which have given their unequivocal support to the measures that I seek to introduce. Both those organisations have said that taxation should be more transparent and that people should have a right to know how much tax they are paying on a particular product. One of the most interesting concepts that surrounds taxation is that of tax freedom day, which shows how long we have to spend working for the Treasury before our money becomes our own. Last year, that meant working from 1 January until 4 June just to pay our tax bill. It is that sort of realisation that hammers home the need for open and understandable taxation.

I should like to take the three main products one by one. Fuel duty currently stands at 50.35p per litre and is scheduled to rise by 2p in October of this year—unless *The Independent* is wrong. Ministers get their way, and there is yet another U-turn. Then, of course, there is VAT at 17.5 per cent. As with all goods subject to duties—I suspect that a large number of people do not realise this—the Government tax the duty as well. Rather than paying VAT on the basic price of the fuel, we pay it on both the basic price and the 50.35p. In April 2008, according to the Library, unleaded petrol retailed at an average of 107.6p per litre—remember those heady days?—and the average diesel price was 116.5p per litre. According to further figures provided by the Library,

[Mr. Nigel Evans]

the pre-tax price would be 41.2p per litre and 48.8p per litre respectively. Putting those figures into context and including VAT, that means that 62 per cent. and 58 per cent. of the money that people pay for their fuel goes to the Treasury. As people will know, during the past few months, while I have been researching this Bill, fuel prices have risen considerably to about £1.20 per litre for unleaded and as much as £1.34 for diesel.

My Bill would ensure that people were aware of the rising amount of tax that the Government are creaming off. As a practical example, let us assume that I went to the petrol station and put £20-worth of unleaded petrol in my car. For the most part, the receipt would mention only the amount of VAT but, as I have stated, that is only a minor part of the taxation. Under the Bill, the bottom of my receipt would read, "Total—£20.00; total tax take—£12.40." There would be no hidden costs, and when the Government talked about 2p rises the public would be able to see the exact effect as soon as it came into force.

Tobacco is exactly the same. For those without a degree in economics, tobacco taxation is especially complicated. There are two duties on cigarettes. As of 12 March 2008, the specific duty is £112.07 per 1,000 cigarettes, there is an ad valorem duty of 22 per cent. of the retail price and—lest we forget—VAT. The Institute for Fiscal Studies has calculated that a packet of 20 king-size cigarettes would be subject to 217.03p specific duty and 109p ad valorem, which suggests that the VAT on a £4.95 packet of cigarettes is 86p. Under the Bill, the receipt would read, "Total—£4.95; total tax take—£4.12."

The Budget immediately raised alcohol taxes by 6 per cent. above inflation, and there will be a 2 per cent. rise above inflation every year until 2013. That is projected to lead to a £600 million rise in revenue for the Treasury by 2008-09. From 17 March 2008, alcohol duty rates are £14.96 per 100 litres of beer and, on wine and spirits, £21.35 per litre of pure alcohol. To most normal people, such figures and statistics are not grounded in reality and everyday life. The Institute for Fiscal Studies has estimated that we currently pay 30.04p on every pint of beer, 134p on bottles of wine and 548p on bottles of spirits—and then there is VAT. Under the Bill, a receipt for a pint of beer that cost £3 would state, "Total tax take—83p."

As with any proposed legislation, it is important to think about the unintended consequences. In the scenario that we are considering, the consequences would be minute, if not non-existent. As many hon. Members know, I am a convenience store owner in Swansea. I know that our till can be programmed to produce the type of receipt to which I have referred with minimal cost to the business, and that it could be done during the next servicing of the till. For businesses whose tills are not capable of that change, there would be no requirement to upgrade and no forced time limit, but the Bill would provide that when they purchased new machinery that could produce the requisite receipts, the till should be programmed accordingly. That way, smaller businesses would not be hit with an additional business cost, but naturally progress to the system that I propose.

Let me take the opportunity to reassure the House that there is no intention to impose any negative effect on small businesses—after all, they employ 58 per cent. of the UK's private sector work force. However, it would be in the spirit of the Bill for smaller premises to display signs that specified the tax take on average cigarette, alcohol and fuel products. By the same reasoning, there will be no additional cost to the companies that make the tills. The technology required for that is already available and used in a huge number of tills.

That leaves the consumer. I do not believe that a single argument could be made to suggest that the Bill would not be beneficial to consumers. It represents an uncomplicated way of creating a more transparent taxation system, in which the general population can experience at first hand exactly how, where and when they are being taxed. It will lead to greater understanding of the taxation system and, I hope, mark the beginning of the end of stealth taxes, with which the incumbent Government have become synonymous.

There is not enough time to go through examples of every tax, and no one would want me to do so. [HON. MEMBERS: "Go on!"] Well, we certainly do not have time to go through all the taxes that the Government have introduced since they came to power in 1997.

The Bill is in the spirit of open government. It is relatively cost and hassle free, and there would be great benefit to the public with no extra burden on them or the retailer. In short, it is a simple measure that would lead to a better understanding of the tax system, allow transparency and provide greater appreciation of how taxes are collected. At a time when hard-working families are feeling the pinch of higher prices on food, fuel, energy, tobacco and alcohol, it is only right that the Government should also tighten their belt, and let the public see the total tax as well as the total tax spend.

Question put and agreed to.

Bill ordered to be brought in by Mr. Nigel Evans, Mr. Brian Binley, Mr. Graham Brady, Mr. Christopher Chope, Philip Davies, Christopher Fraser, Mr. Paul Keetch, Patrick Mercer, Mark Pritchard, Mr. Robert Syms, Ann Winterton and Sir Nicholas Winterton.

TRANSPARENT TAXATION (RECEIPTS)

Mr. Nigel Evans accordingly presented a Bill to make provision for all receipts printed in the United Kingdom to contain a figure for the total amount of tax paid on the goods and services purchased: And the same was read the First time; and ordered to be read a Second time on Friday 17 October, and to be printed [Bill 127].

FINANCE BILL *[WAYS AND MEANS]*

Resolved,

Income tax: basic rate limit

That provision may be made in the Finance Bill about the basic rate limit.—*[Jane Kennedy.]*

Resolved,

Effect of transfer of rights to payment etc

That provision may be made in the Finance Bill about cases in which a right to be paid, repaid or credited with a sum by the Commissioners for Her Majesty's Revenue and Customs has been transferred from one person to another.—*[Jane Kennedy.]*

Resolved,

Insurance special purpose vehicles

That provision may be made in the Finance Bill for the making of provision (including provision having retrospective effect) in relation to insurance special purpose vehicles.—*[Jane Kennedy.]*

Orders of the Day

Finance Bill

[1st Allotted Day]

Not amended in the Committee and as amended in the Public Bill Committee, considered.

[Relevant document: Thirteenth Report from the Treasury Committee, Budget Measures and Low-Income Households, HC 326.]

Ordered,

That the order in which proceedings on consideration of the Finance Bill are taken shall be: New Clauses relating to income tax; amendments relating to Clauses 1 to 3 and Schedule 1; New Clauses relating to the powers of HM Revenue and Customs; amendments relating to Part 7; New Clauses relating to inheritance tax; amendments relating to Clause 8 and Schedule 4; New Clauses relating to information about and simplification of taxation; amendments relating to Schedule 3; New Clauses relating to vehicle excise duty and fuel duties; amendments relating to Clauses 15 and 75 and Schedules 7 and 17; remaining proceedings. *[Jane Kennedy.]*

New Clause 11

Personal allowance for those aged under 65

'(1) For the tax year 2008-09 the amount specified in

(a) section 35 of ITA 2007, and

(b) section 257(1) of ICTA,

(personal allowance for those aged under 65) is replaced with "£6,035".

(2) Accordingly

(a) section 57 of ITA 2007, so far as relating to the amount specified in section 35 of that Act, and

(b) section 257C of ICTA, so far as relating to the amount specified in section 257(1) of that Act,

(indexation) do not apply for the tax year 2008-09.

(3) This section does not require a change to be made in the amounts deductible or repayable under PAYE regulations before 7 September 2008.'. *[Jane Kennedy.]*

Brought up, and read the First time.

3.45 pm

The Financial Secretary to the Treasury (Jane Kennedy): I beg to move, That the clause be read a Second time.

Mr. Speaker: With this it will be convenient to discuss the following:

Government new clause 12—*Basic rate limit.*

New clause 1A—*Interim statements to Parliament*

'On any occasion when the Chancellor of the Exchequer or a Treasury Minister announces to Parliament any change or intended future change to

(a) income tax rates,

(b) income tax thresholds, or

(c) income tax personal allowances,

other than in the course of a statement to Parliament presenting a Budget or Pre-Budget Report, the Treasury must publish a current forecast of

(a) public sector net borrowing,

(b) growth rate of gross domestic product, and

(c) consumer price inflation,

for the current fiscal year and each of the subsequent four fiscal years, updated to take account of that announcement.'.

New clause 4—*Income tax rates*

'(1) The amendments made by the provisions of this Act specified in subsection (2) shall cease to have effect at midnight on 5 January 2009 unless the conditions set out in subsection (3) have been satisfied.

(2) The provisions referred to in subsection (1) are

(a) section 3(2) and (3), and

(b) section 3(7)(a) and Schedule 1 (in so far as they relate to the starting rate).

(3) The conditions referred to in subsection (1) are that

(a) the Chancellor of the Exchequer shall have laid before the House of Commons a statement setting out the measures taken, or intended to be taken, to mitigate the effect of the amendments made by the provisions of this Act specified in subsection (4), when taken together, on those for whom such effect is a net increase in income tax payable, and

(b) the House of Commons shall by resolution have approved such statement.

(4) The provisions referred to in subsection (3) are

(a) sections 1, 3(2) and 3(3),

(b) section 3(7)(a) and Schedule 1 (in so far as they relate to the starting rate), and

(c) any other provision of this Act the effect of which is to change the bands of income on which income tax is charged.'.

New clause 6—*Harmonisation of income tax and national insurance contributions*

'(1) If for any tax year

(a) the personal allowance under section 35 of the ITA 2007 (c. 3) is set at an amount which is not equal to the amount of the primary threshold under section 5 of the Social Security Contributions and Benefits Act 1992 (c. 4), or

(b) the sum of the personal allowance and the basic rate limit under sections 35 and 10(2) of the ITA 2007 (c. 3) is set at an amount which is not equal to the upper earnings limit under section 5 of the Social Security Contributions and Benefits Act 1992 (c. 4),

the Treasury shall within one month of the passing of the Act which sets the personal allowance or basic rate limit lay before Parliament a report explaining the matters set out in subsection (2).

(2) Those matters are

(a) why the amounts have diverged for the year, and the expected future path of the amounts in relation to each other; and

(b) the estimated cost to

(i) employers, and

(ii) HMRC,

of operating a system of divergent thresholds and the savings that are expected to result from a convergence of those thresholds.'.

New clause 10—*Personal allowances*

'(1) The Treasury must by regulations made by statutory instrument vary section 35 of ITA 2007 (personal allowances for those aged under 65) so as to achieve the outcome specified in subsections (2) and (3).

(2) For the tax year 2008-09 50 per cent. of income in excess of £6,400 (up to a maximum of £600) shall be added to the personal allowance, subject to subsection (3).

(3) That addition shall be withdrawn at the rate of £10 for every £100 of income in excess of £7,600, so that

(a) a taxpayer with an income of £7,600 receives an addition to the personal allowance of £120, and

[Mr. Speaker]

(b) a taxpayer with an income of £13,600 receives no such addition.

(4) Regulations under this section may make such transitional or incidental provision as the Treasury thinks fit.

(5) A statutory instrument containing regulations under this section may not be made unless a draft of the instrument has been laid before and approved by a resolution of the House of Commons.'.

New clause 13—*Independent review of income taxation*

'(1) The Chancellor of the Exchequer must appoint a person to review the operation of the provisions of the ITA 2007 and sections 1 to 3 (income tax) of this Act.

(2) That person must, within 12 months of the coming into force of this Act, carry out and report on a review of those provisions and, where he does so, must send a report on the outcome of his review to the Chancellor of the Exchequer as soon as reasonably practicable after completing the review.

(3) That person must, upon the amendment by future legislation of any provision contained in ITA 2007, carry out and report on a review under this section within 12 months of that amendment coming into force.

(4) A report received by the Chancellor of the Exchequer under subsection (2) must be laid before the House of Commons.'.

New clause 20—*Personal allowances (No. 2)*

'(1) The Treasury must by regulations made by statutory instrument vary section 35 of ITA 2007 (personal allowances for those aged under 65) so as to achieve the outcome specified in subsections (2) and (3).

(2) For the tax year 2008-09 50 per cent. of income in excess of £6,400 (up to a maximum of £600) shall be added to the personal allowance, subject to subsection (3).

(3) That addition shall be withdrawn at the rate of £10 for every £100 of income in excess of £7,600, so that

(a) a taxpayer with an income of £7,600 receives an addition to the personal allowance of £600, and

(b) a taxpayer with an income of £13,600 receives no such addition.

(4) Regulations under this section may make such transitional or incidental provision as the Treasury thinks fit.

(5) A statutory instrument containing regulations under this section may not be made unless a draft of the instrument has been laid before and approved by a resolution of the House of Commons.'.

Amendment No. 102, in clause 1, page 1, line 8, at end add ', unless subsection (3) applies.

(3) If this subsection applies

(a) the starting 10%,

(b) the basic rate is 22%, and

(c) the higher rate is 40%.

(4) Subsection (3) applies in the case of any person who has notified the Commissioners for Her Majesty's Revenue and Customs that he wishes his income to be charged at the rates specified in that subsection and not at the rates specified in subsection (2).'.

Amendment No. 103, in clause 3, page 2, line 18, leave out subsections (2) and (3).

Amendment No. 104, page 2, line 22, leave out subsection (5).

Amendment No. 105, page 2, line 26, leave out 'the starting rate and'.

Amendment No. 6, page 2, line 27, at end insert—

'(8) The Chancellor of the Exchequer shall, within six months of the coming into force of this section, lay before the House of Commons a report containing an assessment of the combined impact of

(a) the increase in personal allowances, and

(b) the abolition of the starting rate of income tax,

on individuals with a gross income under £13,000 per annum.'.

Amendment No. 106, in schedule 1, page 101, line 15, after '(2)', insert

'Unless section 1(3) of FA 2008 applies.'.

Amendment No. 107, page 101, line 17, at end insert—

'(3A) After subsection (2) insert

"(2A) If section 1(3) of FA 2008 applies, income tax is charged

(a) at the starting rate on an individual's income up to the starting rate limit, and

(b) at the basic rate on an individual's income above the starting rate and up to the basic rate limit."'.

Government amendment No. 5

Amendment No. 108, page 101, line 24, at end insert—

'(8) The starting rate limit is £2,150.'.

Amendment No. 109, page 101, line 25, leave out sub-paragraph (6).

Jane Kennedy: Government new clauses 11 and 12 and Government amendment No. 5 put into effect the Chancellor's statement to the House on 13 May. Raising the personal allowance by £600 to £6,035 is worth £120 for a basic rate taxpayer, equivalent to the average household loss from the Budget 2007 reforms. Around 2 million basic rate taxpayers will benefit from the change. The number of households that lose from the Budget 2007 reforms will be reduced from 5.3 million to 1.1 million, and the amounts for those who still see a loss will be at least halved.

The Treasury Select Committee published its report on Saturday 28 June. We will respond in detail to that report in due course, but let me just quote from the Committee's press release. The Committee welcomed the compensation for

"those who have lost out through the abolition of the starting rate of income tax through raising the personal allowance for basic rate taxpayers, but concludes that there remains a pressing need for the Government to seriously examine ways in which the 1.1 million households who will continue to lose can be fully compensated."

As I have the opportunity of speaking twice on such occasions, it has been my practice in Committee to move the Government's amendment or new clause briefly and then listen to the detail of the debate, so that I may address directly the points that colleagues raise.

Lembit Öpik (Montgomeryshire) (LD): Before the Minister concludes for now, may I ask her the question that my constituents in Montgomeryshire have asked me? Why have the Government abolished a tax arrangement that they introduced? Why was it their judgment to introduce it in the first place, only to abolish it now? I do not understand what changed.

Jane Kennedy: There are very sound reasons why the 10p rate was removed in the Budget 2007. Those have been debated on many occasions in the House. I will come to many of the benefits that flow from those changes later in this debate.

Mr. Frank Field (Birkenhead) (Lab): I am sure that those of us on the Government Benches much appreciate the approach that my right hon. Friend will adopt of listening to the debate and then replying. I hope that when she replies, she will be able to say something about how she thinks the Government will probably respond to the Treasury Committee's recommendation on how that smaller group who benefit only partially from new clause 11—many have benefited, most totally, but some only partially—may be fully compensated before the year is out.

Jane Kennedy: I have listened very carefully and had conversations with my right hon. Friend and many others who have spoken to me about this issue, and I am sure that they will wish to participate in today's debate. I want to reassure him that we will return to this issue in the pre-Budget report, as the Chancellor has said, not only in front of the Select Committee but elsewhere. He will bring forward concrete proposals, and they will be implementable as soon as possible. I want to give my right hon. Friend that reassurance right up front at the beginning of this debate.

Rob Marris (Wolverhampton, South-West) (Lab): Will my right hon. Friend say a little more about this while she is setting the scene? She quoted from the Treasury Select Committee's press release and mentioned a figure of 1.1 million households. I believe that that represents 20 per cent. of the figure of 5.3 million households that was put forward last year by the Institute for Fiscal Studies. Treasury officials appearing before the Treasury Select Committee last year said that they broadly accepted that figure. Will the Minister tell the House whether the Treasury has looked again at that figure? Many hon. Members, especially on this side of the House, are rather suspicious because, while we wish to see no losers at all, we think that the figure of 1.1 million households is awfully high.

Jane Kennedy: I stand by the figures that we have discussed. I have no reason to believe that the 1.1 million figure is not accurate. It is certainly the figure that we continue to work to.

Julia Goldsworthy (Falmouth and Camborne) (LD): The Minister has just said that the Chancellor will return to this issue in the pre-Budget report. Will he also take into consideration the other issues, besides the changes to the 10p rate, that are affecting the losers? I was contacted today by a constituent who feels that she has been hit by a double whammy, because she will also lose out as a result of the switch from housing benefit to housing allowance. Can the Minister give me an assurance that all these cross-cutting issues will be looked into when the Chancellor returns to this matter in the pre-Budget report?

Jane Kennedy: At the beginning of the debate, I said that my making a short introduction would enable Back-Bench colleagues to make a longer contribution, to which I could respond in more detail at the end of the debate. I would hope to give the hon. Lady the reassurances that she is asking for, and I can assure the House that this work is ongoing. It is not a matter that Ministers have set aside. It is a serious matter, and I acknowledge the way in which amendments on the issue—many of which will be debated today—have been put forward.

Mr. John Redwood (Wokingham) (Con): It might speed the debate up if the Minister could clarify this point. Is she now saying that the Chancellor will come forward with proposals in due course to ensure that there will be no losers, or is she saying that a lesser number of losers than 1.1 million would be acceptable?

Jane Kennedy: What I have said is that we intend to consider this matter very seriously. We have made it very clear that we will return to the issue in the pre-Budget report, which is the proper time for such a matter to be discussed in further detail in the House. That is our intention. At this point, I would like to hear the detail of the debate, and to respond in detail in due course.

Mr. Philip Hammond (Runnymede and Weybridge) (Con): I have been in this House for 11 years, but I do not think that I have ever seen a Minister so anxious to sit down and hear what her colleagues had to say. She seems remarkably reluctant to pin her colours to the mast at this stage. The hon. Member for Wolverhampton, South-West (Rob Marris) suggested that the Minister was in listening mode, and I am delighted to hear that. Let us see whether we can make some progress on that basis.

The first group of amendments that we are debating today addresses what has become the central issue in the fiasco of the 2008 Budget and Finance Bill, as it has unravelled on what I think it is fair to call a scale that is unprecedented in modern parliamentary history. No one inside or outside the Chamber really believes that the changes introduced by the Government in new clauses 11 and 12 are some kind of well thought through, counter-cyclical response to the economic slow-down. They were announced on 13 May as an attempt—to use the language of the Treasury Committee—to pull a rabbit out of the hat ahead of the Crewe and Nantwich by-election and to undo the damage that the Prime Minister did in the 2007 Budget by putting short-term political calculation ahead of long-term political principle. Behind the spin, this is simply the final act—at least, it is for this year's performance—of what, depending on one's point of view, is either a tragedy or a farce of epic proportions, which has been delivered at epic cost, both financial and political.

The Financial Secretary did not provide any context, so let me remind the House of the history of the 10p tax rate, its birth and its death, on which these new clauses are intended to buy the silence of Labour Back Benchers. The 10p tax band first reared its head in the 1997 Labour party manifesto as a long-term objective towards lowering the starting rate of income tax to 10p in the pound. When it was introduced in 1999, the then Chancellor, our current Prime Minister, described it as something that will

> "make work pay and help people, especially those who are low-paid, to keep more of the money that they earn".

As I have reminded the House before, the Prime Minister's final flourish on delivering that 1997 manifesto pledge for the 1999 Budget was this:

> "When we make promises, we keep them".

That is grand and principled stuff, but by May this year, the current Chancellor was not describing the 10p tax rate as some long-term objective and deeply held principle of taxation, or as a manifesto commitment the delivering

[Mr. Philip Hammond]

of which was a moral obligation for the Labour party. No, by spring this year, the promise to be kept had been downgraded to something

"introduced in 1999 as a transitional measure".

So it is not so much a case of making promises and keeping them; it is more a case of ducking and weaving, twisting and spinning rather than of admitting that the promises were being broken.

Mr. Andrew Love (Edmonton) (Lab/Co-op): The hon. Gentleman is speaking very warmly about the 10p tax rate, so will his party give a commitment to reintroduce the 10p rate, should it ever become the Government?

Mr. Hammond: I note the tone in the hon. Gentleman's final phrase, but I do not know where he has been over the past couple of months. He knows very well that the answer to that question is no. We have said that we accept the abolition of the 10p rate and the simplification of the tax system. That is supportable, but the Government have to ensure that it is delivered in a way that is not carried on the backs of the poorest taxpayers in our society. I would have thought that the hon. Gentleman would have been keen to promote that principle. What I am speaking warmly of is the principle that when parties make manifesto commitments—we could all think of a few of them—it is generally good for the health of the body politic if they deliver on them.

To be fair to the Prime Minister—I like to be fair to him—he could scarcely have paid a higher political price than he has for his cynical calculation over the income tax changes, creating 5.3 million losers among some of the lowest paid in our society. The Financial Secretary told us that there were very sound reasons for abolishing the 10p rate. The very sound reason that I can determine is that it was in order to fund the 2p cut in the basic rate of income tax that was announced with a flourish at the end of the 2007 Budget speech—a speech that was constructed and intended to be the launch pad for the then Chancellor's bid for the Labour leadership and thus the office of Prime Minister. He thought that, by giving a demonstration of Blair-like ability to appeal to middle English voters, he would appeal to his party as an election winner in the mode of his predecessor. The price that was to be paid by the poorest in our society in the form of a deferred increase was buried in the small print. The plan was to hold the election in the autumn and worry about the mess that fell into place the following spring after the election was safely out of the way. The rest, as they say, is history.

4 pm

The fly in the ointment, of course, was the Prime Minister's now notorious inability to make a decision, and the obviously completely irrelevant drop in his opinion poll rating at the beginning of last October—he would give his eye teeth for such a rating now. There we have it: a bungled and deceitful plan foiled by its author's weakness and indecision.

There is a case for fiscal loosening—tax reductions—when the economy is slowing dramatically. A prudent Government who had put something by during the good years would have made that case in the Budget speech in March this year. But our Government did not put anything by. They did not fix the roof while the sun was shining. Unlike most of our competitors, who put their public finances in order—some of them paid off the entirety of their net public debt—the UK enters the downturn ill-prepared as a result of what the OECD called "excessively loose fiscal policy" during the good years, and even more exposed to financial instability than the US, according to Alan Greenspan.

Therefore, the Chancellor did not announce a fiscal giveaway in the Budget in March because he had nothing left to give away. In fact, he said in his Budget speech that the best way to help families is not through a further rise in personal tax allowances. Of course, that was before; now he claims that he meant to say that the best way to help families is through a further rise in personal tax allowances. As the temperature started to increase on the Labour Back Benches, the Chancellor pleaded that he had no money, and said that he could not rewrite the Budget. As the temperature reached boiling point when the Bill was before a Committee of the whole House, however, his resolve snapped once again, and a perfect 180° U-turn was executed by the Treasury's now rather accomplished U-turns team—veterans of the non-dom tax, the entrepreneurs' relief, the foreign profits tax, and now the banking reforms. The Budget that could not be reopened was reopened; the money that the Chancellor did not have was found; and the barbarians at the gate—I am sorry to refer to the right hon. Member for Birkenhead (Mr. Field) in those terms—were bought off. Or were they?

The emergency Budget on 13 May plucked another £2.7 billion of borrowing out of the air, and at a stroke reduced the number of losers from the 10p tax debacle from 5.3 million families to just 1.1 million families. But two questions remain to be answered. The first is the one that the Financial Secretary identified from the Treasury Committee's report: what about the other 1.1 million families? On the day of the great climbdown, when the right hon. Member for Birkenhead went to see the Prime Minister, the words being used were "compensation in full backdated for everyone"...To date, we have still not heard how the remaining 1.1 million losers will be compensated.

Secondly, we have not heard from the Government what will happen next year. Will the personal allowances stay at the level of new clause 11, and be indexed in accordance with existing law? Will the additional winter fuel allowance be repeated in future years? Speculation is rife. The Institute for Fiscal Studies calculates that, in the absence of action to extend the effect of new clause 11 into 2009-10 and 2010-11, by 2010—which, as hon. Members will have noted, could be a general election year—some 18 million families would be worse off than they are in 2008-09.

However, 13 million families who were not losers from the Budget 2007 reforms have none the less gained from the increases in the personal allowance. Do the Government plan to claw back from them in future years, perhaps by adopting proposals along the lines of those of the hon. Member for North-West Leicestershire (David Taylor) in new clause 10, or will they just continue to borrow an additional £2.7 billion a year to fund the tax giveaway and the £600 million-odd required to extend the additional winter fuel payments?

Mr. Redwood: I can see the temptation to make a party point or two in these circumstances, but is there not one view that unites Members in all parts of the

House? We are genuinely puzzled over why some of those on the lowest incomes should face this tax increase, and we cannot believe that the Government really intended it. Is it not rather a pity that the Financial Secretary did not repeat the assurance that all 1.1 million people would be guaranteed not to be worse off by whatever means the Government come up with in the autumn? Is that not a concern that we can all share?

Mr. Hammond: That is true. There was speculation at the beginning of this fiasco as to whether it was a simple error—a failure to understand the distributional consequences of the measure—but I well remember saying in the Committee of the whole House that, while I deferred to no one in my enthusiasm for criticising the Prime Minister, I had never suggested that he was either stupid or innumerate. Subsequently, in evidence to the Treasury Committee, officials have made very clear that a full distributional analysis was undertaken, that the measures announced in the 2007 Budget were announced—as the phrase goes—with eyes wide open, and that the Prime Minister knew exactly what he was doing. What his game plan was at the time, when he was faced with the Labour party leadership and a possible election in the autumn, is anyone's guess, as I have said. Members will form their own views on what his ultimate intentions were.

Mr. Frank Field: The hon. Gentleman is in typically generous mood this afternoon as he assesses the Government's dilemma. May I ask what advice he might give them? The right hon. Member for Wokingham (Mr. Redwood) has suggested that the House is united in the view that the poorest paid should not lose out as a result of the Budget changes. Does the hon. Gentleman believe that next year the Government should increase personal allowances above the level of indexation and pay for the increase by clawing it back, perhaps through national insurance increases for those of us who benefited from the 2p cut in the standard rate?

Mr. Hammond: Various suggestions are being bandied about. I do not consider it my responsibility to be prescriptive about the solution that the Government should adopt. They dug the hole, and they can jolly well get themselves out of it. We have a responsibility to ensure that the Government stick to the promise that they made to the right hon. Gentleman in the Committee of the whole House and present proposals at the time of the pre-Budget report—as the Financial Secretary to the Treasury has already suggested that they will—to deal with the issue in terms that fulfil that promise. That is the obligation that we must enforce, and that, I think, is the mood throughout the House.

Mr. Field: Let us consider the worst possible scenario. It is an unlikely prospect, but let us suppose that the Government stumbled again, and in the November statement did not come up with a package that met the requirements of Labour Members. The hon. Gentleman is presumably aware that if enough of us tabled a motion, the Opposition would have time to debate it and to censure the Government. While I do not propose that he should help the Government to dig themselves out of a hole, he might suggest that he would be ready to ensure that they do not get out of the hole without fulfilling the commitment made to the very poorest workers.

Mr. Hammond: The idea of a censure motion is interesting, and I am grateful to the right hon. Gentleman for advancing it. I do not know whether he has had time to read new clause 4 in detail, but it presents our solution to the immediate challenge to Parliament. It lays down a marker that holds the Financial Secretary to her commitment to revisit the matter in the pre-Budget report, and requires the Chancellor to return at the time of the report with a comprehensive solution. He has plenty of time: he has the rest of the summer in which to work it out with his armies of civil servants. The important proposal in new clause 4 is for the House ultimately to decide whether his solution constitutes a satisfactory and acceptable delivery on the promise made to the right hon. Member for Birkenhead a couple of months ago.

Mr. Love: Will the hon. Gentleman give way?

Mr. Hammond: I will give way once more, but then I must make some progress.

Mr. Love: I thank the hon. Gentleman for giving way. According to the Treasury Committee report, the Chancellor will be faced with two choices: either to focus directly on the 1.1 million families at relatively low cost but with a huge increase in the complexity of the tax system, or to take a step that is much less complex but which will cost the public purse a great deal more. Which of those two options does the hon. Gentleman think the Chancellor should choose?

Mr. Hammond: The first part of the hon. Gentleman's question was a useful contribution, but the latter part was not, because this is not my hole—I did not dig it—and, as I will now outline, there are many ways in which the problem could be tackled, including through the suggestions of the hon. Members for Birmingham, Selly Oak (Lynne Jones) and for North-West Leicestershire.

The Institute for Fiscal Studies suggests that some of the remaining losers could be compensated by raising the personal allowance still further or by extending working tax credits to those working 16 hours a week at the age of 21 and over. If the Government want to claw back some of the gain they have delivered this year through new clause 11, they could use a variant on the taper, which the hon. Member for North-West Leicestershire has proposed, although, as the hon. Member for Edmonton (Mr. Love) rightly says, that would be at the cost of making the tax system more complex and expensive to operate, when the original intention was to make it simpler.

As we know, in Her Majesty's Revenue and Customs, with complexity goes a tendency to make errors, which is bad for the integrity of the tax system as a whole. The IFS says that if the Government chose to freeze the personal allowances at the level introduced by new clause 11 instead of indexing them in accordance with the law under the Income and Corporation Taxes Act 1988, that would be equivalent to a real cut of around £200 and would thus claw back about a third of the gain received by each basic rate taxpayer, leaving about 8.3 million families worse off next year than they are this year.

There are many different solutions, but we do not have the resources that the Treasury has and I do not pretend to have answers to the dilemma in which the Government find themselves. However, what unites Members in all parts of the House is a belief that something must be done, both this year for the 1.1 million

[Mr. Philip Hammond]

families who are still worse off, and in future years for those who have been compensated by the increase in personal allowance but do not yet know if they will get the increase next year along with the additional winter fuel payments. We are united on that, because it is morally unacceptable to fund a tax cut on the backs of the poorest, and because the Government promised that they would do such a thing—and rebuilding political trust in this country, which is a priority for my party, requires that Governments get into the habit of keeping the promises they make.

A variety of mechanisms have been suggested, and I commend the Labour Back Benchers who have sought to engage in this debate and remind the Prime Minister of his commitment. Precisely because there are many ways in which the Government can deliver on their promise, I and some of my party colleagues have tabled new clause 4, which I call the insurance policy clause. It is a variant on an amendment that we tabled in the Committee of the whole House and it should appeal alike to those who expect the best from the Chancellor and those who fear the worst, because it introduces a sunset provision for the changes to the starting rate unless the Chancellor has by the end of this year laid before the House of Commons a report setting out what he has done, and what he intends to do, to compensate those who are still losers when all the measures are taken together, following the introduction of the measures that the Government are introducing today.

Our proposal is deliberately not prescriptive. There is no requirement that the Chancellor must take one approach or another. There is no attempt to force him to give his answer today; we accept that he will do so at the time of the pre-Budget report. It will be for the House then to decide whether it is satisfied with the actions he has taken, or proposes to take, as set out in the report that he will be required to make. Given the parliamentary arithmetic—unless the rate of by-elections increases a little between now and the end of the year—that will mean in practice that he must satisfy the 50 or 60 Labour Back Benchers who have been most concerned about, and active on, this issue that he has in this autumn's pre-Budget report delivered on the commitment to compensate all the losers.

All those who believe that a solution for the future has to be found and announced in the pre-Budget report, as well as those who doubt the Chancellor's commitment or ability to deliver and those who do not, should be able to coalesce around this insurance policy clause. If the Chancellor can satisfy the House by the end of the year that he has delivered, in his pre-Budget report, a lasting and satisfactory solution that adequately compensates those who have lost out, he will have no difficulty in obtaining his resolution and thus overriding the sunset provision. But if he should be tempted to turn his back on this issue, or if the Prime Minister should be tempted to renege on his earlier commitments, the sunset clause will provide a mechanism for a parliamentary check to keep them both honest.

4.15 pm

I sincerely hope that Members on both sides of the House will support new clause 4 to strengthen the House's power to determine the outcome of this mess in due course. It is a mess in more ways than one. One of the benefits of the 2007 proposals that was trumpeted by the Chancellor at the time, and spoken of in warm terms by the Financial Secretary in consideration of the National Insurance Contributions Bill, was the alignment of national insurance and tax thresholds. We were told that that would bring greater simplicity to the tax system and reduce cost burdens for businesses and taxpayers alike. It was a strategic step in what the Financial Secretary called the significant simplification of the tax and NI system. Indeed, she told the House during consideration of the Bill that the alignment of NICS and higher rate income tax was the "main purpose" of the Bill. I am sorry to have to tell the House that, if that was the main purpose, the House's time has been wasted. Thanks to new clause 12, as the Government claw back the benefit of the increased personal tax allowances from higher rate taxpayers, the higher threshold for national insurance contributions will remain, so people will still pay more in national insurance, but the threshold for the higher rate of tax is dropped, reintroducing the complexity—the removal of which was claimed to be one of the principal benefits of the 2007 package.

New clause 6 seeks to shine the spotlight on the misalignment of tax and national insurance thresholds. It would require the Treasury, in any year when the thresholds are different, to report to Parliament explaining why, setting out its plans for convergence in the future, and setting out the costs to employers and the HMRC of a divergent system and the savings that would be made by convergence. The Government have made the case that a simpler tax system is a better one. That is ironic, in view of the fact that this is the same Government who have given us the longest tax code in the world and made our tax system one of the most complicated, but on this issue they were right. If it were not so debilitating to Britain's reputation, it would be laughable that just about the only effective measure that the Government have introduced to simplify the tax system has unravelled under the weight of their incompetence.

Having flagged up the significance of convergence and its economic benefits, the Government should accept new clause 6, with its underlying assumption that a system of converged thresholds remains the objective, and they should be prepared to explain to Parliament, on each occasion that they do not achieve that objective, why they have not done so and what steps they will take to move to convergence, as well as revealing the costs of divergence. I would be interested to hear from the Financial Secretary whether the Government are still committed to the objective of aligned thresholds, because her language of late has suggested a desire to move the thresholds closer together, rather than the original and meaningful purpose of aligning them completely.

Mr. Mark Field (Cities of London and Westminster) (Con): Does my hon. Friend agree that one of the difficulties for the Government even of the converged thresholds initiative, which we entirely agreed with, was that it was not going to be revenue-neutral at that stage? Perhaps he will explore the subject with the Minister to try to ensure that so far as hard-pressed middle-earning taxpayers will pay for the result of that convergence, they will at least have some of the disadvantage brought back because the confusion to which he has alluded will be sorted out.

Mr. Hammond: I know that my hon. Friend served with distinction on the Committee that considered the National Insurance Contributions Bill. He is well versed in these issues. The Financial Secretary will have heard his comments and, I hope, will feel able to respond to them in her substantive speech.

Let me move on to new clause 1A. There is a theme among these amendments and new clauses of seeking to strengthen Parliament's control over the process. New clause 1A seeks to strengthen Parliament's knowledge and oversight of the Treasury's projections in a situation where the state of the public finances is deteriorating rapidly. Traditionally, the Chancellor gives to Parliament statements of the Treasury's forecast of economic growth and public borrowing twice a year—at the pre-Budget report in November and at the Budget in March. In normal times, that is just about sufficient. However, when the public finances are deteriorating rapidly and economic growth projections are being downgraded regularly, that is simply not good enough. Parliament is being kept in the dark.

At the time of the pre-Budget report last year, the Chancellor said that the Government would borrow £36 billion and that growth this year would be 2 to 2.5 per cent. In the Budget, just four months later, he said that he would borrow £43 billion—£7 billion more—and downgraded his growth forecast to 1.75 to 2.25 per cent. Since then, the continuing effects of the credit crunch and the oil price shock, all of which Britain is ill-prepared to absorb, have led every commentator, including the Bank of England, sharply to downgrade their expectations of economic growth. With a downgrading of the growth forecast invariably comes a downgrading of tax receipts and, all other things being equal, an increase in the expected level of borrowing.

I concede that the territory is complicated. The Government benefit from higher tax receipts from North sea oil and gas—I am sure that we will hear something about that as Report stage unfolds. So long as unemployment does not begin to rise rapidly, the automatic stabiliser of increased welfare spending will not necessarily manifest itself. The Government have now stated that they will borrow an extra £2.7 billion for the 10p compensation package. The picture is complicated and it is simply not good enough, when the Government are led by a Prime Minister who claims to want to reinforce the accountability of the Executive to Parliament and to build a new relationship between citizen and Government, for them to keep both Parliament and the population in the dark.

All leading City commentators and the Bank of England have downgraded their economic forecasts. We know that the Treasury will have revised its forecast, but that revision remains locked away in the Chancellor's safe. Parliament is left in ignorance, as are the people. They are left ignorant of the scale of the slow-down in the economy that is expected by the Government and of the size of the increase in public borrowing that that will entail.

New clause 1A enshrines the principle that when income tax changes are made in-year—an unusual situation that implies very unusual circumstances—the Government should publish an updated report on economic growth and public borrowing so that Parliament, as well as the nation, has an authoritative view of the bigger picture when approving the changes that it is asked to make to income tax. The established principle is that tax changes are announced only in Budgets and pre-Budget reports and that growth and borrowing are forecast at the same time. If tax changes are made at other times, the updated forecasts should be set out alongside them for the sake of transparency and completeness.

I shall conclude by referring briefly to new clause 10 and amendments Nos. 102 to 109, tabled by the hon. Members for North-West Leicestershire and for Birmingham, Selly Oak. As I have said before, we believe that it is the Government's responsibility to deliver on their promises to compensate all those who have lost out from the abolition of the 10p rate of tax.

As I said earlier, the Prime Minister, when he introduced the 10p band, claimed:

"When we make promises, we keep them".

Last May, he faced a Back-Bench rebellion and made another promise—he promised the right hon. Member for Birkenhead that he would compensate all the losers in full. So it is disconcerting that this morning's edition of *The Sun* should report that he had

"slammed the door on help for 1.1 million low-paid workers hit by the Government's 10p tax fiasco."

The headline says that there will be "Not a Penny More" aid the for 10p tax rebels, so the hon. Members for North-West Leicestershire and for Birmingham, Selly Oak deserve praise for maintaining the pressure. There are advantages and disadvantages to the solutions that each proposes, but they are a contribution to the debate—in stark contrast to the reported slamming of the door by the Prime Minister.

Our view is that this is the Government's problem, and that it was created by the Prime Minister's machinations last year. It is for them to clean up their own mess, by coming forward with detailed proposals to help the remaining 1.1 million losers and explaining how they will continue support into the future—but compensate the Government must if they are to deliver on the promise that they made. They must make those proposals known to Parliament, and not only in private to their Back Benchers. That is why we believe that new clause 4 is the best way forward: it is a sunset provision that gives the Government the latitude to explore an optimum solution to delivering compensation, but one that will give Parliament the final say as to whether the proposals are adequate.

I sincerely hope that hon. Members of all parties who are determined to ensure that the Government deliver on the promise given to the right hon. Member for Birkenhead will support new clause 4 in the Lobby tonight. May I give you notice, Mr. Speaker, that with your leave I shall be seeking a separate Division on new clause 4?

David Taylor (North-West Leicestershire) (Lab/Co-op): Thank you, Mr. Speaker, for calling me to speak and for selecting new clauses 10 and 20 for debate this evening. I am grateful to my 20 colleagues who are the new clauses' co-signatories. Many others who have not signed have said that they will support the new clauses in the Lobby at the end of this part of the debate if I exercise my right to move them formally, should that be appropriate.

I shall speak mainly to new clause 20, which supersedes and replaces new clause 10, which has a slight textual error. New clause 20(3)(a) specifies an addition to the

[David Taylor]

personal allowance of £600, rather than the £120 that was incorrectly printed in new clause 10. The new clauses are otherwise identical, but new clause 20 is the framework for my address to the House this evening.

The level of taxation is a crucial and sensitive performance indicator for any Government. There are many myths about the differences between parties, and they are persistent. At least one of those myths was laid to rest in 1997, when the incoming Labour Government famously committed to—and delivered on—public expenditure levels that were unchanged from those of the previous Conservative Government. It is perhaps a measure of the Opposition's esteem for this Government that they have committed—if they were to return to power in, say, 2015, or some later date—to stick to our public expenditure levels for a two-year period. That is an echo of what we did 11 years ago, and I welcome it.

However, some myths persist, and one was exposed very effectively by a well-known commentator on these matters, Andrew Dilnot, at the time of most recent conferences of the three main parties. He said that the electorate would see the "customary but bizarre spectacle" of the two parties—the main Opposition party and the Labour party—emphasising the differences between us on public expenditure and taxation, even though they were quite minor. In an important section of his article, he went on to state:

"Even when you take borrowing into account by looking at total spending rather than just taxation, during every year that Mrs. Thatcher was in power, except the last two when the economy was in an unsustainable boom, her government spent more of national income than Mr. Blair's did."

The crucial sentence followed, and I hope that Members will hang on to it and perhaps wake up at 3 o'clock tomorrow morning and say, "Is that really right?" It reads:

"Her Government averaged public spending of 45.4 per cent. of national income"

between May 1979 and when she fell, in Paris or elsewhere, in November 1990. The Government of Mr. Blair, our own former Prime Minister, in the 10-year period between May 1997 and when he stepped down last June, averaged 39.7 per cent., which is almost 6 per cent. less public expenditure as a proportion of gross domestic product. That should lay to rest the myth—it is patently false—that modern Labour Governments are reckless high spenders and excessive taxers. That is a myth and the figures give the lie to it.

4.30 pm

Mr. Philip Hammond: Given what the hon. Gentleman has just told us, why does he think that the then Chancellor thought it necessary to introduce the fiscal rules that he introduced, and why do the Government seem to set such store by them?

David Taylor: The then Chancellor was a very wise and creative politician who had sound reasons for taking his actions. They were proved to be wise, at least for quite a lengthy period.

Although there is a bit of a myth about Labour having high-taxing Governments and the Conservatives being abstemious in that regard, the level of taxation, especially for the low-paid, is hugely important to Labour Members. That is why the abolition of the 10p tax rate in the 2007 Budget had such resonance on our Benches. It was because of its impact, which I shall discuss in a moment.

The most effective Labour Prime Minister of the 20th century was indisputably Harold Wilson, who famously said—I think that it was at the October 1962 Labour party conference:

"This party is a moral crusade or it is nothing."

The last Prime Minister quoted those words on the death of Harold Wilson. Amen to them, because many Labour Members felt moved to join our party in a crusade to combat poverty, tackle inequality and root out injustice. We can be proud of a legion of successes and advances, but when it became clear that the unintended consequences of the 2007 Budget would adversely affect 5.3 million people on low pay, while leaving 21 million people better or no worse off, we were alarmed that poverty, inequality and injustice were being worsened by the decisions that had been taken. That was a triple whammy, and we urged the Chancellor of the Exchequer—by then it was the new Chancellor—to eliminate it. We did not want those three problems of poverty, inequality and injustice to become entrenched, perpetuated or institutionalised to any extent.

That was how the debate started about how to get out of the situation. It was not a problem such as would feature in the children's comics, where with one bound we could be free. An awful lot of time, trouble and evaluation of options was involved. My early contribution to try to assist the Government drew on my background as a tax accountant. I designed and promoted a fairly simple framework based on an additional tax allowance of £1,200, but with tapering. It would have compensated those who had lost out, and only them, with the amount that they had lost through the abolition of the 10p rate, and only that amount. The people who were affected at that stage, before the 13 May announcement, were typically those on an income starting at about £5,200. The peak loss occurred among people with an income of about £7,600, for whom the loss was about £240, and it tapered off because of all the tuppences that they were receiving from a lower rate at a capped level of about £19,600. So there was a triangle with, at its centre, £7,600. Those people who earned about that amount were, before the 13 May statement, losing about £240.

Mr. David Hamilton (Midlothian) (Lab): I am not one of the 21 signatories to my hon. Friend's new clause, but I will be supporting him in the Lobby tonight. Can he expose the myth that we have taken money from the poor to give to the poorer? It has been suggested that the people who will pay are those on £13,000 to £18,000.

David Taylor: I can. There are always myths in the area of taxation and accountants grow fat exposing them or sometimes exploiting them. The fact is that the official reason for the abolition of the 10p rate was at least in part that it would fund the reduction of the standard rate from 22p to 20p. The actual losses of 5.3 million people, as I shall go on to explain in a moment, aggregated to about £700 million in that regard. In no way did the savings generated for the Government by the abolition of the 10p rate for the lower band of

income earners fund the tuppence reduction for salaries that went off into infinity from about £19,600. I think that I intervened on the hon. Member for Runnymede and Weybridge (Mr. Hammond) in the Budget debate to make that point. They made a small contribution to that reduction, but it would be unfair to say that it was a case of the poor subsidising the rich.

I therefore devised a fairly simple framework to compensate people with the exact amount that they had lost. They typically had income taxed at only 10 per cent. under the old system, between £5,200 and £7,600. The maximum loss was £240 per annum. I incorporated my framework into early-day motion 1477. In a rare success, I got a letter published in *The Guardian* on 7 May, six days before the Chancellor announced the details of his scheme. One part of it reads:

"An HMRC software developer can code it up rapidly. No changes needed to WFA, tax credits or minimum wage."

They were options at the time, and I am pleased that they were abandoned because they were not a great idea. The letter continued:

"And the tax rate stays at 20%. It has the benefit of (relative) simplicity, it is retrospective"

that was always a requirement of the campaign for compensation—

"and it will fully and accurately reimburse all those (and only those) who otherwise lose up to £240 per year. Total cost around £650m - much less than the political damage that we are incurring.

Come on, Gordon, announce something like the above as the chosen scheme so that our party can start to put this damaging distraction behind us."

It is disappointing that two months on we still have this distraction, and I hope that this debate will at last lay this one to rest.

The scheme that I suggested was similar to that which exists for pensioners. They have a higher tax allowance that is tapered off and disappears. It starts to taper off at about £21,000 and disappears totally by about twice that sum. I urged my right hon. Friend the Chancellor not to pursue the winter fuel allowance, national minimum wage and tax credit route for the under-65s. It was an imprecise, uncertain and lengthy way of doing it. This is a tax problem. It was a problem injected into the taxation system and it needed a solution within the tax system. It did not need solutions that were incomplete, delayed or inaccurate.

I was pleased to be present in the Chamber on 13 May when the Chancellor announced an extra tax allowance, albeit not my £1,200, which would have been the basis for reimbursement of full losses. The Chancellor decided to reimburse average losses, so obviously the tax allowance he inserted was not £1,200 but £600. That reimbursed the average loss of £120, but it was not tapered and allowed for the fact that it was not applied to those who pay income tax at the 40 per cent. rate—as all of us in the Chamber do. New clauses 11 and 12 are designed to implement the Chancellor's statement of 13 May.

The package was broadly welcomed on the Labour Benches at the time, but the difficulty was that it gave £120—£600 extra allowance at 20 per cent.—to 22 million people, of whom a good 14 million or more were not adversely affected by the abolition of the 10p rate. They had not received a hit of any kind, but 5.3 million—that famous figure—had been affected.

Mr. Philip Hammond: The hon. Gentleman is being very coherent and I understand his argument, but is he proposing that 18 million people should have clawed back from them some of the benefit of the personal allowance awarded to them under new clause 11? Given the squeeze on incomes and the soaring prices that families face, does he think that that is an appropriate measure at this point in time?

David Taylor: I was just coming to that point, so I shall make it now. New clause 20, to which I am speaking, sits on top of the Chancellor's existing arrangements. I did not want to interfere with the thrust of those arrangements, because 14 million or more of the 22 million people in question will have already factored into their personal budgets the fact that they will receive £120 during this tax year—£60 in September and £10 in each of the following six months. As the Chancellor said on 13 May, that was designed in part to compensate people for higher fuel bills and so on. My new clause 20 sits on top of those provisions, and I shall vote for new clauses 11 and 12 before turning to my proposal.

Mr. Redwood: I am grateful to the hon. Gentleman, who is genuinely trying to find a solution to the problem. Does he have a figure for the additional costs that his idea would impose on the Treasury?

David Taylor: I shall be pleased to answer that question, and will do so almost immediately.

The abolition of the 10 per cent. rate adversely affected 5.3 million people, and the Chancellor's statement on 13 May more than fully compensated 4.2 million of them—in fact some of them had not quite suffered a hit of £120—but 1.1 million people remained, and my new clause 20 is designed to compensate that group. What will it cost? It is a matter of relatively straightforward and simple arithmetic. The maximum uncompensated loss at present, which went from £0 to £240 to £0—from £7,200 and so on—has been reduced by £120, so the uncompensated loss runs from £0 to £120 to £0 again. The average uncompensated loss, which my new clause will address, is around the £60 mark as far as we can tell: thus, 1.1 million people at £60 is £66 million. That is not an enormous sum; it is the kind of amount that the Chancellor might find down the back of the metaphorical settee when announcing his Budget. It really is a trivial sum. It is about 100th of 1 per cent. of his total tax take, not a major hit on the level of taxation. At only £66 million it is very good value, and I am sure that the Chancellor and his representative on the Treasury Bench must be tempted to snatch my hand off at this point.

4.45 pm

The Treasury Committee also had its doubts. I have reflected on its excellent report, and I am pleased to see that its Chairman, my right hon. Friend the Member for West Dunbartonshire (John McFall), is in the Chamber. There is a lot of good reading in the report, even for the 640 non-accountants in Parliament. We do not necessarily find out who the culprit is at the end, and there is not much love interest, but by and large it is an excellent report that people can read in the recess, which starts three weeks today. I should like to mention two of its conclusions. The first is conclusion 20 on page 111, which states:

"There were consequences from the abolition of the starting rate of income tax. The Government has attempted to tackle this

problem through the 13 May announcement. However, this has still left 1.1 million households as losers. There is a pressing need for the Government seriously to examine ways in which the remaining losers can be compensated."

That is precisely and entirely the object of new clause 20, to which I am speaking. The report says:

"The Government must set out proposals to achieve this by the time of the 2008 Pre-Budget Report",

which will be in the autumn.

The other part of the report that I wish to quote mentions the £2.7 billion cost. A lot of it was dead weight, although the dead weight was dressed up as an attempt to compensate tens of millions of families for higher fuel bills. That is fine; I support that, and that is why I shall vote for new clauses 11 and 12. The report says:

"Even though the £2.7 billion was not substantially well-targeted, the raising of personal allowances announced on 13 May was a welcome step towards creating a simpler tax system".

The phrase, "not substantially well-targeted", was rather kind. I think that there may have been heated debates about that in the Committee. I would love to get on to the Treasury Committee; that is a bid for membership, although the Environment, Food and Rural Affairs Committee, which I have served for seven years, is a fine Committee. I guess that there were heated debates in which a rather stronger phrase than "not substantially well-targeted" was used. The phrase is much too kind, because the approach that the 13 May statement took towards dealing with the uncompensated 1.1 million people was like using a blunderbuss at Bisley, as I heard someone on the radio say this morning. I agree with that statement, not least because I made it myself.

The £2.7 billion cost can be broken down into £2 billion for the 16 million or so non-losers and the 4.2 million people who were fully, or even more than fully, compensated; there is also the issue of partial compensation for 1.1 million people, which I am trying to address now. There was always a trade-off between targeting and complexity; we know that. Such trade-offs are endemic in the taxation and welfare systems. We have to deal with that in whatever way we can. The Chancellor faced a dichotomy—a clear choice. He could go for a simple system, perhaps with a simple flat-rate allowance, but that would be expensive because of the dead weight and the lack of tapering. Otherwise, he could go for a slightly more complicated system that was cheap, focused and targeted. I think that that is a fair description of new clause 20, which I am promoting.

Mrs. Betty Williams (Conwy) (Lab): My hon. Friend is making a powerful case for new clause 20. I appreciate that he is not a prophet or the son of a prophet, but I am sure that he has given great attention to the case that he is making. Does he believe that new clause 20 will cover all the losers whom Members of Parliament across the country have been trying to help in the past few months?

David Taylor: I do, and the new loser bands—the bands for those who have residual uncompensated losses—apply to those with an income from around £6,400. The bands still run up to £7,600, and now, because of the £120, they taper out at £13,600. That is the umbrella of income under which people still have uncompensated losses. We are talking about a maximum of £120, which is still at that £7,600 point. The figure involved is 1.1 million people; we are not talking about dribs and drabs. Typically, constituencies represented by Labour Members of Parliament have 2,000 or perhaps even 2,500—in some cases there are 3,000—such individuals or families. To Members of Parliament, £120 a year may not seem a substantial sum, but to families who are up against it, with high and rising core prices, even an addition of £10 to their monthly income can be helpful, crucial or valued.

There was a choice, the Chancellor went for the simple and expensive option, and I am effectively adding to new clauses 11 and 12 my own humble attempt to refine the announcement in a way that would deal with those 1.1 million people. My scheme would build on the announcement, and it is, I hope, simple, accurate and inexpensive: £66 million seems to me to be good value if it gets rid of a political, financial and fiscal problem. There are plenty of sticks lying around for the electorate to beat us with, but let us at least put one of them on to the bonfire.

My purpose in tabling new clause 20 was not to seek a method of beating the Government in the Lobby. I have not been the most persistent loyalist in recent years; I have had my concerns about a range of Government policies, and I have expressed my unhappiness through the votes that I have cast on a variety of topics. However, on this issue, my purpose was to ensure that the matters were debated and that an option was aired for the Chancellor to consider when he analysed the background to his pre-Budget report. I am not wedded to the scheme; it is just a suggestion.

The Treasury Committee received from the Institute for Fiscal Studies and others a range of ideas, and equally they might work. They have their costs, weaknesses and strengths. I believe that my suggestion would work, and I commend it to the House. I reserve the right to press the new clause to a Division if necessary, but when the Minister responds, I want to hear an absolute copper-bottomed, concrete-rooted guarantee that the Government, and the Treasury team in particular, are focused on those 1.1 million people. There are perhaps 2,500 such people in the Minister's constituency, and they are important.

Kelvin Hopkins (Luton, North) (Lab): Just before my hon. Friend finishes, does he accept that the Government would do well to look at the whole income tax system for the future and to take an opportunity—certainly in the next Budget—to make the system more progressive, more redistributive and more graduated in the middle range, with higher taxes on the rich and distinctly lower taxes on the poor?

David Taylor: My hon. Friend and I are both regulars at Treasury questions, and we often express such sentiments and point to the fact that if tax evasion and avoidance in the UK economy were more effectively tackled, it would produce a stream of revenue that would resolve some of our problems in respect of council housing, free accommodation for those in social care and so on. However, Mr. Deputy Speaker, I sense that you want me to return to the track and not to be seduced by the pretty scene that my hon. Friend paints for me.

Mr. Paul Truswell (Pudsey) (Lab): At the risk of briefly seducing my hon. Friend further, I should say that many older people who have contacted me believing that they have lost out because of the withdrawal of the 10p tax rate are actually losing out because their tax code is wrong and they do not receive their full age-related benefit. Is that not the other side of the coin, and a matter that we need to pursue to ensure that people are taxed properly?

David Taylor: About six weeks ago, I was sitting in the front room of a retired miner who had a relatively low retirement income. I would guess that he was about 70 or 71 years old, and he was certain—he had rung me up in high dudgeon, so I dashed the two miles from my office to where he was—that the Chancellor's abolition of the 10p tax rate had left him with a higher tax burden. However, he was wrong, and I pointed out why. His British Coal superannuation scheme had been slow to implement the much higher personal allowance that the 2007 Budget had provided for from 6 April 2008 precisely to cater for the abolition of the 10p rate, among other things. So my hon. Friend is right: more people felt that they had been adversely affected than had actually been in practice. There has been more concern, hostility and disapproval among not only those who have lost out themselves, but those who have observed our party for a generation and more and believe that what we did at that time did not sit easily with the objectives for which we have fought and will continue to fight.

I have about two more sentences to say. My requirements are that we should have a copper-bottomed guarantee that the Treasury team will focus on the 1.1 million people still affected, that those people will get full and precise compensation—£66 million is trivial in Treasury terms—and that that compensation will be delivered as rapidly as is humanly possible, ideally within the 2008-09 tax year.

Let us hear what the response will be when we get to the pre-Budget report, but the guarantee has to be copper-bottomed, otherwise we will be in the position highlighted by my right hon. Friend the Member for Birkenhead (Mr. Field). After a successful party conference that has boosted our morale and narrowed the gap with the Conservative party, and after we have gone from minus 18 to plus 3, or something like it, we will want to take advantage of the situation and soar into the stratosphere. We will not want to be encumbered by having the Chancellor come back to the Dispatch Box having hatched a deal for the 1.1 million people that is not adequate. I want to hear from the Minister words that will satisfy me; otherwise, I shall press new clause 20 to a Division.

Mr. Jeremy Browne (Taunton) (LD): In a manifestly sincere and decent speech, the hon. Member for North-West Leicestershire (David Taylor) said that one has to read to the end of the Treasury Committee report before finding out whodunnit. I can reveal to anybody who does not wish to read the entirety of the report that we all know who committed the crime on this occasion: the Prime Minister.

The writing of the history of the Brown premiership may be quite imminent. I am not given to betting—not least because it is a good way to lose money—but I see that the shortest odds on the Prime Minister's time of departure are for the final quarter of this year and that the second shortest odds are for the third quarter of this year, the quarter that started today. The end may be fairly imminent. When the history of the Brown premiership comes to be written, people will offer many explanations on how he came to be such a disappointment in the post. They will say, for example, that he should have called the election in November and that that was a great missed opportunity. They will say that the lost tax discs were indicative of a wider malaise in the Government and that the visit to Iraq during the Conservative party conference made it hard for the Prime Minister to sustain the position that the era of spin had come to an end. All kinds of explanations will be offered on why he failed to live up to expectations, but the one that will last longest in the public mind—because it is not to do with Westminster political to-ing and fro-ing, but with the everyday lives of millions of people—will be the fiasco of the doubling of the 10p tax rate.

Let us look back, as the hon. Member for Runnymede and Weybridge (Mr. Hammond) did, to the announcement that the Prime Minister made in his final Budget speech as Chancellor of the Exchequer. As the Treasury Committee rightly says, there are huge dangers in seeking to pull rabbits from hats, but that is precisely what the then Chancellor sought to do. It was a manifestly political move—about his positioning, his inheritance and his wanting to be perceived as the rightful heir to Blair, a mantle that he was keen to claim from the right hon. Member for Witney (Mr. Cameron). Labour Back Benchers cheered with great fury. I have been a Member of Parliament for only three years, so I have not had the opportunity and privilege of witnessing many Budget speeches. The Budget speech that I am talking about was significant, because it was the final one of an extremely long-standing Chancellor who had served in office for a decade. We remember that the Labour Back Benches resembled a football stadium after a winning goal had been scored in the last minute. There was a sense of euphoria that their man had come up with such a brilliant scheme—that he had out-manoeuvred the Conservative party and made it inevitable that he would become the Labour leader and Prime Minister and that Labour would go on to win the next general election.

5 pm

That was emphatically the mood among Labour Back Benchers on that day, so it is hard to believe, looking at them now, that that was ever their belief. As far as I can work out, the only Labour Back Benchers who now attend these debates are those who are critical of Government policy and wish to express their criticism. I am happy to give way to any Labour Back Bencher who thinks that this policy has been handled with perfection throughout the process, and perhaps we can all learn from that. I suspect, however, that there are two types of Labour MP—those who openly say that it was a fiasco and those who believe that it was a fiasco but do not say so openly.

The tragedy for the Prime Minister is that this is the man who said,

"best when we are boldest…best when we are Labour",

yet has fallen down in trying to ape and emulate the Conservative party in his appeal to the population as a whole. He wanted to be the Chancellor and the Prime Minister who reached the promised land of the 20p basic tax rate, thereby managing to achieve what the

Conservatives did not achieve in 18 years in government. Even his heroine, Margaret Thatcher, whom he invited to Downing street to celebrate her achievements, had not managed to reach the 20p basic tax rate, yet here he was showing how it could be done. It was an extraordinary measure for him to implement. So overtaken was he by this sense of destiny – the sense that he could square the circle, rise above party, become the father of the nation and unite all these discordant political threads – that he completely failed to notice that 5.3 million people, the poorest people in the country, would lose out as a consequence of his policy.

Mr. Redwood: In the midst of this diatribe, does the hon. Gentleman have any thoughts on the new clauses before us?

Mr. Browne: I have plenty of thoughts, and I will unveil them all. I should compliment the right hon. Gentleman. The Conservative party is in a very optimistic mood about its prospects at the moment, and I see that one Conservative website is asking its readers to pick the dream first Conservative Cabinet. One has to be careful about schadenfreude

Mr. Deputy Speaker (Sir Michael Lord): Order. With great respect, the hon. Gentleman has spent enough time setting the scene; perhaps he can now deal with the new clause before the House.

Mr. Browne: I will reveal on some other occasion what the website said about the right hon. Member for Wokingham (Mr. Redwood), but it was extremely positive.

What I am saying is relevant, Mr. Deputy Speaker, because the motivation for doubling the 10p tax rate was entirely party political. It had nothing to do with alleviating poverty. Anyone could see with only a moment's examination of the policy that it was going to be disadvantageous to millions of the poorest citizens in the country. With respect, if my analysis is somewhat party political and partisan, it is because that was the Chancellor's precise motivation when he introduced the policy.

Labour Back Benchers cheering euphorically and waving their Order Papers was phase 1 of the Labour party response. Phase 2 was the rebellious phase, when the right hon. Member for Birkenhead (Mr. Field) marched the Government to the top of the hill, in effect taking on the role of Prime Minister and deciding Government tax policy from the Labour Back Benches. It was an extraordinary act of revenge on his long-term nemesis that was interesting to watch and enjoy from these Benches. That rebellion was extremely successful. We then had a mid-term mini-Budget in which what the Treasury Committee describes as

"probably the least bad option"

was brought forward by the Chancellor despite protestations that he would not do so.

Mr. David Hamilton: Will the hon. Gentleman get to the point? What is the Liberal position?

Mr. Browne: I am getting to the point, but the Labour party could learn much from the process because it is instructive on the way in which a political party that has lost its moorings and is trying to position itself in a way that is advantageous to Opposition parties can end up *[Interruption.]*

Mr. Deputy Speaker: Order. We must not have sedentary interventions.

Mr. Browne: I am grateful, Mr. Deputy Speaker.

The second phase was the extremely successful rebellion that the right hon. Member for Birkenhead led. We must give him great credit for being the architect of much Government fiscal policy.

The third phase was the climbdown, with the right hon. Gentleman rightly apologising for some of the more personal elements of his comments about the Prime Minister. He also expressed his great gratitude because the problem had been resolved and put to bed, and the Chancellor of the Exchequer had found a solution. Of course, there was a problem with the solution: the Chancellor was spending £2.7 billion that he did not have. £2 billion of which was going to people who were already net beneficiaries of the tax changes. Nevertheless, there was a sense that peace had broken out on the Labour Back Benches and that the issue had been resolved.

Mr. Siôn Simon (Birmingham, Erdington) (Lab): I am sure that the hon. Gentleman told the Tories five minutes ago that one had to be careful about schadenfreude, yet he seems to have had it injected into his arteries. Will he please get on with the business of telling us how high the Liberals would raise the tax?

Mr. Browne: I am doing precisely that. However, as I have already said, the motivation for the measures was not helping poor people. Those who believe that our constituents on low to middle earnings welcomed the doubling of the tax rate delude themselves. The motivation was to ensure that Labour's poll ratings went into the stratosphere. Judging by the effect of the policy, as well as other mistakes that the Prime Minister has made, on Labour's poll ratings, it did not have its intended consequences. However, that does not mean that improving poll ratings was not the motivation.

Mr. Frank Field: The hon. Gentleman is not a betting man but we are. What odds would he give on his touching on one of the amendments before he finishes speaking?

Mr. Browne: They are extremely high. I tabled one new clause and one amendment. They are excellent and I recommend them to hon. Members, but they would not be necessary if the Prime Minister had not sought to wrong-foot the leader of the Conservative party and achieve the Thatcherite dream by pulling a rabbit out of a hat and doubling the 10p tax rate, which adversely affected the income of 5.3 million households. That is a reasonable point, although I can understand that Labour Members do not want to dwell on it.

Mr. Simon *rose*

Mr. Browne: I will give way again to the hon. Gentleman so that he can tell me which of the 5.3 million households have written to him, expressing gratitude for the previous Chancellor's policy changes.

Mr. Simon: The hon. Gentleman has made it clear that he distrusts the motivation of the Prime Minister when he was Chancellor for reducing the basic rate of income tax to 20p. He must have said that a hundred times. Will he please now tell us how high the Liberals would have raised the basic rate and what they would do about everything else?

Mr. Browne: We had a long discussion in Committee on precisely that point and I can repeat it for those who were not present, although the hon. Gentleman was. Our party policy is for a basic rate of 16p in the pound. We believe that people on low incomes are paying too high a proportion of their income in taxation. We do not agree with the Conservative party policy position—that the Conservatives will match whatever level of tax the Labour Government set. That is not right or responsible, so we are in favour of lower marginal rates of tax for people on low and middle incomes. I will revert to some of the other proposals shortly.

Let me complete the phases of the Labour rebellion. We began with the joyous response, then we had phase 1 and we moved to the third phase, which was the climbdown. Now we are in the fourth phase, which is rebellion rising up again. That must be a source of great dismay to the Financial Secretary and the Prime Minister, because I suspect that they thought that the issue had been quietly put to one side. Eighty per cent. of those who were losers—roughly speaking, about four out of five of the losers from the doubling of the 10p rate—had been bought off.

What is more, millions and millions of people who were net beneficiaries had been given even more money, although they will all have to repay it eventually. Indeed, we will all have to repay it eventually, because borrowing is, after all, only deferred taxation. In the short term, however, people have more money in their pockets. I assume that the calculation that the Chancellor and the Prime Minister made was that if they could buy off 80 per cent. of the losers, the remaining 20 per cent. would fall by the wayside and not many people would notice. By definition, they were the poorest 1.1 million people, and in many cases probably do not have the loudest voices or the best opportunities to make their grievances known. That was the political calculation.

Of course, I acknowledge—others have made this point, including the hon. Member for North-West Leicestershire—that there is always a difficulty on these occasions over whether to go for the simple, easy-to-understand, less well focused and therefore possibly more expensive option or the complex but more targeted option. What the hon. Gentleman has proposed, aligned with what the Government propose, means that they are jointly going for the option that is both expensive and complex. That is probably quite a messy solution, although if they cover all their bases—that would be the result of the hon. Gentleman's amendment—they can ensure that everybody is fully compensated. The obvious question is why we got ourselves into this mess in the first place, and that is what I have been trying to help the House understand in the past 10 minutes.

Mr. Frank Field: The odds on the hon. Gentleman reaching his amendment before he sits down are changing as the hours go by. One useful thing that our constituents would like to know is whether, given that the Government have increased allowances, he would advocate clawing that back next year or making it part of the tax threshold.

Mr. Browne: That is precisely what I am waiting with bated breath to hear the Financial Secretary announce. *[Interruption.]* I do not always agree with the Conservative spokesman, but the woes and ills of the Labour party are not my No. 1 priority, either. To be honest, one would think that there were enough people in the Labour party wondering where it all went wrong without the need for anybody else to supplement that process. My concern is with the 5.3 million people in this country whom the then Chancellor and now Prime Minister sought, as a deliberate act, to make poorer, even though they were the poorest people in the country. He did that so that he could claim that he was a better heir to Blair than the leader of the Conservative party, make a connection with middle England, despite the fact that he is not English himself, and be an exciting and reforming Prime Minister who could win a fourth term for Labour and reach the promised land of a 20p basic rate, which Margaret Thatcher never achieved.

David Taylor *rose*

Mr. Browne: That was the motivation, so Labour Members can talk about the politics and I will talk about the 5.3 million, which I will do after I have taken this intervention.

David Taylor: I may have had too long a slot earlier, but is the hon. Gentleman familiar with the internet slang term ROFL, which stands for "rolling on the floor laughing"? That is what those watching this who take an interest in politics must have been doing when he said that he was not really interested in the woes of the Labour party, because he has spent 18 minutes trying to stir the pot in a party political way.

Mr. Browne: It was not me who started it; it was the Prime Minister, with such an appallingly ill-judged electioneering Budget. Anyone who thought that his judgment was sound—*[Interruption.]*—I give credit to the right hon. Member for Birkenhead, who was one of the, I think, eight Labour MPs who did not sign the Prime Minister's nomination papers.

Mr. Frank Field: Five.

Mr. Browne: Only five—well there we go.

The right hon. Gentleman's judgment has been immaculate throughout. He realised not only that 5.3 million people would lose out as a result of this process, but that the architect of the policy was not fit to be leader of the Labour party or the country. However, I cannot see anyone else who made such sound judgments.

5.15 pm

Rob Marris *rose*

Mr. Browne: I am having difficulty getting to the nub of my argument, so perhaps the hon. Gentleman will allow me to make a little more progress. *[Interruption.]* I have been very generous and taken many interventions from Labour MPs who are suffering from a collective guilt complex.

As a result of this deliberate political calculation, 5.3 million people lost out. The Government's response was initially one of denial, and the Prime Minister told the Treasury Select Committee that no one would lose out. However, there now appears to be an acceptance, including by the Prime Minister, that more than 5 million people will lose out as a result of the changes that he announced. There was then a long and protracted process

[Mr. Jeremy Browne]

while the Government tried to decide what to do and the right hon. Member for Birkenhead held a gun to their head. Then the announcement was made that the Government were going to borrow £2.7 billion, £2 billion of which would be given to people who were net gainers in any case. And we are now in a position of having 1.1 million people who are still losers.

What can we learn from that process? I have tabled a new clause and an amendment. The new clause seeks to ensure that, when changes are made to the levels of income tax, a proper assessment is made of the impact of the changes. One of the biggest lessons from this hopeless process must be that sleight of hand—the rabbits being pulled out of a hat—will be consigned to history, and that there will be greater transparency in the setting of taxation. Members of the Treasury Select Committee and Members who wish to participate in debates in the Chamber should be able to have the information clearly and concisely set out on who will be the winners and who will be the losers. We should not have to rely on organisations such as the Institute for Fiscal Studies. It is an excellent organisation, but there is no reason why it should have the job of telling Members of Parliament the implications of Government policy for people on low and middle incomes.

Amendment No. 6 would require the Chancellor to report within six months on the impact of the 10p compensation mechanism on people earning less than £13,000 a year. Labour Back Benchers have expressed support for the principle behind the amendment, which is to ensure that this issue does not disappear into the long grass of politics. We do not want a situation in which everyone vents their fury and expresses their reservations here, after which the Government push their measures through using their natural majority and everyone forgets about the 1.1 million people who are still losers as a result of this change. The Liberal Democrats are keen to guard against that, and I would urge Members on both sides of the House to support amendment No. 6. The hon. Member for North-West Leicestershire estimated that between 2,500 and 3,000 people in a typical constituency remained losers, and the amendment would ensure that their interests would not be forgotten when the political debate rolled on to new territory.

Rob Marris: The hon. Gentleman claims not to have been making a load of partisan points. I shall take his claim at face value, hon. Members can make up their own minds. He has finally got round to talking about his amendment and about new clause 13, both of which deal with transparency—an attractive proposition—and with generating reports and information, which is potentially attractive. He claims to be very concerned about the position of the 1.1 million people. Will he therefore tell us why he did not put his name to new clause 20?

Mr. Browne: I shall deal with both those issues. The hon. Gentleman suggested that I was seeking to be unduly party political and partisan. I was not. I was seeking to explain the Prime Minister's motivation for introducing this policy. His motivation was unduly party political and partisan, and it is very difficult for me to explain that without appearing to touch on the same ground myself. It remains crucial to understanding this fiasco that one also understands what motivated the then Chancellor to introduce the policy in the first place. I can tell all those Members for whom the scales have not yet fallen from their eyes that it was not a concern for the poorest people in this country. If that had been his motivation, he would have rejected the policy instantly. It was done because he wanted to position himself in a way that was politically advantageous over the Conservative party in particular, and to a lesser extent, over other Opposition parties. That was the motivation and that is what has led to the woeful state of affairs within the governing party at the moment.

The Liberal Democrats have made it abundantly clear—after all, we have not suffered from a lack of debate on this subject and the Finance Bill, which has been discussed for months—that our priority for taxation is to reduce the burden on people on low and low-to-middle incomes who, we feel, are paying too much. Why has this become such a salient political issue at this time? It is because food prices, council tax bills and petrol prices are rising and the sort of people who might not have felt the pinch quite so badly when the then Chancellor announced this policy—the economy was then still growing at a reasonable rate—are now feeling that pinch very acutely indeed. That is why, when the history of the Brown premiership comes to be written, this issue will be seen to symbolise the entire failure of this Prime Minister and this Government.

Mr. Simon *rose—*

Mr. Browne: I fear that it will be the final chapter in a rather sorry story for the Labour party.

Lynne Jones (Birmingham, Selly Oak) (Lab): I would like to make it clear to the House that I have never in my life waved my Order Paper—and certainly not on Budget day 2007. To me, the abolition of the 10p rate would have been acceptable only had it been replaced with a zero tax band for the same amount of income, and I commented to that effect on the day.

The majority of the British people have an innate sense of fairness. Whether they vote Labour or not, they see the Labour party as the party of fairness and they look to a Labour Government to implement their policies, including fair policies on taxation. People were so outraged when they learned that some of the poorest people were going to lose out as a result of the abolition of the 10p tax rate because it offended that innate sense of fairness. That sentiment applied not just to the people who were to be worse off, but was shared by many of their friends and neighbours and others who knew about their situation. That is why I supported the amendments proposed by my right hon. Friend the Member for Birkenhead (Mr. Field) in 2007 and why I wrote to the Government expressing my concerns.

My amendments Nos. 102 to 106 would enable someone who had lost out from the abolition of the 10p rate to opt to be taxed at that previous rate. I have to admit that I did not think up that idea myself; it was based on ideas submitted in a letter to the *Financial Times* on 8 May by Mr. John Curran. At that time, I felt that it was worth while to put that option to the Chancellor for consideration. It was certainly not intended as a permanent solution, but as a stop-gap that would have precisely targeted all the losers, so it would have been much more cost-effective

than the Government's eventual announcement. I have to say that I wrote to the Chancellor on 9 May; obviously, my letter had not reached him by 13 May, when he announced that the Government's proposed solution was to raise the tax threshold. Despite that alteration, we found that 20 per cent. of the losers were still waiting to be compensated, so I decided to table my amendments and to support the new clauses proposed by my hon. Friend the Member for North-West Leicestershire (David Taylor) to flag up the fact that it was unfinished business.

We cannot continue with the situation in which 1.1 million families are still losing out from the measure, so I, too, seek cast-iron assurances that the Government will fix that. I wrote again to the Chancellor, and last night received a letter from my right hon. Friend the Financial Secretary. I accept her explanation that it would be difficult for people to identify whether they would gain from my proposals if their terms were combined with the Government's raising of the tax threshold. I will not, therefore, press my amendments, but it is right to debate the matter and for Labour Members who feel as I do to express their concerns and to look to the Government to provide solutions.

At the end of his speech, my hon. Friend the Member for North-West Leicestershire had an exchange with my hon. Friend the Member for Luton, North (Kelvin Hopkins) on the need to overhaul the tax system to make it fairer. I believe that far too many people on low incomes pay tax, and I find it unacceptable that people on less than half average earnings pay income tax. If we want a fairer tax system, we must raise substantially the threshold at which people start paying tax. I accept that that would have ramifications higher up the income scale, so a smooth clawback from high earners, in as simple a way as possible, would be necessary.

Like my hon. Friend the Member for Luton, North, I would look to a Labour Government to implement a fair tax system, which takes as many people as possible out of tax altogether, and which is progressive up the income scale. That would require at least one further rate of income tax—as long as rounded figures such as 20, 30 or 40 per cent. were maintained—and I would also advocate a 50p rate for those earning more than, say, £100,000 a year. In that way, we could respond to the express view of many people in society that a Labour Government should implement fair taxation.

Mr. Redwood: I urge the Government to think again, and more promptly than their timetable suggests. I do so because many of our constituents are worried sick about the state of their family budgets. Food prices are rising rapidly, and the combination of tax increases and price increases is putting enormous pressure on family energy budgets, especially to meet the fuel bills for motor cars, which many people need to get to work or to the shops, especially in rural areas. At this juncture, the last thing that such people need is extra pressure on their respective budgets from the kind of tax increase that we are discussing. The Government would be well advised to think again about their timetable, and to consider whether they can go further to respond to this very serious and good debate—with perhaps one exception from the Liberal Democrat Benches—and to make people feel a bit easier about their future and their family budgets.

My hon. Friend the Member for Runnymede and Weybridge (Mr. Hammond) has asked the two crucial questions. The first question is: what will be done next year? Is the package for one year only? Surely when people are worried about whether their income will stretch, they need some earlier indication of what might happen in the following year. The second question is more urgent and important today: what will be offered to the 1.1 million people, who, as the Government admit, along with their critics, are losing out from the mishandled package of tax changes? Can there be some statement to reassure them? I was disappointed that the Minister did not choose to inform the debate more at the beginning. Paradoxically, that has required her to listen to rather more critical comments—and I suspect there may be further such comments if other Members catch your eye, Mr. Deputy Speaker—before beginning to allay some of the fears that have been expressed. When I offered her an opportunity to reaffirm the promise that I thought the Prime Minister had made to the right hon. Member for Birkenhead (Mr. Field) that all the losers would be compensated, it was with regret that I heard that she could not do so. There seemed to be some backsliding.

5.30 pm

As I listened to the very reasonable and sensible speech of the hon. Member for North-West Leicestershire (David Taylor), who came up with a relatively cheap package, I did not see the Minister leap to her feet and say that it would not do the job. Nor did I see her leap to her feet and say that, compared with the £2.7 billion that the Government have managed to find from borrowing to deal with the first part of the problem, this was a very cheap solution, and that she would either adopt it or view it very sympathetically. Many Members, understandably, will feel that the hon. Gentleman deserves better. I hope that in her response the Minister will consider his suggestion carefully, and will tell us either that there is a cheaper and better way of delivering what is needed, or that the Government will adopt it.

I understand why my hon. Friend the Member for Runnymede and Weybridge, who has no access to the Treasury computer, the Treasury models, the Inland Revenue figures and so forth, cannot come up with a scheme that would fill the hole in the cheapest way possible. I also understand why, conscious of the massive over-borrowing that is currently taking place, he is reluctant to offer any proposal that would add to that, when it is the Government's duty to present the House with such a proposal. I hope that the Government will indeed present proposals to try to satisfy those of us who are worried about their over-borrowing by reducing some of their waste and unnecessary spending, along with the proposals that are so desperately wanted by Members throughout the House to help those on the lowest incomes in society who have been at the wrong end of the measures that we are discussing.

Mr. Simon: The right hon. Gentleman has spoken of proposals to find a way out of the problem that have been made by Members across the House. He has mentioned some of the interesting and innovative ideas that have emerged from those on the Labour Back Benches, and the contributions from his own Front-Bench spokesman. Have I misunderstood something, or have the Liberal Democrats—notwithstanding the extraordinary

[Mr. Siôn Simon]

20-minute diatribe that we heard earlier—not tabled any amendments with any proposals that have anything to do with helping out of their difficulties any of the people about whom they keep claiming to be so concerned?

Mr. Redwood: The hon. Gentleman has made an effective partisan point in his own way. That is also my understanding of the position. However, this is a serious debate, and I do not think we expected the Liberal Democrats to come up with a means of solving the problem for our constituents. We heard a long diversionary diatribe that might have been appropriate in a grand Second Reading debate or as part of heated exchanges, but now, on Report, we are trying to find a working solution, and there are solutions on offer.

We naturally look to the Minister for leadership, because she has access to the figures and because she and her colleagues were the architects of the circumstances that caused this particular problem. I urge her again to recognise just how much people are hurting out there. Anyone who has been involved in recent political campaigns anywhere in the country will know that the dominant issue on the doorsteps is people's fear of going to the supermarket because the price of food has gone up again, their fear of filling up the car because the price of petrol has gone up again, and their fear of receiving energy bills because the price of energy is going up again. Their wages, for good reasons, are not going up by enough to compensate for that. We all know that there will have to be a real squeeze on people, but it perplexes us that the squeeze is to be more intense on those on the lowest incomes because of this tax proposal. Let me say again to the Minister that we need some kind of offset to tackle that particular twist of the knife.

As every Member in the House knows, I am a passionate tax-cutter: I always want lower taxes. However, I am keen for the disproportionate benefit of that tax reduction to be felt lower down the income scale, particularly at a time when there is a real fear of the family bills because of the sudden surge of price increases, and a worry that there may be job losses and worse to come as the credit crunch and the squeeze intensify.

Kelvin Hopkins: I recently looked at our history. Between the 1920s Labour Government and the 1980s Conservative Government there was a rise of 73 per cent. in the number of people living in poverty. That was partly as a result of changes in tax policy at that time, and partly as a result of the decision to break the link between earnings and pensions. Therefore, I must admit that I feel some scepticism when I hear Conservatives talking of their concern about poverty.

Mr. Redwood: I do not recognise the hon. Gentleman's figures, but I do know that poverty has been rising recently under this Government, so he should be extremely careful about what he says. People are more interested in today and tomorrow than the dim and distant past. I remember that the Conservative Administrations to whom he refers made sharp reductions in income tax across the piece, thereby benefiting those on lower incomes as well as those on higher incomes, and we were very pleased to do that. Today, I am, however, explaining my personal position in today's circumstances, and I think it is reflected by my Front-Bench colleagues, in that we feel that the squeeze is too intense and that it is not right for it to be intensified by tax measures.

I remember when the Budget we are discussing was delivered. The big reduction in income taxes for the rest of the people—the reduction in the standard rate—came at the very end like a rabbit from a hat. My right hon. Friend the Leader of the Opposition had to rise to respond not having had the benefit of any pre-briefing of what the Chancellor was going to do. In the meantime, the shadow Chancellor, myself and one or two other Conservative Members—including, I suspect, the shadow Chief Secretary—had a quick look at the figures and realised what was going on, and the shadow Chancellor immediately left the Chamber to tell the nation it was not a tax cut but a tax con. That was his phrase, and it summed up the situation extremely well. I was the next Conservative Member after the Leader of the Opposition to speak in the debate, and I explained why we felt this was a misjudgment and that quite a lot of people would lose from the proposal.

Mr. Jeremy Browne: I am enjoying the right hon. Gentleman's partisan speech, but, on a point of accuracy, the Conservative party leader welcomed the policy and the first Member of this House who raised the concerns we are discussing was a Liberal Democrat.

Mr. Redwood: The hon. Gentleman is quite wrong. The Leader of the Opposition made a careful and sensible speech for someone who had not had a chance to read the Budget. Everybody else who spoke in the debate had had a chance to read bits of it, and as we well know it is necessary to read the Budget as well as to hear it in order to understand what is going on. For understandable reasons, the then Chancellor was much prouder of the tax reductions than he was of the tax increases, and that needed to be filleted out from the documentation. I am just explaining what happened at the time.

The Government have had a long time to consider the sensible criticisms that were made at the time of the Budget and subsequently. By now, Ministers must have done an awful lot of homework and figure-work on this problem; they must have been worrying away for weeks, if not months, on the 1.1 million. Therefore, I urge the Financial Secretary to share a bit more of her thinking with us in order to allay the fears among her own Back Benchers and to deal with the sensible criticisms voiced by the Opposition. Above all, she needs to say to the 1.1 million people not just that the Government wish to be on their side, but that they will take a practical measure to try to assuage some of their grief.

Mr. Frank Field: I shall be brief, which I think will be found merciful. Let me first, however, comment on the great Liberal lion that roared and roared this afternoon. I thought that at any moment there would be some great proposals to help the lowest paid—such as we would have hoped for and expected from Lloyd George—but what happened? A dribble came out about bookkeeping arrangements and offering transparency. They are not unimportant considerations, but this debate is about how we can help the poorest workers in our society, and on that matter the Liberal Democrats spokesman managed, under great prompting from Labour Members, to devote two minutes of his time and had no proposals on the amendment paper that offered any hope.

I rise to speak in favour of new clause 20. I come to praise the Government, but also, as gently as possible, to leave a warning with my right hon. Friend the Financial Secretary. I do not intend to rewrite the history, as some have been trying to do, of the events leading up to the Government's additional Budget measures to compensate most of those who lost out from the abolition of the 10p rate. All I wish to say to the Government is that although many of the leadership thought that I was running some sort of campaign, I do not think that we sent out even two e-mails on the issue. Labour Back Benchers responded instinctively on this issue. There was real anger felt that, for whatever reason—through oversight or by design—the burden of the Budget should fall on the very poorest. It was that anger that led to the Government's statement.

We should all remember that when the negotiations were going on, we all thought that the Government would say nothing until November. The Government brought forward what we intended to be only part of the measures of compensation. All of us were content at that stage—I certainly was—that we would not see anything until November. The Chancellor of the Exchequer sent my right hon. Friend the Member for West Dunbartonshire (John McFall) off with his Committee to inquire into the matter and bring back proposals. The Chancellor would then come to the House with a set of measures to compensate those who had lost out. Let us remember the lead-up to this debate: none of us expected the Government to do anything until November. The Government have given details of many of their plans that will come into force in September. We do not think that they go far enough, but we should praise the Government for what they have done.

Mr. Simon: Is my right hon. Friend saying that the serious changes that will affect the lives of millions of our poor constituents have come about through a spontaneous outpouring of pressure and concern from Labour Back Benchers? The right hon. Member for Witney (Mr. Cameron) and the hon. Member for Tatton (Mr. Osborne), and the Liberal Democrat Front Benchers, gave the impression that they were foremost in bringing this important matter to public attention. Is it actually because of pressure by Labour Back Benchers that our poor constituents will be looked after in this way?

Mr. Field: It is indeed. A year ago amendments were tabled to the Budget by Labour Members, and a considerable number voted for them, but the Conservatives sat on their hands.

Mr. Philip Hammond: I have great respect for the right hon. Gentleman, and he deserves credit for keeping this issue before the House and forcing the Government's hand, but he is a little disingenuous when he says that we did not expect the Government to act until the pre-Budget report and how wonderful it was that they suddenly decided to act in May. They acted in May because their opinion poll ratings were falling through the floor and they were losing a by-election.

Mr. Field: We can all impute motives to others, but the record says that, when we discussed with the Government what they might do, we all expected no statement until November. The statement is not complete as it is, and we are pressing the Government further today, but I merely record the events. There was an anger that I have not seen on our Benches before and a willingness to ensure that the Government brought forward measures to compensate the poor. There was no campaign on this side—only a couple of e-mails—but Labour Members felt intensely strongly about the issue.

We have two options before us tonight. We are waiting for my right hon. Friend the Financial Secretary to say what the Government intend to do and whether she will give us the promise that we require. If she cannot go the whole hog tonight and we are not satisfied, we have new clause 20. We will also have the pre-Budget statement itself. If enough of us feel at that stage that the Government have not fulfilled the promise that we thought that they were making to our poorest constituents, a motion will be tabled. I cannot believe that if those on the Labour Benches again make their views known, the Opposition will not try to exploit that by giving us time to debate the subject. However, that motion will be debated in our name and we will not follow what the Opposition ask us to do in the Lobby.

5.45 pm

Mr. Hammond: In a sense, the right hon. Gentleman has answered the question I was going to put to him. Why does he not support new clause 4? I hope that his reason is not solely that it is tabled in my name and those of my right hon. and hon. Friends. I spoke quite deliberately about it in terms of giving Parliament the last say and I drew attention to the fact that according to current parliamentary arithmetic that essentially means giving the group of 50 or 60 Labour Back Benchers who have been most active on the matter the final say over whether the measures announced in the pre-Budget report are acceptable or not.

Mr. Field: The hon. Gentleman knows the unwritten rules of the House and how they operate. The last say will be with those on the Labour Benches, through new clause 20 or when the pre-Budget statement comes back. Other people might wish to assist us in achieving that objective but all I say to my right hon. Friend the Financial Secretary is that during my 30 years in the House I have never experienced a group of Back Benchers instinctively reacting in the way that we did. If we do not get satisfaction tonight with new clause 20, we will return to the subject in November. We are not prepared for the year to pass by without the Government's bringing forward measures that, as my hon. Friend the Member for North-West Leicestershire (David Taylor) has laid out, fully compensate every low-paid worker who loses out from the abolition of the 10p rate.

John McFall (West Dunbartonshire) (Lab/Co-op): I am pleased to be speaking on behalf of the Treasury Committee. On Second Reading, I said that the Committee would undertake an inquiry arising from the controversy over the removal of the starting rate of income tax. The result is the report that was published on Saturday, which, I am glad to see, has been welcomed in the House and outside. It is a complex document, reflecting the complexity of the subject. It includes more than 70 pages of the report and recommendations and more than 170 pages of evidence, both oral and written.

[John McFall]

I had best refer Members to the summary, which documents the five main subjects that we considered. The first was low-income households and the abolition of the starting rate. We said that the losers were those with a small taxable income for whom the loss of a small amount of money was significant when managing a budget at a time of rising prices, particularly rapidly rising energy and food prices.

Secondly, we considered the options for 2008-09 and the changes made on 13 May. The problems arose from a removal based in the tax system, and our main recommendation is that the solution should be required to be in the tax system. Thirdly, we looked at the broader context and the poverty targets, to which I shall return later. Fourthly, a big lesson for the Government is the need to get the process right. They need to learn the lessons from the budgetary process and to use the pre-Budget report as it should be used. They should not turn the pre-Budget report into an early Budget.

Finally, we considered the way forward, which concerned no reforms other than those to the tax system. The 15 May announcement on increased personal allowances is, the Committee says, a welcome step to a simpler tax system with fewer of the low-paid paying income tax. The Treasury should resist introducing further complications to the system. Every effort should be made to avoid returning those who have been taken out of the tax system by the 13 May changes back into the system.

I want to concentrate on three brief points. The first is the relationship between tax and poverty priorities. The second is the use of the tax system for further compensation measures. The third is the provision of information by the Treasury and the role of the pre-Budget report.

On the relationship between tax and poverty priorities, our report's detailed analysis makes it clear that the losers from the removal of the 10p band do not equate to the very poorest in society. However, we also highlighted the danger that the household analysis may assume income-sharing in households that does not take place. The Government must pay heed to that.

Also, the tax system needs to be considered alongside the welfare system. The system as a whole is not working as well it should, as is shown by the rise in child poverty in 2006. That figure rose by 100,000 to a total, before the deduction of housing costs, of 2.9 million children in poverty. Moreover, there was a sharp rise in pensioner poverty in 2006-07: before housing costs were deducted, that total rose by 300,000. Those figures reversed the tremendous improvements that this Government have made in both areas since 1997, and it is important that we get the Government to return to achieving success in the broader context when it comes to poverty.

The Committee received powerful evidence that successes in combating poverty have concentrated on the non-working poor. Many people still find that work is not a pathway out of poverty. In-work poverty is an important problem, as we highlight in our report.

The Government must solve the running sore of the abolition of the 10p tax rate, not least so that they can concentrate on more effectively on their long-term priorities in respect of poverty. The Committee made one recommendation that did not get as much attention at the weekend as others did. We proposed that a poverty commission should be established to help with the focus on poverty. The Pensions Commission, chaired by Lord Turner, achieved a lot. It was an independent, non-political body and its recommendations to the Government were listened to. I feel that a poverty commission could be a similar organisation: it would comprise independent and non-political people, and would provide an important way of keeping the Government on target. After all, this is the only Government to have set out an ambitious agenda to eliminate child poverty by 2020. If the Government are to achieve their ambitions by 2010, they will have to meet stretching targets: indeed, to do so, they would have to reduce child poverty by 300,000 every year over the next four years. That is ambitious, but they must not give up on that aim. It is important that they continue to concentrate on it, and so I hope that they will take that recommendation very seriously.

Our second recommendation has to do with the use of the tax system for further compensation measures. The Committee report identifies further developments of the tax credits and benefits system that may be needed, in the medium term and beyond, to tackle poverty. However, we are clear that the only way to reach all those who have lost out as a result of the removal of the starting rate—and to compensate all losers in low-income households—is through the tax system. The Government should not meddle with tax credits or anything else, as compensation should be provided through the tax system.

We identify a range of options through the tax system: none is perfect, but we give the Government an option menu. I concur with my right hon. Friend the Member for Birkenhead (Mr. Field): this subject was discussed on Second Reading, and if the Government had waited, that might have allowed them to find a more measured way to tackle the problem. However, we have to deal with reality, and my message to the Government is that any solution must be achieved through the tax system, in a measured and considered way.

We do not identify a preferred solution, as the Treasury is best placed to do that. However, the key point that we make is that the changes announced on 13 May and implemented by the proposals before the House are the start of the process, not the end. It is very important that the Government take that on board.

My final point has to do with information and the use of the PBR. We seek to identify lessons from the 10p tax saga for future Budget policy making, and draw two main conclusions. First, the Government must be clearer and more open about the distributional effects of their policies, and we recommend that a household impact assessment accompany each Budget and PBR. If such an assessment had been compiled when Budget 2007 was produced, the Treasury Committee would have had time to study it at our leisure. We would have identified both winners and losers, and we would have known where we were going. Any future changes must delineate the winners and losers, as otherwise we will return to opaqueness and confusion.

Mr. Philip Dunne (Ludlow) (Con): I am very grateful to the right hon. Gentleman for giving way to me, and my intervention will be brief. He is making a key point. His suggestion would help this Chamber to debate these matters, and if such an arrangement had been in place

earlier, it would also have helped Ministers when they were making the original decision. The Treasury's permanent secretary told us that the full distribution analysis was available to Ministers when the decision was made in 2007. If so, why has it not been published subsequently, so that we could all see it?

John McFall: There was a lot of conflicting evidence. I well remember the director of the budgetary process coming before the Committee. He was asked how many losers there would be. Was the total 5.3 million? We asked him that question many times, and at last he responded by saying that that might be the ballpark figure. It was all conjecture, but we want certainty. The Government must bear that in mind in future.

The Committee's report also emphasises the benefits of proper consultation about personal tax measures. We return to a theme that we have identified before—that the Government can and must use the PBR more as a tool for consultation. The outcome would have been better if that approach had been adopted in respect of capital gains tax, inheritance tax and the non-doms—and I could list more examples. The Government should not use the PBR as an early Budget. They should not spring surprises on us: instead, they should use the PBR for consultation purposes, as it was intended. Then, people will not be surprised or disappointed by the content of the Budget when it is announced, because the appropriate the consultation will have taken place. That is an extremely important lesson for the Government to learn.

I hope that the Government will learn the lessons set out in the report, and that our experience of what happened with the abolition of the 10p tax rate will not be repeated.

Jane Kennedy: I think that I was right to say at the start of the debate that it would focus on the genuine concern on this side of the Chamber about the 1.1 million households that are net losers as a direct result of the abolition of the starting rate of income tax—

Mr. Hammond: Will the Financial Secretary give way?

Jane Kennedy: No. I shall deal with the opportunism that I have heard from the Opposition parties in a moment.

I was grateful to my hon. Friend the Member for North-West Leicestershire (David Taylor) for the terms in which he spoke, and I shall use the same tone in my comments. The uncharitable might argue that those on the Treasury Bench had afforded Opposition parties the opportunity to make hay with this subject. The amendments that they have tabled are all about producing reports, and my right hon. Friend the Member for Birkenhead (Mr. Field) was right to draw attention to the speech made for the Liberal Democrats by the hon. Member for Taunton (Mr. Browne). If he had heard the speech in favour of the ten-minute Bill earlier this afternoon, my right hon. Friend would have heard much more interesting and entertaining proposals about transparency than the hon. Gentleman managed.

Mr. Hammond: The right hon. Lady has implied that the concern on the Conservative Benches was somehow less genuine that that felt among her own Back Benchers. I want to place it on record that this is not a partisan issue, and that hon. Members of all parties feel that it is wrong to decrease the tax burden on middle-income families by increasing the burden on the poorest. The only people who we know were prepared to press ahead with the measure in the knowledge of its distributional impact were Ministers on the Treasury Bench. We now know that they had full knowledge of the effect that the change would have on the poorest families in our society.

Jane Kennedy: I note the hon. Gentleman's comments, and he has made his point forcefully. That was a long intervention, and I heard what he had to say. I am sure that all other hon. Members in the Chamber, as well as people listening outside, will have heard him too. However, my hon. Friend the Member for North-West Leicestershire drew to the House's attention the often misstated position in terms of the proportion of public spending that we are accused of engaging in, compared to the Governments of the 1980s led by Mrs. Thatcher. He said that public spending by her Governments amounted to more than 40 per cent. of gross domestic product. I hope that he will accept that that caused the failures that led to unemployment. Someone wanting a case study in the politics of economic failure would do well to examine the experience of those days.

I say to my right hon. Friend the Member for West Dunbartonshire (John McFall) that we welcome his report and will respond fully to it in due course. I heard his comments today, and particularly the emphasis that he placed on the need to get the process right. I was asked a number of questions about why the 10p rate was abolished and why it was introduced in the first place. Members of the House and the public would do well to read my right hon. Friend's report in detail, because it goes into the history of why the 10p tax rate was introduced in the first place, and refers to the Taylor report of 1998. It is well worth reading.

6 pm

We wanted to help as many as people as possible this year, and as quickly as possible. My right hon. Friend the Chancellor decided that the easiest and most effective way to do that would be to raise the personal allowance for all basic rate taxpayers by £600. That means that 22 million people on low and middle incomes will gain an additional £120 this year as a result of our new clauses and amendment. Some 4.2 million households will receive as much as they originally lost, or more, and the remaining 1.1 million households will also see their loss at least halve. I shall turn to new clause 20, tabled by my hon. Friend the Member for North-West Leicestershire, and why I hope he will not press it, but I wish to deal first with a couple of other matters.

My right hon. Friend the Chancellor has made it clear that his aim for future years is to continue to provide the same level of support for those on lower incomes, and that he will make proposals in the pre-Budget report. We are aware of the importance of doing more to help people who have lost out, and we are considering what more can be done. The changes suggested in the Government's new clauses and amendment represent the fairest and most effective way to help a large number of people who have lost out. I appreciate that new clause 20 is not intended to replace the proposals that we made as a result of the Chancellor's statement.

Mr. Frank Field: My right hon. Friend gives us a general assurance, but we are asking for a specific assurance. When the Chancellor gives us his pre-Budget report, will he address specifically the 1.1 million households with losses that are not made good by the present measures, which I hope we will all support?

Jane Kennedy: I have been asked whether the proposals will be concrete, whether they will be cast-iron and, by my hon. Friend the Member for North-West Leicestershire, whether they will be copper-bottomed. I cannot find a form of words that will provide a stronger way of saying this. I shall mention some of the things that we have considered, but we intend to make proposals that will do precisely what my right hon. Friend the Member for Birkenhead is looking for. [HON. MEMBERS: "When?"] In the pre-Budget report. I cannot give my right hon. Friend more detail than that at the moment, because that would pre-empt the work that we are continuing to do, but I can assure him that that is our aim.

John McFall: May I take the Minister back to what the Treasury Committee's report said? We identified the fact that 1.1 million people were affected and said that the Government must make every effort to look for them and compensate them. Will she accept that proposal, so that we will not be disappointed in the autumn?

Jane Kennedy: I do not know how much more clearly I can say it to my right hon. Friend: that is exactly what we are working to do. I have answered the questions. Will they be concrete proposals? Yes. Will they be implementable and bring assistance as soon as possible? Yes.

I shall deal quickly with various Opposition new clauses and amendments that would require reports. A similar amendment was tabled in Committee of the whole House. I shall then turn to the detail of the amendments tabled by my hon. Friends the Members for North-West Leicestershire and for Birmingham, Selly Oak (Lynne Jones), and explain why I hope they will not press them.

The result of new clause 4 would be that Her Majesty's Revenue and Customs would have no legal power to collect any tax on the first £2,320 of taxable income. That would impose a huge burden, and it would cost all taxpayers £6.7 billion to finance the change. As we are now more than three months into this tax year, HMRC would have to repay the tax deducted and then ask employers to collect it again after Royal Assent, on the basis of clause 3 of the Bill.

I hope that the hon. Member for Runnymede and Weybridge (Mr. Hammond) will accept this point in the spirit in which I make it: we have already produced a detailed memorandum for the Treasury Committee's inquiry into Budget measures and low-income households. It outlined the impact that the announcement of 13 May would have. At the time of that announcement, it was made clear that we would set out plans for future years in the 2008 pre-Budget report in the autumn. At that stage, the Chancellor will report back to the House. I see absolutely no merit in requiring him to report back again in January. However, the hon. Gentleman has already indicated that he intends to press new clause 4 to a Division, so I obviously cannot persuade him from his view.

Mr. Philip Hammond: May I explain my logic? What the Minister is saying is entirely consistent with our pressing the new clause. If she can satisfy her Back Benchers in particular with the announcement that the Chancellor will make in his pre-Budget report, she will have nothing to fear from new clause 4. For those of us who are of a cynical disposition, it is an insurance policy for the House.

Jane Kennedy: I knew that I would not persuade the hon. Gentleman. I do not believe that the new clause is necessary.

Mr. Jeremy Browne: Will the Minister give way?

Jane Kennedy: I would like to turn to the question of a report on national insurance contributions and the alignment of the primary threshold of national insurance and the personal allowance, but I shall give way briefly to the hon. Gentleman.

Mr. Browne: I am very grateful. I was particularly keen to intervene because the point that the hon. Member for Runnymede and Weybridge (Mr. Hammond) has just made is entirely legitimate, and applies equally to amendment No. 6. If the assurances that the Minister is giving Labour Back Benchers are to be taken at face value—there is no reason to assume that they should not—she has no reason to oppose new clause 4, tabled by the Conservatives, or amendment No. 6, tabled by the Liberal Democrats. The only reason for her to oppose them would be if, for some reason, there were good reason to believe that her offers should not be taken at face value.

Jane Kennedy: I have already explained why making a report in January is not necessary, as we shall make one in the pre-Budget report. As for the report suggested in the hon. Gentleman's amendment No. 6, it is true that the changes that we are proposing mean that the primary threshold and the personal allowance will no longer be aligned. However, we should see that in the context of the progress that we have made in aligning tax and NICs whenever possible. We have simplified the structure of employers' national insurance, replacing multiple rates with a single rate and abolishing the entry fee. With just two main rates of income tax and two rates of national insurance in this tax year, the UK's personal tax system is already one of the simplest in any developed country.

David Taylor: Will my right hon. Friend give way?

Jane Kennedy: I have something to say about my hon. Friend's amendment.

David Taylor: I will wait, in that case.

Jane Kennedy: I should tell the House that I believe that new clause 6, tabled by the hon. Member for Runnymede and Weybridge, is technically flawed. [HON. MEMBERS: "Why?"] I can tell hon. Members why. Subsection (1)(b) states that the basic rate limit is set out in section 10(2) of the Income Tax Act 2007, but in fact it is in section 10(5). Also, the new clause does not recognise that with tax calculated annually and national insurance weekly, it would be rare for the two to be exactly

aligned. Requiring a report every time they were not aligned is unnecessary. I hope that the hon. Gentleman will accept that.

Turning to the substance of the debate, we have focused on what needs to be done to address the problem described by my right hon. and hon. Friends. Amendments Nos. 102 to 109 envisage two parallel tax systems. One would have three rates of tax—10 per cent., 22 per cent. and 40 per cent.—and the other would have two rates of tax—20 per cent. and 40 per cent. What I am saying formed the substance of the letter that I sent to my hon. Friend, but it is of value to explain why the amendments would not work, although we have considered them. Individuals could choose to be taxed under one or the other system at any time during the tax year. They could change their mind at any time over an unspecified period. We have estimated that the amendments would cost about £1.8 billion.

I am afraid that the proposal would prove to be unworkable for individuals, for employers and for HMRC. Two parallel tax systems would require employers and HMRC to set up a new system over and above the one currently in place. That in itself is doable, and if it were the right thing to do, it might be necessary to do it, but, most importantly, I am not convinced that individuals who have lost out from the changes would find such a tax system beneficial. Two different systems would be confusing and impossible to understand for some taxpayers and hon. Members will acknowledge that those in the lowest income groups would find it particularly difficult to judge which system would benefit them. HMRC would simply not be in a position to give advice on such decisions.

I very much appreciate the manner in which my hon. Friend the Member for North-West Leicestershire spoke to new clause 20. The one thing on which I agreed with the hon. Member for Taunton was his description of my hon. Friend's speech. My hon. Friend spoke with humour but passionately about what is clearly a serious issue not just for him for many of my right hon. and hon. Friends. New clause 20 is superficially attractive. We have had an opportunity to talk through some of the detail. My right hon. Friend the Chancellor made it clear in his evidence to the Treasury Committee that we had looked at what could be done through tapering, but we had to reject it for this year. For instance, I am advised that the new clause would affect 7.1 million taxpayers. I want to explain why that is the case. It would require a further 5.6 million people, most on low incomes, to complete a self-assessment tax return.

There are 7.1 million people with incomes between £6,400 and £13,600 who would benefit from the extra personal allowance proposed by my hon. Friend the Member for North-West Leicestershire. The average gain for those on lower incomes would be around £60, with an overall cost of some £450 million, because the number of people who would benefit goes so much wider. That is the advice that I am given.

Mr. Philip Hammond: We cannot hear.

Jane Kennedy: I beg the hon. Gentleman's pardon.

There is a much wider group, therefore, than the 1.1 million remaining losers from the personal tax reform package, and that would mean an increase of at least about 5.6 million in the number of people who had to complete self-assessment tax returns. We have considered the taper, and for those reasons, we believe that a taper is not the right way to deliver, in the swift way in which we wish to deliver it, the help that we want to give to address the problem described. Her Majesty's Treasury estimates that the new clause still means that about 200,000 households would not be fully compensated.

The point about pensioners illustrates the point. People aged 65 or over should benefit from significantly increased personal allowances. Low and middle-income pensioners can have an income of at least £9,030 before they pay tax. However, if individuals are concerned, as has been described this afternoon, that their tax code is not correct, they should obviously contact HMRC, which will seek to correct it as soon as possible.

6.15 pm

It is worth appreciating the fact that for pensioners with incomes over £21,800, subject to a taper to reduce additional allowances, it can be more difficult to get the allowance right in-year because of the complexity of the taper for pensions. That reinforces the point that I have been making that a taper is complex and would inevitably lead to many more people being required to self-assess. So I hope that my hon. Friend the Member for North-West Leicestershire will accept that.

Stewart Hosie (Dundee, East) (SNP): The Minister cannot seriously be suggesting that the need to fill in tax returns is the reason why this will not work. She expects 750,000 people who pay tax on their savings to fill in a tax return to claim back on average £80 from HMRC. If she argues that it is all right for people with low savings income to fill in a tax return, she cannot also be saying that the need to fill in a tax return is the reason why we cannot use a taper in this case.

Jane Kennedy: I am acknowledging that there are difficulties. The number of people who would be drawn into self-assessment is large. They would be precisely the people who would find it difficult to judge which of the two tax rates they would benefit from. Equally, they would find it unnecessarily complex to fill in a self-assessment return, perhaps because they work in more than one job. We considered it, but we decided that it was not the best way to help those people.

Mr. Philip Hammond: I sense that the right hon. Lady is close to concluding. Can she tell the House what is the cost of issuing new notices of coding in respect of all employees as a consequence of new clauses 11 and 12 if the House is minded to pass them tonight?

Jane Kennedy: I hope that the House will be minded to pass them. We have said that the overall cost of the proposals is £2.7 billion. We have been completely open. I cannot give the hon. Gentleman the exact detail that he asks for. I do not believe that it affects the proposal that we are putting forward. I hope that the House will support the Government new clauses.

David Taylor: This could be my penultimate intervention. May I bring my right hon. Friend the Minister back to what she said to the Chairman of the Treasury Committee when he asked whether the Treasury would move every sinew to ensure that all 1.1 million would be compensated

[David Taylor]

as rapidly as possible within the taxation system, ideally within the current tax year? Her answer, briefly, was yes. Will she underline that that is what she meant to say, and that she persists with it now?

Jane Kennedy: I made it clear that we were conscious of the fact that 1.1 million people—

Mr. David Gauke (South-West Hertfordshire) (Con): Households.

Jane Kennedy: Yes, households. They have not been fully compensated—to use the phrase—as a result of the changes that we proposed in May. I am conscious of the welcome that those proposals have had from the House. I cannot say more at this point about the detail of what we intend to do, but I hope that my hon. Friend will accept that we are focused on this point. We are not complacent. We appreciate that there is work to do to help those individuals. That is what we are working to do. We will introduce proposals in the pre-Budget report.

Several hon. Members *rose*—

Jane Kennedy: Several hon. Friends are obviously hoping to offer help at this point.

Mr. Frank Field: May I add to that point? Am I right in thinking that when my right hon. Friend says that the Treasury is focused, she means that it is focused on introducing a package that fully compensates those who are not yet fully compensated?

Jane Kennedy: Yes. I feel as if we are getting close to the most philosophical considerations in this debate. I have repeatedly described exactly the commitment that we have given to deal with the problems that we face. My right hon. Friend the Chancellor has made it clear that neither he nor we are complacent. He made it clear in his statement to the House on 13 May that he would return to the issue in the pre-Budget report. I can again state that to the House. Yes, there will be concrete proposals. Yes, they will address the point. Yes, they will be targeted. Yes, they will be implementable as soon as possible. The amendments and new clauses that my hon. Friends have introduced—I do not want to sound patronising—are well intentioned, but I believe that there are serious problems with them, and that they should not be pressed at this stage. We should be given the time to bring forward our proposals in the pre-Budget report in the proper way.

David Taylor: I am grateful to my right hon. Friend for giving way to me again. There are Whips all round the Chamber, who do not routinely see me as a paid-up member of the deferential patsy tendency from which ministerial aspirants are traditionally selected. However, I can tell my right hon. Friend that with a huge amount of trust and good will, which I hope will be repaid in the pre-Budget report, and after great agonising, I shall not at this stage move—[HON. MEMBERS: "Ah!"]. It is all very well people saying that, but I shall not be moving new clause 20, and I underline that point to my right hon. Friend.

Jane Kennedy: I am extremely grateful to my hon. Friend. I take his point, and we accept seriously the trust with which he has charged us. The new clauses in the name of the Chancellor that we have debated this afternoon will bring great relief to the vast majority of households—more than 4 million—who ended up paying more tax as a result of the abolition of the 10p tax band. Overall, the Budgets of 2007 and 2008 made proposals that take 600,000 pensioners and 600,000 other taxpayers out of tax altogether. Our proposals have been widely welcomed, and I hope that our new clauses and our amendment will be supported this evening.

Question put and agreed to.

Clause read a Second time, and added to the Bill.

New Clause 12

BASIC RATE LIMIT

'(1) In section 10 of ITA 2007 (income charged at main rates: individuals), for subsection (5) substitute—

"(5) The basic rate limit is £34,800."

(2) The amendment made by subsection (1) has effect for the tax year 2008-09 and subsequent tax years.

(3) But until 7 September 2008 for the purpose of ascertaining the amounts deductible or repayable under PAYE regulations it may be assumed that the figure specified in section 10(5) of ITA 2007 for the tax year 2008-09 is £36,000.'.—*[Jane Kennedy.]*

Brought up, read the First and Second time, and added to the Bill.

New Clause 4

INCOME TAX RATES

'(1) The amendments made by the provisions of this Act specified in subsection (2) shall cease to have effect at midnight on 5 January 2009 unless the conditions set out in subsection (3) have been satisfied.

(2) The provisions referred to in subsection (1) are—

(a) section 3(2) and (3), and

(b) section 3(7)(a) and Schedule 1 (in so far as they relate to the starting rate).

(3) The conditions referred to in subsection (1) are that—

(a) the Chancellor of the Exchequer shall have laid before the House of Commons a statement setting out the measures taken, or intended to be taken, to mitigate the effect of the amendments made by the provisions of this Act specified in subsection (4), when taken together, on those for whom such effect is a net increase in income tax payable, and

(b) the House of Commons shall by resolution have approved such statement.

(4) The provisions referred to in subsection (3) are—

(a) sections 1, 3(2) and 3(3),

(b) section 3(7)(a) and Schedule 1 (in so far as they relate to the starting rate), and

(c) any other provision of this Act the effect of which is to change the bands of income on which income tax is charged.'.—*[Mr. Philip Hammond.]*

Brought up, and read the First time.

Question put, That the clause be read a Second time:—

The House proceeded to a Division.

Mr. Deputy Speaker (Sir Alan Haselhurst): I ask the Serjeant at Arms to investigate the delay in the No Lobby.

The House having divided: Ayes 220, Noes 304.

Division No. 239] **[6.22 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baker, Norman
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Barrett, John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Bruce, rh Malcolm
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Lorely
Butterfill, Sir John
Cable, Dr. Vincent
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clifton-Brown, Mr. Geoffrey
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davey, Mr. Edward
Davies, David T.C. *(Monmouth)*
Djanogly, Mr. Jonathan
Dorries, Mrs. Nadine
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Christopher
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Hosie, Stewart
Howard, rh Mr. Michael
Howarth, David
Howell, John
Hughes, Simon
Huhne, Chris
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Keetch, Mr. Paul
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Mates, rh Mr. Michael
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moss, Mr. Malcolm
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Oaten, Mr. Mark
Opik, Lembit
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Penrose, John
Price, Adam
Prisk, Mr. Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Rogerson, Dan
Rosindell, Andrew
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Short, rh Clare
Simmonds, Mark
Simpson, David
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Timpson, Mr. Edward
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Walker, Mr. Charles
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Whittingdale, Mr. John
Wiggin, Bill
Willetts, Mr. David
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Winterton, Ann
Wishart, Pete
Yeo, Mr. Tim
Young, rh Sir George

Tellers for the Ayes:
James Duddridge and Jeremy Wright

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard

Burgon, Colin
Burnham, rh Andy
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Cooper, Rosie
Cooper, rh Yvette
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, Mr. Quentin
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Gapes, Mike
Gardiner, Barry
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Henderson, Mr. Doug
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoey, Kate
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McFadden, Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh David
Miliband, rh Edward
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Singh, Mr. Marsha
Skinner, Mr. Dennis
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *Basildon)*
Smith, rh Jacqui
Snelgrove, Anne
Southworth, Helen
Spellar, rh Mr. ohn
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Twigg, Derek
Ussher, Kitty
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Steve McCabe and Ms Diana R. Johnson

Question accordingly negatived.

Clause 3

ABOLITION OF STARTING AND SAVINGS RATES AND CREATION OF STARTING RATE FOR SAVINGS

Amendment proposed: No. 6, page 2, line 27, at end insert—

'(8) The Chancellor of the Exchequer shall, within six months of the coming into force of this section, lay before the House of Commons a report containing an assessment of the combined impact of—

(a) the increase in personal allowances, and

(b) the abolition of the starting rate of income tax,

on individuals with a gross income under £13,000 per annum.'. *[Mr. Jeremy Browne.]*

Question put, That the amendment be made:—

The House divided: Ayes 161, Noes 307.

Division No. 240] **[6.38 pm**

AYES

Afriyie, Adam
Alexander, Danny
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Baker, Norman
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Barrett, John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Binley, Mr. Brian
Boswell, Mr. Tim
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Bruce, rh Malcolm
Burstow, Mr. Paul
Burt, Lorely
Cable, Dr. Vincent
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Chope, Mr. Christopher
Clappison, Mr. James
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Davey, Mr. Edward
Davies, Philip
Duddridge, James
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Foster, Mr. Don
Fraser, Christopher
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Green, Damian
Greening, Justine
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heathcoat-Amory, rh Mr. David
Hemming, John
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Hosie, Stewart
Howarth, David
Howell, John
Hughes, Simon
Huhne, Chris
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Keetch, Mr. Paul
Key, Robert
Knight, rh Mr. Greg
Kramer, Susan
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Laws, Mr. David
Leech, Mr. John
Letwin, rh Mr. Oliver
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Maples, Mr. John
Mates, rh Mr. Michael
May, rh Mrs. Theresa
McIntosh, Miss Anne
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moss, Mr. Malcolm
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Oaten, Mr. Mark
Opik, Lembit
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Penrose, John
Price, Adam
Prisk, Mr. Mark
Pugh, Dr. John
Randall, Mr. John
Reid, Mr. Alan
Rennie, Willie
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Russell, Bob
Sanders, Mr. Adrian
Selous, Andrew
Simmonds, Mark
Simpson, David
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spicer, Sir Michael
Spink, Bob
Stanley, rh Sir John
Steen, Mr. Anthony
Stunell, Andrew
Swinson, Jo
Swire, Mr. Hugo
Taylor, Mr. Ian
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Timpson, Mr. Edward
Tyrie, Mr. Andrew
Viggers, Sir Peter
Walker, Mr. Charles
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Whittingdale, Mr. John
Wiggin, Bill
Williams, Hywel
Williams, Mark
Williams, Stephen
Willott, Jenny
Wilson, Mr. Rob
Wishart, Pete
Wright, Jeremy
Young, rh Sir George

Tellers for the Ayes:
Mr. Roger Williams and Dan Rogerson

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Cooper, Rosie
Cooper, rh Yvette
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian

Davies, Mr. Dai
Davies, Mr. Quentin
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Gapes, Mike
Gardiner, Barry
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Henderson, Mr. Doug
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoey, Kate
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McFadden, Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh David
Miliband, rh Edward
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Singh, Mr. Marsha
Skinner, Mr. Dennis
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dan
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Twigg, Derek
Ussher, Kitty
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Ms Diana R. Johnson and Steve McCabe

Question accordingly negatived.

Amendment made: No. 5, page 101, leave out lines 19 and 20 and insert—

'(5) Insert at the end '. *[Jane Kennedy.]*

New Clause 16

SET-OFF ETC WHERE RIGHT TO BE PAID A SUM HAS BEEN TRANSFERRED

'(1) This section applies where there has been a transfer from one person ("the original creditor") to another person ("the current creditor") of a right to be paid a sum ("the transferred sum") by the Commissioners.

(2) The Commissioners—

(a) must set the transferred sum against a sum payable to them by the original creditor if they would have had an obligation to do so under or by virtue of an enactment had the original creditor retained the right, and

(b) may do so if they would have had a power to do so under or by virtue of an enactment or under a rule of law had the original creditor retained the right.

(3) Subsection (2) applies whether the sum payable by the original creditor to the Commissioners first became payable before or after the transfer (but not if it only became payable after the Commissioners discharged their obligation to pay the transferred sum to the current creditor).

(4) The following are discharged to the extent of any set-off under this section

(a) the obligations of the Commissioners in relation to the current creditor, and

(b) the obligations of the original creditor.

(5) An obligation under or by virtue of an enactment (other than this section) to set the transferred sum against a sum payable to the Commissioners by a person other than the original creditor has effect subject to the obligation under subsection (2)(a) and to any exercise of the power under subsection (2)(b).

(6) A power under or by virtue of an enactment (other than this section) or under a rule of law to set the transferred sum against a sum payable to the Commissioners by a person other than the original creditor has effect subject to the obligation under subsection (2)(a).

(7) In determining the sum (if any) to be paid, the Commissioners may make any reduction that they could have made if the original creditor had retained the right to be paid the transferred sum (in addition to any other reduction that they are entitled to make), including a reduction arising from any defence to a claim for the sum.

(8) In this section

(a) references to the transfer of a right are to its transfer by assignment, assignation or any other means, except that they do not include its transfer by means of a direction under section 429 of ITA 2007 (giving through self-assessment returns),

(b) references to a sum that is payable by or to a person are to a sum that is to be paid, repaid or credited by or to that person and references to the payment of the sum (however expressed) are to be interpreted accordingly, and

(c) where a right in relation to a sum has been transferred more than once, references to the original creditor are to the person from whom the right was first transferred (except in subsection (1)).

(9) Where the right to be paid the transferred sum is dependent on the making of a claim

(a) subsection (2) does not apply unless a claim in respect of the transferred sum has been made, and

(b) the references in subsections (2) and (7) to the obligations or powers that the Commissioners would have had if the original creditor had retained the right are references to those that they would have had if the original creditor had also made the claim in respect of the transferred sum.

(10) This section has effect where the right to be paid the transferred sum was transferred from the original creditor on or after 25 June 2008.". *[Jane Kennedy.]*

Brought up, and read the First time.

Jane Kennedy: I beg to move, That the clause be read a Second time.

Mr. Deputy Speaker: With this it will be convenient to discuss the following:

New clause 5—*Coming into force of Part 7*

"The provisions contained in Part 7 of this Act shall not come into force until

(a) the Treasury has prepared and laid before the House of Commons a report setting out the safeguards available to taxpayers and third parties in respect of HMRC's powers contained in Part 7 of this Act; and

(b) the House of Commons has by resolution approved the report.".

New clause 19—*Taxpayers' charter*

"(1) The provisions of Part 7 of this Act shall not come into force until the condition set out in subsection (2) has been satisfied.

(2) The condition referred to in subsection (1) is that the Treasury has, by regulations made by statutory instrument, provided for the introduction, by no later than the passing of the Finance Act 2009, of a Taxpayers' Charter.

(3) Regulations under subsection (2) must

(a) specify the statutory rights of the taxpayer, including providing for a right to appeal against an action or decision of HMRC, and

(b) specify the statutory duties of the taxpayer, including

(i) notice periods to which the taxpayer must adhere,

(ii) documents to which the taxpayer must allow access, and

(iii) penalties which may be levied on the taxpayer for failure to comply.

(4) Regulations under subsection (2) may not be made unless a draft of the instrument containing them has been laid before and approved by the House of Commons.".

Amendment No. 8, in clause 112, page 72, line 36, at end insert—

"(10) This section shall not come into force until

(a) the Treasury has laid before the House of Commons a review of the ability of HMRC to secure electronic documentation provided by a person to HMRC for the purposes of checking the tax position of that person, and

(b) the House of Commons has by resolution approved that review.".

Government amendments Nos. 24 to 28

Amendment No. 36, in schedule 36, page 382, line 37, leave out 'solely' and insert 'in whole or in part'.

Amendment No. 37, page 383, line 23, leave out 'solely' and insert 'in whole or in part'.

Amendment No. 38, page 383, leave out line 29 and insert—

"(b) if sub-paragraph 2(b) applies or the occupier does not agree a time and sub-paragraph (2) is satisfied, at any reasonable time.".

Amendment No. 39, page 383, line 31, leave out "7" and insert "14".

Amendment No. 34, page 388, leave out lines 22 to 24.

Amendment No. 35, page 388, leave out lines 32 to 34.

Amendment No. 4, in schedule 39, page 413, line 21, leave out paragraph 12.

Jane Kennedy: First, I shall discuss new clauses 5 and 19. New clause 5 is technically deficient. It is not clear how it is intended to work in conjunction with the provisions that are to be brought in by separate order. The intention is to delay the whole of part 7 until the report has been written and endorsed by Parliament, but that does not sit easily across these measures; the same applies to new clause 19.

I want to say a little about part 7, which contains a number of administrative provisions, the majority of which come from the work of the review of powers, deterrents and safeguards. Other measures in part 7 include clauses relating to appeals, excise matters, funding

[Jane Kennedy]

bonds and measures under the avoidance disclosure rules and others. Those clauses are vital if the HMRC is to deliver the benefits set out in the O'Donnell review, including the closure of the tax gap and the modernisation of existing legislation.

The importance of adequate safeguards has been recognised by the Government and the HMRC and the valuable views of representative bodies have been taken on board. In Committee, we spent seven hours on schedule 36 alone. I am not complaining about that; it is right that such an amount of time should have been spent on such important legislation. In addition to those safeguards in the primary legislation, further protection will be provided by regulations and guidance. Broadly, that is the main area of disagreement.

It would be helpful to consider what the legislation actually includes. For compliance checks, schedule 36 alone includes 37 separate and identifiable safeguards. The levels and reductions for penalties for incorrect returns are now set in statute, rather than being in HMRC guidance to be left to the discretion of officers. On resolving disputes, clause 122 will introduce an optional statutory review of HMRC decisions. The amendment would delay that.

Throughout our debates, the Opposition have repeatedly stated that all safeguards should be in primary legislation. I do not accept that, and I do not believe that the hon. Member for South-West Hertfordshire (Mr. Gauke) would if he were in my position; I hope that he will not be any time soon. Legislation cannot cover every conceivable scenario. Other forms of safeguard can be both flexible and a protection for the taxpayer. In deciding whether the HMRC is acting reasonably in any particular case, the courts will take account of its published guidance.

As with last year's penalties clauses, there will be full and open consultation on the guidance. That approach was applauded last year. Work on producing guidance on compliance checks in formal disputes resolution, penalties, debt and unpacking containers will be completed well in advance of the legislation's coming into effect. Although it is true that we have not always been persuaded that further safeguards are necessary, additional safeguards were introduced in consultation before the Bill was introduced and in the course of our proceedings. The HMRC has been prepared to forgo certain benefits of alignment when respondents to consultation made a strong case for the retention of safeguards. For instance, we have retained the inquiry window for direct tax self-assessment cases and the evidence-of-facts rule for VAT.

Following consultation, we also agreed that a penalty on a third party should apply only when that third party deliberately falsified or withheld information from a taxpayer. We removed a proposed penalty for failure to allow entry to premises unless there had been an independent external authorisation. During the parliamentary process itself, the Government have tabled further amendments ensuring that the power of entry and inspection does not extend to any part of premises used solely as a dwelling. Other than in cases involving the taxable supply of goods, we restricted the power to inspect business premises to those used by the person whose liability is being checked. I recognise the concerns that have been expressed about ensuring adequate safeguards, but such safeguards must provide real and effective protection for taxpayers, rather than merely create bureaucracy and delay. The balance is right in part 7.

As I said, new clause 5 seeks to delay that implementation of part 7 until further reports. What could such reports add to the already extensive consultations and detailed debates in the House? No doubt, the hon. Member for South-West Hertfordshire will make the case in a moment. New clause 19 seeks to delay the implementation of part 7 until regulations containing a taxpayers charter have been approved by the House of Commons. Acceptance of that new clause would result in the additional safeguards in part 7 being delayed for another year – a somewhat perverse outcome, given the importance attached to safeguards.

As the House will know, we are considering the introduction of a charter, which should bring many positive benefits, especially in improving the relationship between the HMRC, taxpayers and other customers. I want to put on record my gratitude to the representative bodies for the interest that they have shown in the subject, and particularly to the Chartered Institute of Taxation for the paper that it published in March.

The consultation published on 19 June makes things clear. The terms of a charter should not be set out in legislation. That is not to devalue the charter, which is an important standard. Many taxpayers' rights are set out in tax legislation – for instance, the right to appeal against certain HMRC decisions. Others, however, are provided through non-statutory routes such as codes of practice and departmental practice. In addition, an array of non-tax legislation – the Human Rights Act 1998, data protection legislation, the Freedom of Information Act 2000 and the like – also governs the HMRC's relationship with taxpayers and claimants. A charter is intended to support that. The wording of an accessible and useful charter is not intended to be like that of legislation; it is meant to be a guide to the law. The use of statutory wording in a charter would compromise the intention to create a simple statement of the basic rights of taxpayers and other customers in their relationship with the HMRC.

This is a large group of amendments, and I shall try to address quickly each of them in turn. Clause 112 forms part of a package of measures allowing the HMRC to check that taxpayers have met their obligation to pay, return and claim the correct amounts of tax. That package includes the power to require the production of documents and the power to inspect them. In essence, the clause reproduces the equivalent provisions from the former Inland Revenue and Customs and Excise. The clause consolidates the provisions that ensure that documents include electronic versions and allow HMRC officers access to computers holding information required for a tax check. The new provision also aligns and decriminalises the penalties that apply when a person obstructs an inspection of computer records or fails to provide reasonable assistance.

Amendment No. 8 would not have any impact on the HMRC's ability to carry out checks on electronically held records. The existing provisions would continue in force until superseded by clause 112, but the amendment would leave in place the current unsatisfactory situation whereby a person could face a criminal charge for obstructing the exercise of the power or for failing to offer reasonable assistance under one provision, and a

financial penalty under the other provision. I believe that it is better to align those now.

7 pm

The reports by Kieron Poynter and the Independent Police Complaints Commission following the loss of discs containing child benefit data have recently been published. Both reports make it clear that the HMRC did not give data security the priority and attention that it should have done. Those are strong criticisms that the department has taken on board. I am grateful to the IPCC and to Kieron Poynter for their thorough reports, and I fully accept all their recommendations. HMRC has already made progress on 39 of the 45 recommendations and has implemented 13 of them. The powers in clause 112 already exist and would continue to operate regardless of amendment No. 8. It would be unnecessary for another report to be undertaken by HM Treasury. What is needed is work to ensure that data security is a top priority, and the Poynter review acknowledges that that is already well under way. The amendment is therefore superfluous.

Amendments Nos. 34 and 35 concern provisions for taxpayers and third parties to appeal against notices to see statutory records. The Bill already introduces a right of appeal against requests for supplementary information. That is new, as current legislation provides only a right of appeal against information requests made as part of a self-assessment inquiry. However, since taxpayers are required by law to keep certain records, it should not be onerous for them to provide them. A right of appeal would not be appropriate or effective. It is difficult to see what grounds for appeal would succeed. What is more, sadly, evidence from income tax self-assessment suggests that where such a right of appeal exists some non-compliant taxpayers exploit it by routinely appealing against all notices for even the most basic information so as to delay the proceedings.

As I said, safeguards need to be effective. The power to require statutory records must be exercised for the purpose of checking a tax position and must be exercised reasonably. Those are better safeguards. I can understand the concerns, but the amendments would not achieve the protection hoped for and could do the opposite. I hope that they are not pressed to a Division. As I have said repeatedly in considering the HMRC's powers, I will keep this matter under close review to ensure that the new powers and the proposals in the Bill work in the way that is intended.

Amendments Nos. 36 and 37 seek to prevent the HMRC from ever visiting or inspecting records at a taxpayer's home. The legislation currently prevents officers from visiting premises used solely as a home. The motives behind the amendments are wholly understandable but they fail to recognise the complexity of people's affairs in the 21st century. The amendments would prevent visits to, for example—I am not singling these groups out for any particular reason—dentists, doctors, hairdressers or carpenters. Hairdressers seem to feature in our discussions. I could go on, but I will not. I am talking about those who, for example, use one room in their house as a surgery, salon or workshop. The amendments could also affect the ability to inspect pubs, corner shops and other premises where the taxpayer lives on those premises. They would affect unacceptably the HMRC's ability to carry out its duty of checking that the right tax has been paid at the right time by all businesses.

The problem of distinguishing between business premises and homes is not unique. It is faced by the rating authorities—we discussed whether their definitions could be used—by planning offices and by local authorities. In each situation, the detail of what is considered to be business premises is set out in guidance. HMRC has agreed that guidance is needed to set out the circumstances in which it is acceptable to visit a home used for business purposes. Assurances have already been given in Committee that that guidance will be written in consultation with representative bodies. Assurances have also been given that the homes of home workers and those occasionally working from home will not be treated as business premises.

Amendment No. 38 appears to be attempting to restrict the times when the HMRC can specify the time and place of a visit to situations where the taxpayer does not agree a time and place. It is not clear that the amendment would work. If it did, it would apparently prevent HMRC officers from making a visit if the occupier agreed to a visit two years' hence. I will wait to hear about the detail of that proposal. Amendment No. 39 is a replica of an amendment that we discussed in Committee.

Amendment No. 4 seeks to retain the general time limit for taxpayers' income tax claims at five years and 10 months. However, that would make it out of step with assessment time limits and with other claim time limits, which we are aligning at four years across taxes. We made progress on time limits in Committee, so I will not labour the points again. The new framework continues to deliver parity between taxpayers and the HMRC. Where tax has been underpaid as a result of a mistake, the HMRC will be able to assess that only within the new four-year period. Similarly, a taxpayer will be able to make a claim within four years. None the less, HMRC will still accept later claims where the taxpayer has a reasonable excuse, including where an error on the HMRC's part has led to the claim being made outside the time allowed or where a taxpayer has given clear notice of his or her intention to claim before the time limit expires.

The HMRC and I recognise that pensioners and those on low incomes have very particular needs. The HMRC is working to understand them and to find ways to overcome barriers and raise awareness about the need for formal claims. The HMRC will work with taxpayer representatives, including the Low Incomes Tax Reform Group, to identify which groups of people are likely to be able to make claims, and the HMRC's publicity will target those groups to inform them of their rights to make claims and of the time limits. I have said it before in Committee and say it again today: I will keep the effectiveness of the HMRC's publicity and the planned PAYE system improvements under review to ensure that people are prepared for the new time limits from 1 April 2010.

I will pause at this point, as before I turn to some of the other issues, it might be helpful to hear what the hon. Member for South-West Hertfordshire has to say.

Mr. Gauke: It is a pleasure to return to the issue of powers. As the Financial Secretary said, we debated the matter at some length in Committee. The time we spent was valuable, although I had not realised that we spent seven hours on schedule 36 alone. I suspect that I may

[Mr. David Gauke]

have been responsible for quite a chunk of that time, but I do not think that I will be addressing the House at anything like that length this evening.

The debate that we had in Committee was important. The Government's consultation and the proposals in the Bill provoked a considerable response, and there was a great deal of public interest. The professional bodies looked very closely at what the Minister said, in particular, to seek reassurance and a further understanding of what the measures involved. The debate was therefore a valuable and useful part of the Bill's passage; in many respects, the process worked as it should have done. I compliment the Financial Secretary on the way she has addressed this matter, attempting to deal with the issues in a constructive manner.

There are times in the course of all debates, including on this Finance Bill, which is no exception, when the Opposition wish to highlight—"take pleasure in" would be the wrong way of putting it—the fact that a Government have moved their position. We make accusations of U-turns, fiascos and humiliations—and rightly so with regard to some of the matters that we have debated today. However, on the subject of our discussion, the Government have moved for the best of reasons. There has been an intention to listen to the concerns of professional bodies and an attempt to allay them. We wish that the Government had gone further in some instances, which we shall discuss this evening, but I want to put it on record that the Government's approach has been sensible. Equally, I hope that the Financial Secretary agrees that our approach has been one of constructive opposition in trying to scrutinise the Government's actions and highlighting where we think they are wrong, but trying together to move the law in the right direction.

The principal concern that the professional bodies raised is, at heart, simple. By and large, there is no objection to greater harmonisation of powers for different types of taxes. There are sometimes one-size-fits-all problems, but by and large, some harmonisation is recognised as beneficial. However, there is concern about balance regarding HMRC's powers and deterrents. They are mostly increasing and are perhaps advancing faster than the safeguards. What HMRC requires to collect tax efficiently and enforce tax law, and the safeguards for protecting the taxpayer, are out of sync to some extent. That point is at the heart of the concern expressed by the professional bodies, and we raised it on numerous occasions in Committee.

Movement has occurred and the Government have taken a constructive approach. There has been movement on notice before inspections of businesses and on inspections of third party premises. The Financial Secretary made some helpful comments and provided clarification on issues such as set-off involving tax credits. An Opposition amendment was even accepted; it dealt with the length of time after which HMRC may serve an information notice on a deceased person's tax position. We are grateful to the Financial Secretary for agreeing to the amendment on the basis that it was common sense—as she said, it was a good amendment. That is not to say that there were not many other good amendments, which were not accepted, but we take what we can.

The Government have also promised to keep matters under review—the provisions on powers, and especially the culture change in HMRC with regard to customer service and improving the taxpayer's experience. Other specific issues to be kept under review include professional privilege, the meaning of "reasonable excuse" in the context of penalties and, as the Financial Secretary mentioned this evening, publicity for tax reclaims. That is important.

However, we have also heard a great deal—we heard it again tonight—about the way in which many issues that we have raised will be addressed in guidance. The Financial Secretary said that we argued that everything needed to be in primary legislation. Yes, we argued that more than we currently have should be in primary legislation. Oppositions tend to argue that regulations should be made by the affirmative rather than the negative procedure, although there were circumstances in which we did not adopt that position.

7.15 pm

There are times when it is appropriate for HMRC to use guidance because it gives greater flexibility, which can be necessary. Guidance will be used for a list of matters. However, the thinking behind new clause 5 is that we could not examine the guidance or make an informed decision about whether the balance that I considered a moment or two ago was being struck. We have to take it on trust that, when the guidance is produced, following consultation with professional bodies and so on, that balance has been achieved.

Let me briefly consider some of the issues with which guidance will deal—the Financial Secretary also mentioned some. Sometimes there will be clear-cut cases of what constitutes a business premises and what constitutes a private home, but at other times, they will be borderline. Guidance will provide the answer to that and to what constitutes a business activity. It will also cover the information that should be provided to the taxpayer when HMRC visits a premises. There will be a code for unannounced visits and greater detail about what constitutes statutory records. There is also the tribunal system. The Financial Secretary said that the Ministry of Justice was examining that matter and that a Finance Bill could not tackle it. We considered reporting scheme reference numbers and HMRC's disclosure rules. There is also HMRC's policy on set-off.

One could take each item and present an argument about whether it should be dealt with in primary legislation, regulation or guidance. It is not my purpose to pursue those arguments, but to emphasise that, even if we accept the Government's case that those matters should be tackled through guidance, Parliament is considering the subject without full knowledge of that guidance. The Government have worked constructively, but to some extent they have done that because of our parliamentary proceedings, which focus the mind of Ministers, their advisers, professional groups, the Opposition and Parliament as a whole. Parliamentary involvement means that we do not simply drift into accepting a set of provisions that do not entirely satisfy the wider business community, taxpayers and so on.

I said at the outset that the process of considering the Finance Bill had been valuable and useful for the provisions on HMRC powers. Ministers have been forced to examine those powers closely and defend them. Doubtless, the

Financial Secretary has questioned officials and forced them to justify the provisions. That is healthy. New clause 5 would grant an opportunity—perhaps not on the same scale as the Finance Bill; we had a good four or five sessions on the powers—for Parliament to revisit part 7 and all the various disparate issues that I have mentioned before it comes into force.

At that point, the Treasury would have to prepare and lay before the House of Commons a report setting out the safeguards available to the taxpayer and third parties in respect of HMRC powers in part 7. The Financial Secretary will then have to sit down with officials and see whether the balance has been achieved and whether the guidance provides the proper protection, knowing that she will have to appear before members of a committee who will not only question and scrutinise, but receive support and guidance from professional bodies. Again, I appreciate that that would be hard work for busy Ministers and also for Opposition spokesmen, but it would be a useful exercise ensuring that when we come to the end of the process, the warm words, and the undertakings that we have heard from the Financial Secretary, which I do not doubt for a moment, are delivered in practice. That is the thinking behind new clause 5. We find that a persuasive argument, and I should like to give notice that we intend to press new clause 5 to a vote.

Briefly, new clause 19 deals with the taxpayers' charter, which is advocated by the hon. Member for Taunton (Mr. Browne), who will no doubt speak on the matter. I do not wish to spend a great deal of time on it, but it would be fair to say that the thinking behind new clause 19 is similar to the thinking behind new clause 5, so obviously we have a great deal of sympathy for it.

Let me turn to our amendments, to which the Minister referred. Amendments Nos. 34 and 35 relate to the right to appeal against taxpayer notices. Paragraph 29 of schedule 36 gives taxpayers and third parties a right of appeal to the first-tier tribunal against an information notice or third party notice. However, there is no right of appeal if the notice relates to a taxpayer's statutory records. The Financial Secretary made the point that given that there are circumstances in which businesses are required to keep records, they should therefore have to disclose them. That is a fair point, but our concern—the Institute of Chartered Accountants has highlighted this, too—is that there is sometimes a grey area between business records and personal records.

In our debate in the Public Bill Committee, the Financial Secretary referred to a hairdresser's appointment diary—as she said, many of her analogies and examples involved hairdressers—and that was helpful. A hairdresser's appointment diary is clearly a business record. That is not in dispute. However, many people will keep a diary that contains some business-related entries, but a majority of personal entries. They may take a different view from an HMRC official on that personal diary, which by its nature will contain personal information that an individual would, for whatever reason, not want to fall into the hands of a third party.

What is that taxpayer to do? They have no ability under the Bill as drafted to appeal to a third party when there is a disagreement. The purpose behind amendments Nos. 34 and 35 is to address that issue. One way of dealing with the problem that would address my concerns, and perhaps those of the Financial Secretary, too, would be to give a right of appeal purely on the basis of whether the document in question is a statutory record. The Financial Secretary said that there was a danger of delays and that people might use an appeal mechanism to delay unduly the progress of an HMRC inquiry. However, we should remember that the tribunal will have the power to impose costs in the event of determining that any such delay is vexatious. I therefore question whether the Financial Secretary's argument is necessarily that persuasive.

Amendments Nos. 36 and 37 relate to paragraph 10 of schedule 36, which deals with the power to inspect business premises. The issue here is whether the premises are used solely as a dwelling, in which case the powers are not applicable, or whether, as we argued in Committee, the provisions could be broadened to include premises that are used in whole or in part as a dwelling. In Committee, the hon. Member for Dundee, East (Stewart Hosie)—he is here now, so perhaps he will speak on this point—provided the useful example of a musician taking a booking. When a musician takes a booking, they will not have one room in the premises that is used for business purposes, to which HMRC could have access, thus leaving the rest of the house—the private dwelling—untouched. Rather, it is likely that a phone call would be received in a living room, the study or a bedroom, which would therefore be being used, at least in part, for business purposes.

There is clearly some sensitivity to the issue, which the Government recognise, because they already accept that paragraph 10 of schedule 36 should not apply to premises that are used solely as a dwelling. There is clearly agreement on that. However, the exemption in paragraph 10 would appear to be largely ineffective for those people—I suspect that this is a large number of people, not just musicians—who do some work from home, such as making phone calls or working on a computer. With regard to those circumstances, that sensitivity, which the Government accept in paragraph 10, does not appear to have been addressed. I would therefore be grateful if the Financial Secretary addressed that concern. If there is some sensitivity towards dwellings, what is the reason for it; and, given that explanation, how does she justify the narrow exemption in paragraph 10?

Let me turn to amendments Nos. 38 and 39. As the Bill is drafted, where HMRC wishes to inspect a premises, it must either agree a time with the occupier, give at least seven days' notice—I acknowledge the fact that the Government moved from 24 hours' notice, which we welcome—or be authorised by an authorised officer. That third leg is important and relates to combating fraud, although that is not the concern in this context. Amendment No. 38 would mean that the notice period would be triggered only if the officer had sought to reach an agreement with the taxpayer. The concern, which has also been raised by the Institute of Chartered Accountants, is that although there is provision that there should be agreement—the Financial Secretary said in the Public Bill Committee that she anticipates that, as a rule, HMRC will seek to reach an agreement with the taxpayer—that could, strictly speaking, simply be ignored by HMRC. HMRC could immediately start counting down the clock towards the seven days' notice without having first attempted to reach an agreement. Amendment No. 38 attempts to address that problem.

7.30 pm

I have some sympathy with the Minister's view that the amendment's drafting is not as clear as it might be, but its intention is to ensure that the first step is the reaching of an agreement. If that cannot be achieved, the clock will start ticking towards seven days or, as we argue in amendment No. 39, towards 14 days. In Committee, we debated how many days it should be, but there was an element of "how long is a piece of string?" to our discussions.

The reason behind our proposing 14 days is that people often go on holiday for up to a fortnight, and they should not have to come back to find HMRC on their doorstep. Fourteen days is therefore more reasonable. We are not talking about combating fraud or about the equivalent of a dawn raid. I recognise that there are times when HMRC needs the power to move quickly and to surprise a taxpayer whom it suspects of fraud, but we are not talking about those circumstances here. I therefore believe that 14 days—as opposed to seven days—is entirely reasonable.

Before I deal with amendment No. 4, I should like to say a few words about Government new clause 16 and its consequential amendments. We do not have any particular problems with the new clause, although we wonder why we are getting a new clause at this stage. To be fair, however, the explanatory notes state that this is as a consequence of the Commissioners of Revenue and Customs *v.* Midlands Co-operative Society case, which was determined in April. The case related to the right to make a claim for overpaid VAT being capable of being transferred from one person to another, and to how set-off could be avoided in such circumstances. I would be grateful if the Minister told us what financial risk might be at stake in those circumstances, although she might not have the figures to hand. I do not know what scale is applied in claims for overpaid VAT, or other taxes, where an amount is set off, but presumably that is the amount that could be at risk. If she enlightened the House on that point, I would be grateful.

Theoretically, the transferee of a VAT claim could be entirely innocent. In the circumstances envisaged in new clause 16, the set-off could be made against the transferee as though it were against the transferor. However, what remedy would be available to a transferee who had acquired a VAT claim in all innocence? Those circumstances might be unlikely, but I would like to know whether a motive test, which often is incorporated into measures to tackle avoidance, was considered.

I must reiterate some of the concerns about the set-off provisions. We have expressed our concern that set-off might occur when it is not in the best interests of taxpayers, and that perhaps it should be achieved only with the agreement of taxpayers. In particular, we have asked what would happen in an ongoing dispute between HMRC and a taxpayer and HMRC sought to make use of its powers on set-off. There are further issues relating to set-off, and although we have no specific objections to the new clause, we have one or two queries.

Amendment No. 4 deals with reclaiming overpaid tax, which we debated in Committee—albeit fairly briefly, given the nature of the issue. The Low Incomes Tax Reform Group—LITRG—has been active in this regard, and I was pleased to hear the Minister say that she is working with the group to address the matter. Paragraph 12 of schedule 39 will reduce the time limit for reclaiming overpaid tax from five years and 10 months to four years. Many people on low incomes, especially pensioners, overpay tax and are not aware of their right to reclaim it. LITRG has highlighted three situations in which this tends to happen. The first is when tax is deducted at source from bank or building society interest at a higher rate than that at which the depositor is liable. The second is when older people are not given the right age-related allowances—we have heard plenty of anecdotal evidence about that—and the third involves incorrect PAYE codes being given to people with multiple income sources, such as more than one pension.

LITRG has criticised HMRC's efforts to highlight the issue of overpaid tax. It has been particularly critical of the fact that the number of leaflets and other paper products produced by HMRC has diminished over the years, and of the fact that there has never been a take-up campaign for the blind person's allowance. Many people assume that one has to be blind to claim it, but that is not the case. The group also says that these matters could be resolved if HMRC carried out regular matching of PAYE records and established an annual routine of contacting all those whom it had identified as due for a repayment.

This is an important issue. The organisation Tax Help for Older People has conducted a survey of recent claims for back tax. It found that 44 per cent. of low-income pensioners who had had tax repayments had been entitled for six years or more. The Bill states that the rights of those low-income pensioners would be reduced, and that they would be able to claim only for four years.

In Committee, I referred to the pensioner tax-back project, which, in 2005, repaid 50,000 pensioners some £20 million. It is interesting to note the comment by Robin Williamson of LITRG. In an e-mail to me, he described that as being merely the "tip of an iceberg". In Committee, the Government's position was that there would be a one-way flow if we changed the arrangement, and that the period allowed for reclaiming tax would be greater than the period available to HMRC for assessment. It was stated that there was a need for symmetry. Previously, there was symmetry in relation to the period of five years and 10 months, or of six years, and that has been reduced.

Taxpayers cannot be expected to possess the same knowledge of their tax position as a trained Revenue officer. There is an imbalance between the knowledge and expertise of HMRC and some taxpayers, particularly the low paid and the elderly. That problem might persist and even intensify, given that the 10p savings rate will continue although the 10p income tax rate has been abolished. We will therefore press amendment No. 4 to a Division.

We have had constructive debates, but the point remains that the balance may not be quite right. We seek further reassurance from the Minister—we have already received much reassurance from her—particularly on the specific issue of tax reclaims for the low paid. We also seek to provide Parliament with an opportunity to debate these issues once it has had the benefit of seeing the guidance and of assessing how the promised change in HMRC culture has worked. If we do that, we will have a regime that will stand the test of time and this fundamental reform of HMRC's powers will be a success.

Mr. Jeremy Browne: In the previous debate I was inaccurately accused of taking insufficient interest in the details of the Bill. Here I am now, but my detractors have left to discuss other matters elsewhere, which I regret. Although this does not at first sight appear to be a box office string of amendments, it is quite significant as it deals with the balance between the powers of the state and the liberties of the individual citizen.

PricewaterhouseCoopers, which obviously follows these matters closely, has described the proposals that we seek to amend this evening as

"the most fundamental changes to HMRC's ability to inquire into direct tax returns since 1976".

A series of different Acts, including the Taxes Management Act 1970—the year in which I was born—and the Finance Act 1998 has been scrapped and a new framework for governing the practices of Her Majesty's Revenue and Customs, augmented by further published guidance, has been put in its place.

Members of all parties would recognise that HMRC has an important job to perform. It has a duty to collect on behalf of the Government the taxes that this Parliament has decided to levy on the people of this country. We would not, of course, enjoy the public services and other aspects of public expenditure if that task were not performed collectively on behalf of us all, so I am not in the business of running down HMRC. It has an important job to do; nobody likes paying taxes, but I observe that nobody likes the withdrawal of the public spending consequences either. We thus owe a debt to HMRC for undertaking what is not always the most popular work on our behalf.

There will be occasions when HMRC detects behaviour that is either consciously fraudulent or, in some cases, not fraudulent but where the individual is not paying a level of tax that is deemed, on further inspection, to be appropriate and necessary. Up to a point, HMRC needs powers to probe the private affairs of individual citizens, but legitimate concerns have been expressed by many representative bodies that those powers have become excessive. HMRC's website claims that

"the Review of Powers is committed to consulting widely at each stage in the development of policy and legislation",

but many feel that the Government have ignored wider stakeholder reservations about the Bill.

I made the point in Committee that the consultation period ended on 6 March, but the details of the proposed changes were announced in the Budget of 12 March. Although I have never worked in the Treasury, I suspect that many of these matters were decided not in the final few days, but many weeks earlier. A number of professional bodies share my suspicion that many of their representations were overtaken by the considerations and deliberations of the Treasury and that the consultation process was not as comprehensive or as "listening" as it might have been.

7.45 pm

The Liberal Democrats have tabled new clause 19 and amendment No. 8, which I propose to discuss in reverse order. I said during the debate on the previous group of amendments that when the history of this Prime Minister's time in office comes to be written, the feature of his premiership that will attract the greatest degree of criticism will probably be the doubling of the 10p tax rate and the wrath that it incurred among the electorate. Another contender for the moment that inflicted the greatest damage to the Prime Minister's reputation, however, is an action that was not specifically within his control but that summed up for many people the accident-prone nature of his premiership—the loss of data on 25 million of our citizens when two tax discs went missing.

It is important that we recognise the seriousness with which our fellow citizens take the need to protect their individual data and private information. As with medical records—and, of course, the Government are enthusiastic about introducing ID cards—more and more of our individual data, which can be sensitive and private, are stored electronically and centrally. If we think back to 10 or 20 years ago, it would have been difficult to distribute personal data about 25 million people—even if one sought to do so—without lorry loads of couriers to take the information to the required destination. Nowadays, all that can be sent on CDs or at the press of a computer button. Understandably, people have come to rely on the efficiency of data transfer, which is also hugely important in any modern economy, but, at the same time, people are concerned about how good the safeguards are to protect their confidential affairs.

Amendment No. 8 would prevent clause 112 from coming into force until

"a review of the ability of HMRC to secure electronic documentation"

had been undertaken and approved by the House. I appreciate that the Government are already trying to make progress in that regard, that the Chancellor has come before the House to make statements and that other Treasury Ministers have spoken, so all parties recognise that the subject is serious. The amendment would, however, give a firmer and more formal standing to that process and allow the elected Chamber of the UK to debate, discuss and, ultimately, approve the actions taken by the Government to make improvements.

New clause 19 is probably more significant, as it is designed to put a charter into law. Of course, charters were very fashionable in the 1990s; I remember them covering all sorts of areas, some more important than others. This provision is a bit of a return to those days, when the Government were crumbling and defeat looked inevitable. The charter under discussion seeks to ensure that the rights of the individual citizen are protected when they are dealing with HMRC.

Jane Kennedy: Before the hon. Gentleman is too quick to dismiss the concept of a taxpayer's charter, will he concede that the OECD recommends such a course of action, and that many other developed economies have done exactly that? As I have suggested, such a charter provides for an improvement in the relationship between the taxed and the tax authorities.

Mr. Browne: I concede that, and the Government have on occasions been slightly unfairly maligned. A reasonable person trying to be as impartial as possible would say that part of the blame for some of the problems that HMRC has had could reasonably be attached to the Government because they sought to reorder and restructure the organisation. If one undertakes an organisational restructuring, one must live with the consequences of problems or inefficiencies that arise partly as a result of that restructuring.

[Mr. Jeremy Browne]

That said, were the Government of this country run by another political party, would such problems disappear overnight? No, it is reasonable to say that they would not. Such problems will inevitably arise in private and public sector organisations, because that is the nature of human error and of the new electronic age in which we live. The only thing we can do is to ensure that the safeguards are constantly reviewed and improved, and I appreciate that the Government are trying to do that—it would be odd if they were not. We encourage the Government to do even better in that regard.

On the balance between the powers of the Revenue and the individual taxpayer, it would be helpful to clarify and formalise the specific powers of HMRC, which new clause 19 seeks to do. It is not a one-way street—it would be helpful for employees of that organisation to know in greater detail and with greater clarity what they are allowed to do. I and the hon. Members for South-West Hertfordshire (Mr. Gauke) and for Dundee, East (Stewart Hosie) raised hypothetical examples in Committee, and there are and always will be grey areas—probably even more than in the past, because people's tendency to work from home, internet cafés or whatever will mean less distinction between the place of work and place of residence than even five years ago. A proper charter that explains what HMRC is able to do would therefore be helpful.

Basic rights of appeal for individual citizens against the actions or decisions of HMRC would also be helpful, in which respect the charter would more closely resemble the citizens charters of the 1990s. Many people who understand that HMRC has a job to do, and that a tax inspection regime must be in place, nevertheless feel that they are interfacing with an organisation that is sometimes heavy-handed and unsympathetic to what they regard as legitimate reasons that their tax was not paid precisely as HMRC had decreed. Those people feel that they have little right of appeal or recourse to rectify that perceived wrong. New clause 19 would therefore balance more formally the powers of the state—which we recognise must exist in the field that we are discussing—with the liberties of the individual citizen. It should not be assumed that HMRC's powers are always superior to those of the individual citizen. Taxpayers have rights just as tax collectors do.

We look forward to the Financial Secretary's closing remarks, but we wish to press new clause 19 to a vote at the appropriate moment.

Mr. Brooks Newmark (Braintree) (Con): I had not intended to contribute to the debate, but I was so moved by the words of my hon. Friend the Member for South-West Hertfordshire (Mr. Gauke) that I am compelled to speak, albeit briefly, on amendment No. 4. I am in constant touch with members of the Braintree Pensioners Action Group, and I feel that pensioners, people on low incomes and people with disabilities might still be hurt by the apparent direction of the Government.

We have heard that the entitlement period for those trying to reclaim overpaid tax will be reduced from five years 10 months to four years. We know of the efficiency, rigour and zeal with which HMRC seems to go about collecting tax. Unfortunately, on the other side of the equation, the elderly, those on low incomes, and those with disabilities are perhaps not as efficient in understanding how, when and the means by which they can reclaim their overpaid tax. As we have heard from my hon. Friend, they might not even be aware that they have overpaid.

In that spirit, I have three questions for the Minister. First, what is motivating the Government to reduce the period that some of the most vulnerable people in our society have to reclaim overpaid tax? Secondly, what discussions has she had with the Low Incomes Tax Reform Group on the issue? I am sure that she has had many such discussions, because that group has clear concerns about the direction of the Government and HMRC. Thirdly, having listened to pensioners, the elderly, those on low incomes and particularly representative groups such as the Low Incomes Tax Reform Group, what protections do the Government seek to put in place for those who might be hurt by that general direction?

Stewart Hosie: I want to address new clause 5, but in doing so return to the debate that we had in Committee on clause 112 on computer records.

The Financial Secretary will recall the argument: clause 112 requires the taxpayer to allow HMRC, a commissioner or an officer to

"inspect a document, or to make or take copies of or extracts from or remove a document".

We were talking about computer records, so I gave the example of an e-mail, attachment or web page on a server hosted outwith the country. I also made the point that clause 112 allowed an authorised person to have access to

"any person having charge of, or otherwise concerned with the operation of, the computer".

That could be a third party, a maintenance company, someone with a management contract, or a computer that was not under any circumstances in the control of the taxpayer whose documents the Revenue was trying to see.

The Financial Secretary gave us some comfort at that time, particularly in relation to the extraterritoriality potential in clause 112. However, it is in part 7, as is the introduction of schedule 36 penalties, including paragraphs 43 to 47 and 50, which include the concealment or destruction of documents, failure to comply with time limits, and the tax penalty if a failure or breach continues after an initial penalty has been levied. I am sure that it is not the intention of the Bill or the Revenue, but given the debate on clause 112 in Committee, it strikes me that a penalty under schedule 36 could be levied for concealment, breach of time limits or a tax penalty thereafter, for non-compliance with an order to allow a document to be copied, extracted or removed from a computer wholly under the control of a third party, and not under the control in any way, shape or form of the taxpayer. What attracts me to new clause 5 is the reference to safeguards applying to taxpayers who might find themselves in the hideous position of wanting to comply but being technically unable to do so.

I look forward to what the Minister has to say about clause 112, computer records, how breaches could be penalised under schedule 36, and what safeguards might exist in the absence of new clause 5 to prevent or insure taxpayers from being penalised if they had no control over a document that the Revenue was trying to get at or to copy.

8 pm

Jane Kennedy: I shall deal with the Government's new clauses on set-off provisions before returning to the points made by the hon. Member for Dundee, East (Stewart Hosie) and others.

As the House was told by the hon. Member for South-West Hertfordshire (Mr. Gauke) and as the explanatory note makes clear, new clause 16 is required as a result of a recent judgment by the Court of Appeal to protect the Exchequer from potential avoidance opportunities, and to ensure that tax is collected as Parliament intended. The hon. Gentleman asked me about the cost to the Exchequer. I approach the answer with some caution. It is extremely difficult to say how much would be lost if the Exchequer were to lose its powers and duties to set off outstanding liabilities against claims for overpaid tax, but it is clear from the value of claims currently lodged with HMRC that the revenue potentially at risk runs into hundreds of millions of pounds—less than £500 million, but nevertheless representing a considerable range. I do not wish to be drawn into too much detail, but there is a significant risk.

Until the Court of Appeal judgment, HMRC had taken the view that only the person who overpaid the tax was entitled to make a claim for repayment. When a person makes a claim for over-declared VAT, HMRC is required to set off against it any outstanding liabilities of the claimant. For example, when a taxpayer submits a claim for £10,000 but has a VAT debt on file of £3,000, his eventual refund will be £7,000.

The judgment of the Court of Appeal in the case mentioned by the hon. Gentleman, Commissioners for Revenue and Customs v. Midlands Co-operative Society, makes it clear that the right to make a claim can be transferred by the person who overpaid the tax, namely—this is where it becomes horribly legally complicated—the original creditor, to another person, the current creditor, who then becomes entitled to make the claim to HMRC for repayment of the tax. The potential loss of tax arises because there is no provision under current law for HMRC to offset the liabilities of the original creditor when the claim for the overpaid tax is made by someone else. As a consequence, taxpayers can, through assignment of the right to make a claim, avoid the set-off procedure.

New clause 16 seeks to address that avoidance opportunity by putting the current creditor in the shoes of the original creditor for the purposes of the setting off of liabilities. That is about as far as I, a non-legal person, can follow the details, but it is important to ensure that when a person who has overpaid his tax liability—the original creditor—transfers the right to claim that overpaid tax to another person—the current creditor—the current creditor will not receive from HMRC any more than the original creditor would have received had he made the claim himself.

Although the Midlands judgment was a VAT case, its application is not limited to VAT. As the current procedure for claiming overpaid VAT is replicated for all the indirect taxes administered by HMRC, the potential for avoidance and loss to the Exchequer exists for them all. HMRC believes that it may also exist in relation to claims for error or mistake relief in direct tax. I stress that the new clause does not empower HMRC to make the current creditor liable for the debts of the original creditor. It simply ensures that the current creditor cannot receive any more tax from HMRC than the original creditor would have been entitled to.

It is not my intention that HMRC should rely solely on the new clause to recover the original creditor's liabilities. When the right to claim a repayment from HMRC is transferred, the set-off mechanisms in the new clause will not be applied to a payment to the current creditor until HMRC has taken all reasonable steps to recover any outstanding liabilities from the original creditor.

Amendments Nos. 24 to 28 make consequential changes to clauses 128 and 129. I am grateful to officials for their advice. This is one of those moments that occurred relatively seldom in Committee. I send my best wishes to the leader of an exemplary team of officials, and wish him many happy returns of the day on his 31st birthday. I am sure that he is enjoying spending it in our company this evening.

The hon. Member for South-West Hertfordshire asked whether a motive test had been considered. The simple answer is no. The purpose of the new clause is not to prevent assignments that are genuinely commercial arrangements, or to make them impractical. It simply ensures that the Exchequer does not pay out any more than it would have had the claim been made by the original creditor.

The hon. Gentleman spoke of what he perceived as the danger of erring too far on one side of the balance between powers and safeguards. The package provides greater consistency across taxes: although there are some extensions of powers, they are matched by tightening in other areas and a strengthening of safeguards. Inevitably there will be tensions as we seek to ensure that HMRC has appropriate powers to work effectively, and that taxpayers have strong safeguards. The balance has changed, but in my opinion it has changed in favour of the taxpayer. The schedule contains 37 statutory safeguards to protect the taxpayer, at the heart of which is the need for all actions carried out by HMRC to be reasonable. We debated that at length in Committee.

The hon. Gentleman made a valid point about the protections for ordinary, decent taxpayers who might otherwise be badly affected. As I have said repeatedly, if there is any evidence that the changes work detrimentally in the way that he described, I shall wish to act to address that. At the heart of all our proposed changes is the need for HMRC's actions to be reasonable. Guidance will support the safeguards, and will seek to ensure that taxpayers are fully aware of their rights.

The hon. Member for Taunton (Mr. Browne) said that he would press new clause 19 to a vote. In my opening remarks, I explained at length the interest in the taxpayers' charter, and I want to present proposals in due course. As the hon. Gentleman knows, we are in the early stages of consultation, and I prefer that approach to the one suggested in his new clause. The review of powers aims to include more safeguards in legislation where appropriate, and, as I have said, additional safeguards are set out in codes of practice and operational guidance.

The hon. Member for South-West Hertfordshire asked how we could be sure that we would have a chance to scrutinise the guidance. HMRC set out the guidance in a timetable in the consultation response document that was issued at the end of March. The codes of practice and the examples were also published in both consultation

[Jane Kennedy]

documents, providing much of the detail needed, and full draft guidance on record-keeping has been published. All those documents are public and can be scrutinised in Parliament in the normal way, although obviously not by means of a legislative process.

The hon. Gentleman suggested that taxpayers were not clear about what records to keep. Taxpayers have said that they do not want HMRC to be too prescriptive. Its largely generic approach requires records to be kept of income, sales and expenses, but it also allows taxpayers to decide exactly what they need to keep. They are best placed to decide, bearing in mind their own circumstances. What is important is for taxpayers to keep enough records to be able to make accurate tax returns or claims.

The hon. Gentleman asked what would happen in the event of a dispute. When there is a dispute, the taxpayer can tell HMRC, and when there is genuine doubt, HMRC will use the written information power that we discussed in Committee. That power would carry a right of appeal in most cases, or it would have to be pre-authorised by an independent tribunal.

The hon. Gentleman asked why there is no right of appeal against the power to inspect premises. The law says an inspection must be reasonable, and guidance will set out examples of specific cases where an inspection would, or would not, be reasonable. If HMRC breaches that guidance, the taxpayer could either make a formal complaint or refuse to allow the inspection to take place, knowing that for a penalty to be charged HMRC must demonstrate to the tribunal that the inspection was reasonable.

The IT enhancements planned by HMRC will improve the handling of individuals' tax details and will allow HMRC to identify incorrect payments earlier. That will mean that many overpayments will be repaid automatically without the need for a formal claim. In many such cases, a refund is due whether or not the taxpayer makes a claim, so the time limits to which the amendment refers do not apply.

I did not address amendment No. 39 in detail as we debated it in Committee. It might be helpful, however, if I make the following comments. The seven days in the proposed legislation is a minimum period of notice, and usually a longer period would be allowed if necessary. We were asked what would happen in the event of a holiday, perhaps of a fortnight. That would not be a problem, as the taxpayers would have a reasonable excuse for delaying a visit until the conclusion of their holiday. Therefore, based on the requirement for HMRC to behave reasonably, the problems described would not arise.

The new aligned time limits have been warmly welcomed by external stakeholders. The application of the same time limits across taxes will be a useful simplification for taxpayers. They will also allow HMRC to work in a joined-up way across taxes when carrying out checks, which will reduce costs for taxpayers. Most welcome of all has been the earlier certainty for taxpayers that will be provided by reduced time limits as they relate to direct taxes—HMRC will only be able to go back for six years when the taxpayer has not taken reasonable care to get their tax right. Six years is a substantial reduction from the 20 years that currently applies. HMRC will continue to accept later claims when the taxpayer has a reasonable excuse.

I will keep the effectiveness of HMRC's publicity and the planned pay-as-you-earn system improvements under review to ensure that people are prepared for the new time limits from 1 April 2010. A considerable period will pass before the new powers take effect, which is sufficient for not only Parliament, but the representative groups of taxpayers who are also closely scrutinising this work to be satisfied that the powers are appropriate.

The hon. Member for Dundee, East asked about computer records. As I said in Committee, computer records are no different from paper records. If HMRC wishes to inspect any such documents, they must be relevant to the taxpayer's tax position, and must be in either the taxpayer's or the third party's power or possession, and if they are stored abroad, they must be made available in the UK. All those requirements would be necessary. I know the hon. Gentleman is particularly concerned about where the computer or website, for example, is outside the control of the individual. It would be possible to demonstrate that to HMRC. As I have said to him, HMRC would have to liaise with foreign authorities, perhaps in the jurisdiction where the records are sited, in order to obtain the information through a formal exchange of information. To that extent, the individual taxpayer would step back in order to allow a process of dialogue with the tax authorities in the other jurisdiction to take place. The application of penalties is also no different.

The hon. Member for Taunton asked about what HMRC is doing to protect taxpayer data. I refer him to the Independent Police Complaints Commission and Poynter reports. There is a long list of steps that HMRC is taking, and I encourage him to look at the reports in detail because they give the scope and nature of those improvements.

8.15 pm

I commend the Government's amendments to the House, and I hope that Members will resist those amendments that the Opposition parties choose to press to a Division.

Question put and agreed to.

Clause read a Second time, and added to the Bill.

New Clause 5

COMING INTO FORCE OF PART 7

"The provisions contained in Part 7 of this Act shall not come into force until

(a) the Treasury has prepared and laid before the House of Commons a report setting out the safeguards available to taxpayers and third parties in respect of HMRC's powers contained in Part 7 of this Act; and

(b) the House of Commons has by resolution approved the report."—*[Mr. Gauke.]*

Brought up, and read the First time.

Question put, That the clause be read a Second time:—

The House divided: Ayes 214, Noes 295.

Division No. 241] **[8.15 pm**

AYES

Afriyie, Adam	Ancram, rh Mr. Michael
Ainsworth, Mr. Peter	Arbuthnot, rh Mr. James
Alexander, Danny	Atkinson, Mr. Peter
Amess, Mr. David	Bacon, Mr. Richard

Baker, Norman
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Barrett, John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Binley, Mr. Brian
Bone, Mr. Peter
Boswell, Mr. Tim
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Bruce, rh Malcolm
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Lorely
Butterfill, Sir John
Cable, Dr. Vincent
Campbell, Mr. Gregory
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Davey, Mr. Edward
Davies, David T.C. *(Monmouth)*
Davies, Philip
Djanogly, Mr. Jonathan
Dodds, Mr. Nigel
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Christopher
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Hosie, Stewart
Howard, rh Mr. Michael
Howarth, David
Howell, John
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Keetch, Mr. Paul
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Mates, rh Mr. Michael
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moss, Mr. Malcolm
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Oaten, Mr. Mark
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Penrose, John
Price, Adam
Prisk, Mr. Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Rogerson, Dan
Rosindell, Andrew
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Selous, Andrew
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, David
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spicer, Sir Michael
Spink, Bob
Stanley, rh Sir John
Streeter, Mr. Gary
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Taylor, Mr. Ian
Taylor, Matthew
Teather, Sarah
Thurso, John
Timpson, Mr. Edward
Turner, Mr. Andrew
Tyne, Mr. Andrew
Vaizey, Mr. Edward
Viggers, Sir Peter
Walker, Mr. Charles
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Wilson, Sammy
Wishart, Pete
Yeo, Mr. Tim
Young, rh Sir George

Tellers for the Ayes:
Jeremy Wright and James Duddridge

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Butler, Ms Dawn
Byers, rh Mr. Stephen
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Davidson, Mr. Ian
Davies, Mr. Dai

Davies, Mr. Quentin
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Róbert
Flint, rh Caroline
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Gapes, Mike
Gardiner, Barry
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Hepburn, Mr. Stephen
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoey, Kate
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Kidney, Mr. David
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Lloyd, Tony
Love, Mr. Andrew
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sarwar, Mr. Mohammad
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Twigg, Derek
Ussher, Kitty
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woolas, Mr. Phil
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Alison Seabeck and Mr. Wayne David

Question accordingly negatived.

New Clause 19

TAXPAYERS' CHARTER

'(1) The provisions of Part 7 of this Act shall not come into force until the condition set out in subsection (2) has been satisfied.

(2) The condition referred to in subsection (1) is that the Treasury has, by regulations made by statutory instrument, provided for the introduction, by no later than the passing of the Finance Act 2009, of a Taxpayers' Charter.

(3) Regulations under subsection (2) must—

(a) specify the statutory rights of the taxpayer, including providing for a right to appeal against an action or decision of HMRC, and

(b) specify the statutory duties of the taxpayer, including—

(i) notice periods to which the taxpayer must adhere,

(ii) documents to which the taxpayer must allow access, and

(iii) penalties which may be levied on the taxpayer for failure to comply.

(4) Regulations under subsection (2) may not be made unless a draft of the instrument containing them has been laid before and approved by the House of Commons.'.—*[Mr. Jeremy Browne.]*

Brought up, and read the First time.

Question put, That the clause be read a Second time:—

The House divided: Ayes 214, Noes 299.

Division No. 242] **[8.28 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baker, Norman
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Barrett, John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Bruce, rh Malcolm
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Lorely
Butterfill, Sir John
Cable, Dr. Vincent
Campbell, Mr. Gregory
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Davey, Mr. Edward
Davies, David T.C. *(Monmouth)*
Davies, Philip
Djanogly, Mr. Jonathan
Dodds, Mr. Nigel
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duddridge, James
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Christopher
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Hosie, Stewart
Howard, rh Mr. Michael
Howarth, David
Howell, John
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Keetch, Mr. Paul
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Mates, rh Mr. Michael
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moss, Mr. Malcolm
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Oaten, Mr. Mark
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Penrose, John
Price, Adam
Prisk, Mr. Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Rosindell, Andrew
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Selous, Andrew
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, David
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spicer, Sir Michael
Spink, Bob
Stanley, rh Sir John
Streeter, Mr. Gary
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Taylor, Mr. Ian
Taylor, Matthew
Teather, Sarah
Thurso, John
Timpson, Mr. Edward
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Viggers, Sir Peter
Walker, Mr. Charles
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Williams, Hywel
Williams, Mark
Williams, Stephen
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Wilson, Sammy
Wishart, Pete
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George

Tellers for the Ayes:
Dan Rogerson and
Mr. Roger Williams

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Butler, Ms Dawn
Byers, rh Mr. Stephen
Caborn, rh Mr. Richard
Cairns, David

Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, Mr. Quentin
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Gapes, Mike
Gardiner, Barry
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Henderson, Mr. Doug
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoey, Kate
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Lloyd, Tony
Love, Mr. Andrew
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sarwar, Mr. Mohammad
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Twigg, Derek
Ussher, Kitty
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Alison Seabeck and Mr. Wayne David

Question accordingly negatived.

Clause 128

SET-OFF: ENGLAND AND WALES AND NORTHERN IRELAND

Amendments made: No. 24, page 81, line 12 after '129', insert

'and any obligation of the Commissioners to set the credit against another sum'.

No. 25, page 81, line 20, leave out paragraph (a).

No. 26, page 81, line 30, at end insert—

'( ) In this section references to sums paid, repaid or payable by or to a person (however expressed) include sums that have been or are to be credited by or to a person.'—*[Jane Kennedy.]*

Clause 129

NO SET-OFF WHERE INSOLVENCY PROCEDURE HAS BEEN APPLIED

Amendments made: No. 27, page 82, leave out line 4 and insert—

'(b) there is a post-insolvency credit in relation to that person.'.

No. 28, page 82, line 6, at end insert 'in relation to the person'.—*[Jane Kennedy.]*

Schedule 39

TIME LIMITS FOR ASSESSMENTS, CLAIMS ETC.

Amendment proposed: No. 4, page 413, line 21, leave out paragraph 12.—*[Mr. Gauke.]*

The House divided: Ayes 212, Noes 300.

Division No. 243] **[8.41 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baker, Norman
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Barrett, John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Bruce, rh Malcolm
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Lorely
Butterfill, Sir John
Cable, Dr. Vincent
Campbell, Mr. Gregory
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Davey, Mr. Edward
Davies, David T.C. *(Monmouth)*
Davies, Philip
Djanogly, Mr. Jonathan
Dodds, Mr. Nigel
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Christopher
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Hosie, Stewart
Howard, rh Mr. Michael
Howarth, David
Howell, John
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Keetch, Mr. Paul
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Mates, rh Mr. Michael
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moss, Mr. Malcolm
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Penrose, John
Price, Adam
Prisk, Mr. Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Rogerson, Dan
Rosindell, Andrew
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Selous, Andrew
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, David
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spicer, Sir Michael
Spink, Bob
Stanley, rh Sir John
Streeter, Mr. Gary
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Taylor, Mr. Ian
Taylor, Matthew
Teather, Sarah
Thurso, John
Timpson, Mr. Edward
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Viggers, Sir Peter
Walker, Mr. Charles
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Wilson, Sammy
Wishart, Pete
Yeo, Mr. Tim
Young, rh Sir George

Tellers for the Ayes:
Jeremy Wright and James Duddridge

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, Mr. Quentin
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Gapes, Mike
Gardiner, Barry
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Henderson, Mr. Doug
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoey, Kate
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sarwar, Mr. Mohammad
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Twigg, Derek
Ussher, Kitty
Vis, Dr. Rudi

Walley, Joan
Waltho, Lynda
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Alison Seabeck and
Mr. Wayne David

Question accordingly negatived.

New Clause 2

TREATMENT OF SIBLINGS FOR PURPOSE OF INHERITANCE TAX

'(1) Section 18 of IHTA 1984 is amended as follows.

(2) In each of subsections (1), (2) and (3) for "or civil partner" substitute ", civil partner or sibling".

(3) After subsection (4) insert—

"(5) In this section "sibling" means a brother or sister with whom the transferor had lived in the same household for not less than ten years before the transfer.".

(4) In the title for "or civil partners" substitute ", civil partners or siblings".'.—*[Mr. Frank Field.]*

Brought up, and read the First time.

Mr. Frank Field: I beg to move, That the clause be read a Second time.

Mr. Speaker: With this it will be convenient to discuss the following amendments: No. 1, in clause 8, page 3, line 29, leave out 'and civil partners' and insert ',civil partners and siblings'.

No. 2, in schedule 4, page 136, line 9, leave out 'or civil partner' and insert ',civil partner or sibling'.

No. 3, in page 136, line 11, at end insert—

'(1A) In subsection (1) "sibling" means a brother or sister with whom the deceased person had lived in the same household for not less than ten years before the person's death.'.

Mr. Field: I am grateful for this opportunity to move the new clause and speak to the amendments, but I will not be pressing them to a vote because I have learned that the Conservative Opposition are not going to vote on them tonight, although we have the votes to win. I do not think that it is fair on Labour Members to ask them to vote against their Government just for the sake of it, when we cannot win. So the message can go out clearly to the country that we might well have got change tonight—the Liberal Democrats and the nationalists were coming in with us—but sadly, the Opposition votes have crumbled. There is a case to answer, however, and I very much hope that the Economic Secretary will respond to the main points in the debate.

When historians write up the Labour Government, the two changes they will pick on as the most lasting are the ban on smoking and the establishment of civil partnerships. Both of them changed in a significant and good way the nature of our society, one because it used the law to set—*[Interruption.]* It is interesting that my hon. Friend the Member for Telford (David Wright) is laughing; we may be so hard pushed at the election that the Government may have to fight it on those measures, so it would be well worth listening. If my seat was marginal, I would be desperate to find some good messages to impart to the electorate. Let us return to the debate.

The law banning smoking has changed behaviour, and with civil partnerships we have rewarded the loyalty and faithfulness of couples of the same sex. When those measures went through we became a more civilised society on both fronts. The new clause would try to extend that approach for siblings who have made a home together, many of whom, as a result of the current duties paid on property at death, have to sell their home and start all over again. I did not table the new clause as a plea that such people should have special tax status or because they are siblings living together, they should be exempt from tax, but merely so that, as for married couples and those in civil partnerships, the tax would be delayed until the second sibling had died.

Of course, it is right that the Treasury should be worried when well-meaning souls try to move amendments that sound very good on the surface but could be used for tax avoidance purposes. That is why the new clause includes a requirement that siblings would have had to live together for at least 10 years before the provision would take effect. Clearly, given people's ability to manoeuvre around the tax system, if there were no such bar, it would pay them to move in when they knew a sibling was dying. Nobody is in favour of that. We want to reward decent behaviour. Many siblings affected by the current arrangements would undertake civil partnerships if the law allowed them to do so, but it does not.

I ask Labour Members who oppose the proposal to think back to the time before civil partnerships. There were Members on the Labour Benches, and certainly some on the Conservative Benches, who thought that passing such an Act was against a law of nature, but once it was passed it was extraordinary how quickly people thought of it as a normal arrangement. One should reward such arrangements through the legal or tax systems, as would have occurred if there had been enough votes to support my proposal to give siblings the right to keep their family home until the second sibling dies. That is the point of the new clause, and I hope that I have explained its objectives.

I fear that a message will go out from the Chamber that there are not enough votes to carry the proposal, but I believe it will be carried before too long, and I look forward with interest to hearing what the Minister and the Conservative spokesman say. I think we may hear a slightly more progressive line from the Liberal Democrats. I commend the new clause to the House.

9 pm

Mr. Gauke: I congratulate the right hon. Member for Birkenhead (Mr. Field) on bringing about this debate and raising the issue of siblings and inheritance tax. As he has already suggested, we are not inclined to support the new clause. I shall explain why, but it is not because we do not appreciate the legitimate concern felt by many siblings who have lived together for a number of years. I suspect that he was most concerned about cases in which, as a result of the inheritance tax charge falling on the estate when one sibling died, it would be necessary for the surviving sibling to sell the property—the joint home. That is an understandable concern; our party, and, I suspect, Members of all parties, have a great deal of sympathy for people faced with those circumstances.

The Economic Secretary to the Treasury (Kitty Ussher): Does the hon. Gentleman not agree that if, say, in 2010 the individual allowance were £350,000 per person, and two siblings jointly owned their house equally, the house would have to be worth more than £700,000 before inheritance tax even became an issue?

Mr. Gauke: Yes, I do agree with that. Indeed, to some extent, the Minister anticipates my argument. I will set out why, although we have sympathy with the case—from her tone, I am not sure that she shares that sympathy—the new clause is not necessarily the right way of addressing it. The proposal is not the way in which we would address the issue, but we would address it, none the less.

Mr. Jeremy Browne: As the hon. Gentleman acknowledges, the Minister is surely right that if the threshold were £350,000, the house in question would have to be worth £700,000. However, that would be just as true for a married couple, or a same-sex couple in a formalised partnership. The question that the Minister needs to answer—the hon. Gentleman may choose to put it to her in these terms—is: why should two women who have established a civil partnership be eligible for that relief, but not two sisters who choose to live together in a house worth more than £700,000?

Mr. Gauke: The hon. Gentleman makes a fair point, although I think that it will fall on both the Minister and Conservative Members to answer the question: why not treat siblings as a separate category, as we rightly do married couples and those in civil partnerships? Our concern has to do with the threshold, but what the Minister says is absolutely right. We are not talking about all siblings who live together; we are talking about those with a relatively large estate. However, equally, it would be fair to say that an estate of £700,000-plus is not necessarily that unusual, and we are not talking about only the very wealthy. That point is worth bearing in mind with regard to inheritance tax more generally.

As house prices have risen—not so much in recent months, but over the previous 12 to 15 years—many more estates are being affected by inheritance tax. That is a legitimate concern, and I congratulate the right hon. Member for Birkenhead on raising the issue. I certainly see that happening in my constituency: relatively modest houses are now above the inheritance tax threshold, so there is a legitimate concern. Of course, many people who do not have an estate above the threshold aspire to have such an estate. In many respects, because of the way in which inheritance tax has developed over recent years, it now affects far more families and people who hope one day to have an estate of that sort of size.

There is a legitimate problem with inheritance tax. The most prominent case is that of the sisters from Marlborough, Sybil and Joyce Burden, who have written to every Chancellor of the day since 1976—some eight Chancellors so far, although one suspects that the turnover may increase in the next couple of years or so. The sisters have also taken their case to the European Court of Human Rights, where their application was recently rejected. I think that our tax law should be determined by the conclusions of our debates about such matters in this House, not by the European Court of Human Rights in Strasbourg. None the less, the sisters have raised an important issue, particularly in the context of the surviving sibling having to move out to pay the IHT liability.

I suspect that the Economic Secretary may make two arguments in that context: first, that it is possible to pay off IHT over a period of 10 years or so, and one can defer some of the liability; and secondly, that equity release is available. Some of the equity in the property can be released, but given that many people have saved all their lives to own a property outright, there is, unsurprisingly, a great reluctance to do what essentially is remortgaging part of it to fund a tax liability. My concern with the right hon. Gentleman's proposal is about where precisely we draw the line. The line is currently clear with regard to married couples and civil partners, but what about, for example, long-term carers for elderly parents? The same case about protecting the family home could be made. What about adult disabled children who live with their parents? Again, a humane and reasonable case could be made for them. One is left with the question of where to draw the line.

Lynne Jones: If that is the case, why did the hon. Gentleman not consider tabling amendments that would have extended the provision to those groups? I do not think that we should have the provision at all; the money that has been spent on allowing the transfer would have been better spent elsewhere in the public sector, and particularly on free long-term care. The provision has been introduced, however, and people think it unfair that siblings and the other groups that he has mentioned should be excluded.

Mr. Gauke: I am grateful for that intervention, because it takes me on to the point that I was going to make. The reason why we do not support the new clause is that it is not bold enough. Instead, we propose a very simple way of addressing such concerns. I notice from the press reports about Sybil and Joyce Burden that their joint estate is estimated to be worth £900,000. Rather than provide additional exemptions for siblings and the other groups that I have mentioned, we propose simply to raise the inheritance tax threshold to £1 million. It would address the concerns of the vast majority of siblings who are affected, because we would be talking about a joint estate of £2 million. We would also be talking about the carers and the disabled adult children. Indeed, we would be talking more broadly.

Our proposal would address the essence of the right hon. Gentleman's concerns, and although we have sympathy with what he is trying to do, a simpler way of dealing with siblings, the other groups that we have mentioned, many other families who have acquired a relatively modest home in a part of the country where house prices have risen considerably, and people who have saved and built up a substantial estate, is to take them out of inheritance tax altogether, so that it becomes a tax for the very wealthy—a tax on millionaires, not on fairly average families.

That is the policy that was announced at our party conference in October last year. It is clearly enormously popular, and it caused the Government to address the issue of inheritance tax in their autumn statement last year, when they announced the transferable nil-rate band. Like the right hon. Member for Birkenhead, the Government see that there is a problem with inheritance tax. However, if we want a Finance Bill that addresses those concerns, we may have to wait for a couple of years.

Rob Marris: I understand why the new clause was tabled and I have some sympathy with the predicament that it raises. I should say in passing that the new clause may have a technical defect. I lived with my sister for 15 years, then I turned 18 and went to university. I do not know whether my right hon. Friend the Member for Birkenhead (Mr. Field) has been in such a position, but my point is that there are young people who live together as siblings for more than 10 years. However, that is not why I am speaking against my right hon. Friend's new clause.

Last year, about 6 per cent. of estates—about 34,000 of them—paid inheritance tax. This year, because of the changes and the doubling up of husbands and wives and civil partners, it is predicted that about 4 per cent. of estates, or about 23,000 of them, will pay the tax. However, what is important is not just the absolute numbers but the principle of the issue. We need to start with how we got to this position.

One of my degrees is in sociology, and that colours how I approach this issue. In most societies, inheritance sprang up to bolster the family and pass property to children—think of peasants and the issues in different European countries about whether there is primogeniture and so on. Our inheritance tax is part of a historical follow-through of that in respect of fostering family life. That is why there are exemptions between husbands and wives and now, quite properly—as highlighted by my right hon. Friend the Member for Birkenhead—between civil partners. That is a welcome step forward, as it is to do with a relationship that, historically, most societies sought to bolster to a greater or lesser extent because of the involvement of children.

Some civil partners have children and some do not; that takes us back to the debate on the Human Fertilisation and Embryology Bill, which we will not go into here. However, a lot of that debate revolved around the provision of a social unit that had adequate means of providing a stable environment for the children. That was particularly significant historically—a man might have been killed in the war and left a widow with young children, for example. For me, that is the historical background and how we have got where we are.

Mr. Frank Field: On the historical background, I should say that the prayer book originally said that the purpose of marriage was to beget children. A more modern version says that it is for couples to form relationships. I am looking forward to the next stage of my hon. Friend's speech.

Rob Marris: It is to do with encouraging stable relationships. Historically, although not so much today, that issue revolved around children, whether in respect of procreation or the change in the wording that we now have. The same imperative does not apply to siblings. I stand to be corrected, but I take it that when we are talking about siblings in this context, we generally mean blood siblings or, because of the 10-year thing, foster siblings who have had a long-standing relationship. We are generally thinking of older people who have chosen to live together, such as Sybil and Joyce Burden. There is not the same social imperative to have a tax regime to bolster that kind of relationship, desirable as it may be for people to live in stable relationships.

9.15 pm

As the hon. Member for South-West Hertfordshire (Mr. Gauke) said, we have to ask where we draw the line. Do we take it to cousins—blood relatives who have chosen to live under the same roof together for many years and do so until one of them dies? Do we take it to people who are best friends, albeit platonic? Carers have been mentioned. My initial reaction is that we might like to consider including those who care for elderly parents, because I regard it as desirable to encourage adult offspring to do that. However, when one of the parents died, if they were married or in a civil partnership the property would pass with no inheritance tax to the surviving parent, who would probably still need looking after. When the second parent died, it would not seem quite the same, although it could appear that way to the carer, who would then have to move out of what they regarded as their family home.

My right hon. Friend the Member for Birkenhead mentioned deferred tax. As I understand it, it is not just a question of that. We are talking about exemptions, as we have seen with the provisions introduced in the Bill on retrospective transferable allowances between spouses. I declare an indirect interest in that my mother, who has been widowed for 19 years, inherited the whole estate without paying inheritance tax, and that doubling up will affect what she passes on to her children. It is not just a question of deferred tax but of less tax being paid. The mere fact that less tax is paid is not a reason to walk away from something if the principle is right, but I am not sure that it is. The 10-year transition period to which the hon. Member for South-West Hertfordshire referred is an option that could be used. However, I am not so sure about equity release schemes, which are not necessarily something that we want to encourage. Although there can be good schemes offered by reputable financial institutions, there are a lot of horror stories about sharks.

Mr. Gauke: I do not disagree with what the hon. Gentleman is saying. I merely wished to highlight some of the arguments, the most persuasive of which is the one about where we would draw the line.

Rob Marris: I agree with the general proposition put forward by my right hon. Friend the Member for Birkenhead about rewarding decent behaviour, but that gets us into the question of where we draw the line and how much state support there is for that.

I would say to my hon. Friend the Economic Secretary that we should consider a form of deferral of inheritance tax. There is the classic example of two sisters who have lived together all their lives, or for the last 30 years of their lives. One is aged 80 and one is aged 70, and the 80-year-old dies. The 70-year-old might live for another 20 years, beyond the 10-year paying-off period for inheritance tax, and have to move out of a home that in some cases will have been the parents' home. At the time that her 80-year-old sister dies, the 70-year-old might have lived in the house for 70 years and fully expect to live there for the rest of her life but be faced with an inheritance tax bill because house prices have gone up. That will involve only a small number of people, but we are looking at

[Rob Marris]

the principles. There could be some tax deferral mechanism so that when the younger sister dies 20 years later, that is when the house is sold and the inheritance tax becomes payable, albeit perhaps with interest rolled up over that 20-year-period. It would be similar to the transitional arrangements for people who go into care and are selling their houses for that reason. We need to think about slightly more creative mechanisms to adapt to the ways in which people live.

Lynne Jones: Why should not those arrangements also apply to married couples?

Rob Marris: They could apply to married couples, but there is a social imperative, to which I referred in a sort of pop sociology way, in the context of why society does what it does, and its being comfortable with what it does. In the case that we are considering, and in trying to square the circle, I am content with the exemption for spouses and civil partners. Perhaps it would be best to have an open-ended period—things depend on the age difference between the siblings, the health of the older one, the one who dies first, and so on—but it could be up to 30 years, in which the inheritance tax bill is deferred until the second sibling dies or sells the house, perhaps to move into a sheltered bungalow.

I urge my right hon. and hon. Friends on the Treasury Bench—I imagine that they will not accept the amendments—to consider some alternative arrangements to lessen the pressure on siblings such as Sibyl and Joyce Burden, but not to change the basic idea that exemptions apply to spouses and civil partners.

Mr. Jeremy Browne: I wish to draw on a personal experience, which, although not directly relevant, is sufficiently relevant to illuminate our debate. My grandmother, who married Mr. Browne, was called Miss Gray—we are a rather monotone family. She was the oldest of four children and she died in 2000 in the house in which she was born in 1913. There were four children—two boys and two girls. Both sons were killed in the second world war and their names are on the war memorial in the church near the house, and my grandmother and her younger sister, my great aunt, survived. They continued to live in the house in which they were born until the day that they died. My great aunt died more recently.

My grandmother married Mr. Browne and that is why the example is not directly applicable. However, I wanted to make the case because it is a perfect example of the sort of people whom the new clause would assist. Many women of that age did not get married and had to make different arrangements after the second world war that they would not have had to make in other circumstances, if such a seismic disruption to society's normal development in the United Kingdom had not occurred between 1939 and 1945. Those women made exceptional arrangements. Many were sisters who lived initially with their parents and then, when the parents died in the 1950s and the 1960s, lived together in the houses in which they had been born or brought up. The full implications are felt only when one sister dies many years later—the social legacy of the second world war has lasted many decades. Sisters in those circumstances are aghast that the inheritance tax burden should apply to them. There is therefore a compelling case for the new clause.

The Economic Secretary said in her intervention on the Conservative spokesman that inheritance tax would apply only to those who lived in what she implied was a posh house, which is worth more than £700,000. I appreciate that the number of houses that are worth that sum is falling by the day. This Government are perhaps trying to tackle the problem of the inheritance tax burden in their unique way. There are probably better methods, but they are doing their best. The threshold is not yet as high as £700,000, but the moral case is no different for sisters who were born in a house that is now worth £800,000 from that for those living in a house worth £600,000. They did not choose to be born in a house of a specific value—it is their home, the place in which they have lived for many decades, and they expect to live there for the rest of their lives.

I urge the Economic Secretary not to regard this as a wedge issue, with the Labour party playing to a core constituency and saying, "It doesn't really matter because we're only talking about rich people. They're the sort of people that the Conservatives speak up for and we can distinguish ourselves from them by saying that our priority is not to help rich old people but other groups in society." In the case that we are considering, people in a house now worth £700,000 are just as worthy of support, compassion and assistance as those whose houses are worth a different amount.

Lynne Jones: Surely the Government would not say such a thing, since they have acted to cushion married couples who live in, to quote the hon. Gentleman, posh houses.

Mr. Browne: I am trying to explore the Government's position, because it is difficult to understand fully the motivation behind the policy, although they seem to be very responsive to speeches made at Conservative party conferences. The only guidance that I would give the Labour party is this: whenever it tries to ape the Conservatives, its woes get worse rather than better. Tomorrow we are going to spend a lot of time talking about taxation of non-doms.

Rob Marris: You are.

Mr. Browne: Actually, nearly all tomorrow's new clauses and amendments amount to yet more damage limitation—

Madam Deputy Speaker (Sylvia Heal): Order. Time is going on, but we have not yet reached tomorrow's debate.

Mr. Browne: Indeed. We should not get ahead of ourselves by moving on to the treats that we will be discussing tomorrow.

Let me return to the matter at hand, which is an important one. A number of national newspapers—from memory, *The Daily Telegraph* has been particularly prominent—have campaigned strongly on the issue, so people will want to understand the positions that the different parties have taken, and in particular the Conservative party's reservations.

I should be interested to hear the Economic Secretary's intellectual justification for saying that there is a significant material difference between, to take a hypothetical example, two women—let us say two 90-year-old women—who choose to enter a civil partnership, and therefore immediately become eligible for those benefits, and two 90-year-old women who have not met in the past few months, but who have lived together in the same house as sisters for the past 70 years. Indeed, as I said in an intervention, such a civil partnership could have been motivated by tax reasons. That would be a shame—although it would not be beyond our comprehension—whereas it could not possibly be the case for the two sisters who had lived together for many decades.

The Economic Secretary said that the situation would apply to very few people. Of course that is the case, but that only strengthens the argument; given that the costs are so minute, the Treasury need not worry unduly. In fact, the Treasury could be quite charitable and expand the scope of the scheme. The costs are so small that the Treasury could win a lot of good will from people who feel that they are unfairly penalised, at a small burden to taxpayers as a whole.

There are a few points in new clause 2 on which it is worth reflecting. One of them concerns the 10-year living together period. I assume that 10 years is an arbitrary figure, although any figure will inevitably be arbitrary, because it is quite hard to come up with a figure that is based on anything other than an arbitrary assessment. Some people might think that 10 years is quite a short period of time, because we are typically talking about two sisters or two brothers who have lived together for their whole lives. With higher house prices, brothers and sisters are increasingly buying flats together, in London or other parts of the country, because they cannot afford a mortgage on their own, they do not have a relationship with a partner and they regard buying a property with their brother or sister as the most safe and stable basis on which to proceed. In some cases, therefore, 10 years may be quite a short period of time. The Government may be more accommodating if that period were longer, and we could rightly consider that.

Mr. Frank Field: The 10-year period was picked because I thought that there needed to be some ring-fencing of the new clause. There are no worthwhile figures as yet for how long civil partnerships last, but 10 years is longer than the average marriage. One might say that that is because so many marriages break up so early, thereby dragging the average down, but that is the average figure.

Mr. Browne: I am grateful to the right hon. Gentleman for that intervention, because he has helpfully said that the figure was as un-arbitrary as he could make it, even though there was inevitably an arbitrary element involved. It is obviously necessary to have a figure, because we do not want people exploiting the provisions for tax purposes, even though that might not be foremost in their mind as they approach their imminent demise. I only suggest that, were the figure to be higher, the proposal would probably achieve its objective in terms of the type of people that we all have in mind while providing an even greater safeguard against potential abuses.

9.30 pm

Hon. Members have asked where the provisions should stop. That is a fair point, and I hope that the Minister and the right hon. Member for Birkenhead (Mr. Field) will engage seriously with it. Stepbrothers and stepsisters, for example, would presumably come under the provisions. It would be strange if they did not, because it is increasingly prevalent nowadays for people to have stepbrothers and stepsisters rather than for all their siblings to have the same two parents. We could also consider other blood relatives. The hon. Member for Wolverhampton, South-West (Rob Marris) talked about cousins, but should we also consider second cousins? We could also consider people who have been adopted, carers and other categories of long-term cohabitants.

It is reasonable that the Government should look at all the implications of introducing a measure of this kind. However, it upsets people when the state appears to exercise an excessive and somewhat arbitrary power over individual citizens who are going about their business and who feel that they are being unfairly victimised. This has been a motivation for newspapers and other campaigners, and it has real resonance for people to whom the provisions do not apply. They instinctively feel that it is wrong for a very old lady to have to leave the home that she has lived in for perhaps 90 or 95 years because the sister with whom she has lived for most of that period has died.

The onus is on the Government to look into how we can address this issue. The Minister was quite right to say that the costs involved would be quite minute in the grand scheme of things. There would be no great financial barriers to making progress; it is only a matter of will.

Kitty Ussher: This has been an interesting and useful debate that will enable us to tease out some of the issues that have been considered. I would like to place on record my thanks to my right hon. Friend the Member for Birkenhead (Mr. Field) for raising this matter and for constructively engaging with us on it.

Two separate issues are involved, and perhaps it would be helpful to deal with them separately. The first concerns a point of principle; the second compassionate issues. Perhaps this will answer the point made by the hon. Member for Taunton (Mr. Browne). It is worth saying at the outset that we all have huge respect and admiration for anyone who is able to sustain a long friendship and relationship, such as those that exist between long-term cohabiting siblings. There are many families in which such relationships break down, and I have huge respect for the kind of relationships that we are talking about today.

However, I do not believe that a parallel can be drawn between such relationships on the one hand, and marriages and civil partnerships on the other, as the latter involve particular legal and financial characteristics. The civil partnership issue is rather a distraction in this context. We are talking about marriage, including marriages involving same-sex couples, and the law and society view such marriages in a fundamentally different way compared with other close relationships such as blood relationships or close friendships.

This issue has been tested in the courts, including the European Court of Human Rights in the case of Burden and Burden *v.* the United Kingdom, to which hon.

[Kitty Ussher]

Members have referred. The point was specifically discussed, so let me read from the findings of 29 April this year. The court said:

"The absence of... a legally binding agreement between the applicants"—

in this case, the two sisters—

"renders their relationship of cohabitation, despite its long duration, fundamentally different to that of a married or civil partnership couple".

It went on to say that

"marriage remains an institution which is widely accepted as conferring a particular status on those who enter into it".

That is the crucial point. Our policy on inheritance tax recognises the special position of marriage and its equivalent for homosexual couples, and we think a line should be drawn at that position. We will thus resist the new clause and amendments proposed by my right hon. Friend the Member for Birkenhead.

The hon. Member for Taunton was entirely right when he said that the cost of accepting the amendments would be low, despite the point of principle that I have set out, but the precedent from crossing the line could potentially open us up to far wider costs. We have already debated some of the issues, but if we accept the provision for long-term cohabiting siblings, where do we draw the line? Should it be extended to cousins, parents or grown-up children, for example? Why, then, for 10 years, and not for nine, eight or seven years; and why not for flatmates or any other long-enduring relationships or even business relationships? Once we had conceded the first point, the potential cost to the Exchequer could, I feel, be extremely large. That is the point of principle.

Mr. Jeremy Browne: Given that the Minister said in her opening comments that this provision would apply only to a very small number of people, because most do not have the good fortune to live in an expensive house, surely the costs would not be that large, even if she conceded quite a few different cases. By her own estimation, 96 per cent. would not be eligible for the benefit because their house would not be sufficiently valuable.

Kitty Ussher: My point was that the overall costs would be far larger than simply the cost of accepting the particular amending provision. We have not costed it in detail because we have not looked at the number of long-term relationships that would be covered. My point was simple—that the cost of implementing the amending provision might be low, but that by conceding the principle, we could open ourselves up to far wider costs. That is a secondary point, however, as it is the unique institution of marriage and its gay equivalent that makes the point of principle here.

My hon. Friend the Member for Wolverhampton, South-West (Rob Marris) spoke extremely well. He mentioned the issue of where we draw the line and he was right technically when he said that if we accepted the new clause, it would apply to any siblings who had lived together for any period of 10 years at any stage of their lives, which I am not sure was the intention behind what I guess was a probing provision.

Let me move on to the compassionate issues. We have heard examples in respect of which our hearts automatically go out to elderly people who obviously do not want to be forced to leave the home that they have lived in for many decades, perhaps even for the whole of their lives. Let me try to tease out some examples. I said earlier when I intervened on the hon. Member for South-West Hertfordshire (Mr. Gauke) that once the limit was raised in 2010-11, the estate would have to be worth more than £700,000 before inheritance tax even became an issue. Let us think about an example where a house is worth £800,000—a round number, which makes it easier to work with. Let us suppose that such a house is owned equally by two siblings who have lived in it for a long time, perhaps having inherited it from their parents some time ago. If one of the siblings dies, the limit in 2010-11 will be £350,000, so inheritance tax will kick in on the difference between that and £400,000—namely £50,000. It kicks in at 40 per cent., so the inheritance tax bill is £20,000.

Two things could then happen. The bill could be paid over 10 years, which would mean £2,000 a year. I do not know how that equates to the council tax bill on the house, but it might be possible for the individual to meet the additional amount. If not, various options would be available. If even an extremely elderly person was facing a charge of £20,000 and owns an asset of £800,000, it would be fairly easy to remortgage to get the necessary amount. Although on compassionate grounds I have sympathy for the individual on losing their elderly sibling, I am not sure that there are grounds for the state to intervene.

I want to touch on the point made by my hon. Friend the Member for Wolverhampton, South-West about deferring the charge, even beyond phasing it for 10 years. In a sense, by remortgaging to get the capital required, a person is using the private market to do exactly that. With regard to the extremely exceptional circumstances of an individual in a house worth about £800,000 who is unable to access any of those possibilities, the HMRC inheritance tax manual allows situations involving genuine hardship or serious difficulty to be considered on a case-by-case basis. In extreme cases, therefore, there is a certain amount of flexibility, which would include postponing the payment of all or part of the tax due. Given the figures involved, however, there will not be many such extreme cases.

The hon. Member for South-West Hertfordshire said that the subject under consideration affects "average families"—he used that phrase. The median house price in England and Wales is £180,000, so I do not know what his definition of average is, or what the average house price is in his constituency, but from where I am standing, a property worth £700,000 is in no way average.

Mr. Gauke: If inheritance tax affects only a tiny or very small minority—I do not know what phrase the Economic Secretary would use—can she explain why the centrepiece of the pre-Budget report, which was after all prepared at a time when the Prime Minister was considering going to the country, was changes in inheritance tax?

Kitty Ussher: The hon. Gentleman completely misses the point. Our proposals related to what happens when property is passed down to children. That is not what we are discussing today. We are discussing whether the second sibling should be forced to leave the house. Of course, it has always been the case that no inheritance tax is paid when one spouse passes their part over to the other spouse.

Mr. Gauke: I fully accept that the amendment relates to siblings, but as the Economic Secretary raises the point about inheritance tax being an issue only for the very wealthy, can she explain why the centrepiece of the Government's pre-Budget report last October, in the run-up to a potential general election, was changes to inheritance tax?

Kitty Ussher: I repeat that the hon. Gentleman misses the point. First, we raised the threshold up to £350,000 from 2010-11, and made the commitment that it will continue to rise with inflation, including house price inflation. Secondly, we made it absolutely clear that the zero relief could be transferred when the second parent died. As I said, that is a different point.

The interesting thing that came out of the discussion on the pre-Budget report, as the hon. Gentleman has just confirmed, is that the Conservatives would raise the limit to £1 million. I am absolutely clear that that is not a good use of taxpayers' resources. I am not sure where he would find the money to pay for it. Effectively, the proposal would take at least £1 billion and give it to people whose assets already make them millionaires. When a certain amount of public money is available, it is right to spend it on something that benefits genuinely average families, not millionaire estates as he proposes.

Rob Marris: On a slightly tangential matter, I have a constituent who was widowed in 1969 and remains a widow, but who cannot do the doubling up, to use the vernacular, because she was widowed so long ago. She did not get real benefit from the inheritance tax provisions when her husband died, but she was adjudged technically to have benefited from them, because of their wording. I do not expect my hon. Friend to deal with that matter tonight, but I hope that she can look at it again. I do not know what the cut-off date is, but a small number of people, including my constituent, are caught.

9.45 pm

Kitty Ussher: We announced that we would backdate the measure so that it covered existing widows and widowers, but I should be happy to examine the specific case that my hon. Friend has raised.

Mr. Gauke: My I endorse what was said by the hon. Member for Wolverhampton, South-West (Rob Marris)? We raised the point in Committee, and he is absolutely right. I know that the Government's proposals date back to some years ago, but it is the case that if the first spouse died before either 1974 or 1972, he or she will not benefit from the nil rate band. We urge the Government to reconsider.

Kitty Ussher: I do not know whether that is yet another example of an unfunded spending commitment from the Conservatives, but we felt that 35 years was a fairly decent point at which to draw the line.

The point of principle is beginning to emerge. We want to make it clear that there is something special about marriage that makes it necessary for a nil band rate to apply. While we have sympathy and compassion for elderly people who have been living together for the vast majority of their lives, we feel that in view of the value of the estates concerned, Government intervention is not required except in the circumstances that I have described.

I welcome the debate, but on that point of principle, I urge the House to reject the new clause.

Mr. Frank Field: I beg to ask leave to withdraw the motion.

Motion and clause, by leave, withdrawn.

Further consideration adjourned.—*[Siobhain McDonagh.]*

Bill to be further considered tomorrow.

DELEGATED LEGISLATION

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Delegated Legislation Committees),

Disabled Persons

That the draft Rail Vehicle Accessibility (Interoperable Rail System) Regulations 2008, which were laid before this House on 21st May, be approved.—*[Siobhain McDonagh.]*

Question agreed to.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Delegated Legislation Committees),

Constitutional Law

That the draft National Assembly for Wales (Legislative Competence) (Social Welfare) Order 2008, which was laid before this House on 22nd May, be approved.—*[Siobhain McDonagh.]*

Question agreed to.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Delegated Legislation Committees),

Consumer Protection

That the draft Cancellation of Contracts made in a Consumer's Home or Place of Work etc. Regulations 2008, which were laid before this House on 4th June, be approved.—*[Siobhain McDonagh.]*

Question agreed to.

EUROPEAN DOCUMENTS

Motion made, and Question put forthwith, pursuant to Standing Order No. 119(9) (European Committees),

Preliminary Draft Budget of the European Communities 2009

That this House takes note of the unnumbered Explanatory Memorandum from HM Treasury dated 2nd June 2008, relating to the Preliminary Draft Budget of the European Communities for the year 2009; and supports the Government's efforts to maintain budget discipline in relation to the budget for the European Communities.—*[Siobhain McDonagh.]*

Question agreed to.

DELEGATED LEGISLATION

Ordered,

That the Fire and Rescue Services (National Framework) (England) Order 2008 (S.I., 2008, No. 370), dated 3rd June, be referred to a Delegated Legislation Committee.—*[Siobhain McDonagh.]*

MODERNISATION OF THE HOUSE OF COMMONS

Ordered,

That Mr Iain Wright be discharged from the Select Committee on Modernisation of the House of Commons and Dr Howard Stoate be added. — *[Siobhain McDonagh.]*

BUSINESS OF THE HOUSE

Ordered,

That, at the sitting on Thursday 3rd July, the Speaker shall put the Questions necessary to dispose of proceedings on—

(1) the Motions in the name of Ms Harriet Harman relating to Members' Salaries; and;

(2) the Motion in the name of Nick Harvey relating to Members' Expenses and the Motion in the name of Ms Harriet Harman relating to Members' Home Addresses

in each case one and a half hours after the commencement of proceedings on the first such Motion; such Questions shall include the Questions on any Amendments selected by the Speaker which may then be moved; proceedings may continue, though opposed, after the moment of interruption; and Standing Order No. 41A (Deferred divisions) shall not apply. — *[Siobhain McDonagh.]*

PETITIONS

HMRC Work Force Change

9.48 pm

Tim Farron (Westmorland and Lonsdale) (LD): I wish to present a petition on behalf of my constituents, members of staff at the office of Her Majesty's Revenue and Customs at Kendal.

The petition states:

The Petition of employees of HM Revenue and Customs, the Public and Commercial Services Union and others,

Declares that they are seriously concerned about the future of the HM Revenue and Customs (HMRC) office in Kendal, and also similar threats facing their colleagues in Lancaster and Barrow. The proposal to close these offices will mean that local people and businesses will be left without access to these services. They are also concerned about likelihood of staff affected by the closures being able to find alternative work within the local area. They further declare their support for the PCS campaign to keep these offices open.

The Petitioners therefore request that the House of Commons urges the HM Treasury to withdraw the threat of closure to local HMRC offices.

And the Petitioners remain, etc.

[P000223]

Planning (Hampshire)

9.49 pm

Chris Huhne (Eastleigh) (LD): I rise to present a petition on behalf of my constituents, the residents of Botley, Boorley Green and Hedge End.

The petition states:

The Humble Petition of Botley and Hedge End residents,

Sheweth that they object to the proposed Strategic Development Area to the N/NE of Hedge End and the inadequacy of the consultation and selection process.

They represent the views of 312 residents who signed a similar petition during a public meeting on 12 June 2008 at Botley Church, and reflect the widespread views of local residents.

Wherefore your Petitioners pray that your Honourable House shall urge the Department of Communities and Local Government to withdraw the proposed Strategic Development Area in order to embark on proper consultation and a full consideration of the alternatives.

And your Petitioners, as in duty bound, will ever pray, &c.

[P000221]

Post Office Closures (Angus)

9.50 pm

Mr. Mike Weir (Angus) (SNP): I rise to present a petition on behalf of the citizens of the village of Glamis and surrounding areas in my constituency.

The petition states:

The Petition of the citizens of Glamis and surrounding area,

Declares the Petitioners' belief that the reduction of Glamis Post Office to an outreach service will have a serious detrimental effect on the local community and will undermine efforts to encourage new businesses in rural Angus.

The Petitioners therefore request that the House of Commons urges the Secretary of State for Business, Enterprise and Regulatory Reform to instruct Post Office Ltd. to keep Glamis Post Office open.

And the Petitioners remain, etc.

[P000225]

Houghton and Washington, East (Economic Development)

Motion made, and Question proposed, That this House do now adjourn.—*[Siobhain McDonagh.]*

9.51 pm

Mr. Fraser Kemp (Houghton and Washington, East) (Lab): I thank you, Mr. Speaker, for giving me the opportunity of having this Adjournment debate.

Many Members believe that economic strength and development is a fundamental building block for the people we represent. Those of us who witnessed when that did not occur in our constituencies are aware of the devastating effect it had on the people we represent and the communities we serve. It is crucial that we get that economic development and growth right, not only for existing generations but for generations to come.

I want to concentrate on some of my constituency's local successes, and to talk about some of the challenges we face in a fast-moving global environment. Coupled with that, in no way do I want to underestimate the problems we have had in the past and the problems we still face now. Although this debate is about economic development in Houghton and Washington, East, it is fair to say that no one constituency, region or nation can address economic development in isolation from current events and the global economy, and the impact that that has on everyone we represent. When 10 years ago textile workers in my constituency working in a former mining village called Fence Houses lost their jobs because Marks and Spencer decided to source from emerging markets, that had an impact and it was a direct result of globalisation. When the Nissan car manufacturer moves towards medium and higher value cars, that is an impact of globalisation as well, because emerging markets are now starting to produce much cheaper cars; we have heard some of the announcements in India and other places, where cars can be built for $1,000 or $2,000.

This global impact therefore affects us all, and the purpose of the debate is to raise some of the issues and to explain how I think we can respond. We must respond with a lot more creativity and flexibility than in the past, because the decision is not about whether we adapt to what is happening in the rest of the world, but how we adapt and what public policy we have, and what measures and mechanisms we put in place to make sure that the people we represent have a competitive advantage. Whether we like it or not, the train is leaving the station and we must be properly on board it. In my area and others, the growth and decline of traditional industries often took centuries, but I suspect that that will happen a lot quicker in future.

The area I represent has learned a number of lessons that it is right I share with the House. It has learned and applied those lessons despite the dramatic loss of its core industries. It is hard to comprehend the devastating impact that the loss of those industries had, not just economically but socially, in a very short space of time. It is against that tough background that the city has made significant progress.

I read in tonight's *Sunderland Echo* that

"Sunderland's economy has been among the fastest growing in the country in the last 10 years."

It has grown by 73 per cent. in that time. Other references to the city's economy are especially apt for this debate:

"Sunderland's success has been in regenerating its urban sites, while at the same time capitalising on the growing trends in the service and knowledge economy. The city has come a long way in modernising its economy with a flourishing service sector with big names such as Barclays, T-Mobile and BT locating here.

The engineering sector is also thriving with Nissan at its forefront, operating the most efficient car plant in Europe.

Growth has accelerated in the last five years, driven by stronger activity in the knowledge sector".

While the report endorses the city absolutely, it makes the obvious point—and it is worth placing it on the record—that some areas still require improvement. Public infrastructure is one such area, and improving it would attract more service-based companies to invest in the area. Public investment has come into the area in the past 10 years—and there is more to come—and that has helped us to narrow the gap year on year in a range of economic indicators according to which we lagged behind massively in previous decades.

In a further endorsement of the city council's strategy, the 2008 Cities Outlook report specifically identified Sunderland as having one of the highest rates of employment growth. A Business Inquiry report showed that growth in employment was 9.4 per cent., compared with 6.7 per cent. in the region and 3.3 per cent. for the UK. However, worklessness in the city is still higher than the national average. It has fallen three times faster than the national average in the last 10 years, and in my constituency alone we have seen a substantial reduction of 12. 5 per cent. in unemployment in the last five years. There are many reasons for that, but the overall success of the British economy has contributed massively. Various initiatives have helped many thousands of people in my constituency get back into work, but more needs to be done, and I shall give one small example. Many people need a multi-agency approach to get them back into work, and the city council believes that there should be more data sharing and co-operation between agencies in that regard.

It is to the eternal credit of the city council, past and present, that it recognised early that our core industries were not just declining, but disappearing. Early intervention through an economic strategy was the best and most secure way to prevent our city from becoming an industrial desert. The council worked hard to attract important inward investment and to promote small, indigenous companies in the city so that they could create jobs. Against a difficult backdrop, the council had the guts and determination to sell the city and ensure that it punched above its weight. It is not surprising that the city is an award winner many times over for its approach to economic development.

The key is not only attracting investment in the first place—which is difficult enough—but ensuring aftercare for the companies involved. Local and national Government have to provide facilities and work with companies that want solutions to problems. It is not just about getting them to come in and then forgetting about them. It is about working with companies over a period of time.

As I said, the city council has won many awards, but I read recently that it also received recognition from an unusual source. I do not usually pray in aid leading members of the Conservative party but I shall make an

[Mr. Fraser Kemp]

exception on this occasion. A leading former Sunderland businessman and leading Conservative, Sir Tom Cowie, feels that Sunderland—

It being Ten o'clock, the motion for the Adjournment of the House lapsed, without Question put.

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Michael Foster.]*

Mr. Kemp: As I was saying, a leading Conservative and Sunderland businessman, Sir Tom Cowie, discussing economic development in the city, said in May 2008:

"You can't fault the council".

That is a considerable endorsement from a leading member and supporter of and financial donor to Her Majesty's Opposition.

We have had some welcome high-profile announcements. The Nissan decision was great news for the constituency. It was announced that Nissan would build its new model at the plant, resulting in hundreds of new jobs not just at the plant but in the supply chain, which is often based around the area. I would also like to place on record my thanks to the Government for their financial contribution to research and development and for ensuring that Nissan had all the support it could possibly ask for from the UK Government. That is a tremendous endorsement and this week the plant announced that it will have to change its shift system because of the unprecedented demand for the models that it makes. That is great news.

There are many other good news stories. Over the past few years, some 60 international inward projects have come into the city. The projects have recently included Nike, the sports manufacturer, which has announced that its headquarters will be based in the city, accounting for about 15 per cent. of all jobs there. Although we have had setbacks, such as Northern Rock and other closures, in many instances they have been balanced by the additional growth and the announcements of new jobs in the city.

Manufacturing remains hugely important. It accounts for 26.3 per cent. of all jobs, which should be seen against the backdrop of a national statistic of about 10.9 per cent. We also recognise—perhaps learning from the past when there was a huge dependence on specific industries—that in order to cope in a global environment we need resilience, a wide jobs base and a wide economic base, which will mean that we do not face some of the problems that we have seen in the past. As part of that strategy, Sunderland is internationally recognised as one of the top cities in the world for technology investment.

A heavy commitment has gone into launching software city, an industry-led initiative supported by city council finance. Some £7 million went into building the new Evolve centre in my constituency, where companies such as the home-grown international Leighton Group, under the leadership of Paul Callaghan, are based and produce innovative software. I visited the company a few weeks ago and was very impressed by what it was doing and by its work force, many of whom lived locally or had gone to local colleges and the university. They were employed in a dynamic and growing company. We were also successful in the UK Government's digital challenge bid, where we got £3.5 million towards community-based projects that deal with technology.

That has all helped to give us a competitive advantage. It is coupled with the partnership that we enjoy with the private sector. Many people talk about partnership and it is a very popular word, but in our case the partnership is real because it is based on trust. It has not happened in just the past few years, but has been ongoing in the city. We have also provided high-quality premises not just for large employers but for small and medium-sized enterprises, too. The latest of those developments is based at Rainton Bridge in my constituency. The 54-acre site will provide about 850,000 sq ft in space, with a potential for 4,000 jobs and about £100 million in investment. Northern Rock was due to relocate staff there and we await Ron Sandler's restructuring plans, but we remain optimistic that the development will do well.

I spoke earlier about infrastructure projects, and the city council has submitted a revised business case for improving the highway infrastructure on the central route into the development. The companies on the site supply companies such as Nissan and therefore need good infrastructure. I urge the Minister to speak to colleagues in the Department for Transport to ensure that the council's revised bid gets early consideration and a quick answer.

Planning permission has just been awarded to Barnston Holdings, part of Nissan Land Holdings, for another 600,000 sq ft site offering 4,000 jobs. Development land is important in many urban areas and I urge the Government to ensure that public bodies such as city councils can identify and purchase sites for development well in advance.

I also want to mention the effect that the full business rate on unused sites has on development. I understand the reasons, but the matter needs to be reviewed. We should not have detrimental fiscal policies that might act as disincentives to developers prepared to invest heavily, as part of a speculative venture, in new building in the hope of attracting jobs.

I shall conclude by saying that our record in these matters is a proud one. The achievements speak for themselves, but I pay tribute to the many companies that have come to my constituency and the city of Sunderland. They have put their faith in the area and the people who work for them. Ultimately, it is those companies that provide the jobs, whereas our job is to ensure that there is an excellent business environment for doing business. That is all about working in partnership and ensuring that companies know that we are continually improving our education facilities and skills base.

One lesson that we have learned is that foresight is very important, as we need to be able to predict, as far as possible, how things will turn out. In the past, economic changes that took 20 or 30 years now happen in five or 10, as many of the rules of the old economic order have gone out of the window.

I have told the House before that I attended last year's "State of the City" debate in Sunderland, when a young man just leaving school asked me what sort of job he would have in 30 years' time. That made me think, as I left a school in my constituency just over 30 years ago. If someone had told me then that, today, there would be no shipbuilding, that mining would be gone for ever and that the city would produce 400,000 cars a year, 78 per cent. of which would be exported to Europe, I would have been amazed. Indeed, some of the

cars even go to Japan: all that, given the state of the British car industry in the 1970s, made me wonder how to answer that young man.

We live in a fast-moving economy, and we need to develop a public policy that is adaptable and flexible enough to enable us to meet the demands of business. If we do that, we will generate the wealth that our constituents expect will be spent on the services that they need so much.

10.8 pm

The Minister for Employment Relations and Postal Affairs (Mr. Pat McFadden): I begin by congratulating my hon. Friend the Member for Houghton and Washington, East (Mr. Kemp) on securing this debate about the economic development in the area that he represents, and on his thoughtful and thought-provoking speech. I know that he cares passionately about this subject, and since becoming the MP for the area he has been not just a very active but a highly effective MP for his constituency, particularly in securing the jobs, investment and development that are so important to the local economy. Given that strengthening regional economies is a key strand of the Government's policy, I very much welcome the opportunity to reflect on economic development in Sunderland.

As my hon. Friend said, his constituency and the surrounding city have been through hard times in the past, but he showed that a great deal of progress has been made and that the city has come a great distance in recent years. I was delighted to hear the good examples that he set out of progress towards future growth. In the first five years of this decade, average year-on-year growth per head was 3.2 per cent—higher than the north-east as a whole, at 2.4 per cent., and the UK average. That has contributed to a significant increase in jobs in that period, to the tune of about 15,000.

It is most encouraging to see that developments in recent years have meant that Sunderland has moved into new and exciting areas, functioning in a global context and competing internationally, as my hon. Friend said. At a time when being connected is more important than ever for individuals, cities and countries, people in Sunderland are leading the rest of the country in embracing digital technology as part of their everyday lives. Some 66 per cent. have broadband connections, compared with a national average of 57 per cent. He mentioned the digital challenge competition, in which the city was recently successful, and Doxford International is the first business park in the UK, outside London, to be awarded world teleport status. That demonstrates the development of broadband telecommunications and the information and communications technology skills of the local work force.

The Government are investing in both the infrastructure and the people of Sunderland through a wide range of projects supported by European regional development fund and European social fund money, including community economic development, business support, capital investment and training. Many of those projects have been under the umbrella of regional support provided by the regional development agency One NorthEast, the Learning and Skills Council and others. I also echo the tribute that my hon. Friend paid to the positive and outward-looking city council that Sunderland has had in recent years. As he said, much of the progress in the area has resulted from the partnership between the city council and those other bodies. That has led to a strong local area agreement for the city and a wider multi-area agreement for Tyne and Wear.

Along with investment in buildings, the Government are investing in infrastructure. My hon. Friend has played a positive and important role in supporting the Sunderland strategic transport corridor, discussions on which are ongoing between my colleagues at the Department for Transport and Sunderland city council, and I will bear in mind what he said this evening. The region's interim regional transport board has recently confirmed its support for the scheme.

The Government have also recently invested some £20 million in the Sunderland aquatics centre, which is intended to be a training centre for the 2012 Olympics. I know that the development is warmly welcomed by my hon. Friend and other local MPs. The Sunderland urban regeneration company has delivered a number of physical regeneration projects in the city, such as the Sunniside project, for which a brownfield site containing many historic buildings is being developed into new residential, retail, food and drink and leisure opportunities.

As my hon. Friend said, there is ongoing private sector investment, and he outlined the benefits at Rainton Bridge. The presence of its own back-up generators, uninterruptable power supply and fire suppression systems has created an ideal location for disaster recovery facilities.

The story of Sunderland in recent decades would be incomplete without mention of the role of Nissan, which has been critical to the local economy for more than two decades. Recent announcements by Nissan have provided encouraging signs of continued growth. The first of these, of course, is the new model that is to be produced. The Government were delighted to provide £6.2 million in grant aid towards an overall investment for the car of more than £55 million, split between the Sunderland site and suppliers' plants. My right hon. Friend the Secretary of State for Business, Enterprise and Regulatory Reform described the new car as "a great British achievement". The second achievement is the success of the Qashqai, which has led to the recent recruitment of 800 employees, bringing the Sunderland total to 5,000. As my hon. Friend said, the plant is on target to make a record 450,000 cars this year, and has introduced round-the-clock production to the site. That record means that one in every five cars built in the UK is a Sunderland-made Nissan.

Quarterly economic reports that we receive from businesses in the region remain broadly optimistic, even in these more uncertain times. Of course, times are more uncertain, not just here but right across the globe. We have seen, for example, the impact of the international credit crunch on Northern Rock. Here, apart from the wider economic importance of the Government's actions, the region also required support in the form of decisive action from the Government. Managing the reduction in jobs and the related issues is, I know, an issue that Sunderland is currently addressing with the support of the regional development agency and other regional partners.

So, for our part, continuing to invest in infrastructure, in projects to develop the skills of the people and to attract new businesses are the areas that we must focus on and I am pleased to see that these are being addressed.

[Mr. Pat McFadden]

Apart from economic issues, health issues have long been a challenge for the north-east, and it is heartening to see that as well as its impressive economic achievements, Sunderland council has been shortlisted in this category, as well as in reducing re-offending, for the annual Beacon awards. I am sure that this will only spur the council on to invest further in health improvements across the city. Sunderland has also had some success in testing new ways to help long-term incapacity benefit claimants off benefit and into sustained employment. That is critical to expanding opportunity for those who need it most. The city is 80 per cent. towards a three-year target of 500 benefit claimants into work by 2009. This is impressive, but as my hon. Friend said, it is also an ongoing challenge, with some 20,000 people in the area in receipt of the benefit as of last summer. So we have set ourselves and the north-east challenging targets to drive forward the social and economic regeneration agenda. It is encouraging to see the regional development agency playing a key role in progress in Sunderland. But it is not just funding that will enable us to continue to make the progress that is necessary into the future. We also have to streamline the bureaucracy and increase delegation, and that is what we are doing through the sub-national review. The successes in the north-east give us confidence to delegate more to the region.

I am delighted that the area that my hon. Friend represents has done so well to increase the growth rate in recent years. I know that he and the local council have played an important part in this. The leadership that they have shown will be all the more important as the city navigates its way through what will perhaps be more uncertain economic times. I am sure that my hon. Friend will continue to play his part in the ongoing economic development, the outward-looking, positive success story and the development of the area that he has so ably represented over the years.

Question put and agreed to.

Adjourned accordingly at eighteen minutes past Ten o'clock.

House of Commons

Wednesday 2 July 2008

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

WALES

The Secretary of State was asked—

Digital Inclusion

1. **Hywel Williams** (Caernarfon) (PC): What steps he is taking to promote digital inclusion in rural areas in Wales. [214274]

The Secretary of State for Wales (Mr. Paul Murphy): As both Secretary of State and the Minister responsible for digital inclusion, I am working closely with the Assembly and the other devolved Administrations to develop a new digital equality action plan. It will address issues for those living in rural communities, and I hope that it will be published later this month.

Hywel Williams: People without access to broadband are as excluded and disadvantaged as their counterparts in the 1950s who scrambled around with candles and kerosene lamps while everyone else had power at the turn of a switch. I have taxed BT about the problem many times, for instance in a letter that I wrote on 28 April to which I have still not received any acknowledgement or reply. Has the Secretary of State, in both his roles, had any discussions with his counterparts in Scotland, where I understand that BT advertises broadband availability 13 km from the exchange, compared to 6 km in Wales? How can that be done in Scotland if it cannot be done in Wales?

Mr. Murphy: I agree with the hon. Gentleman. I shall make a point of talking to my colleagues in the Scotland Office and, when appropriate, to the Scottish Executive as well.

I take the hon. Gentleman's point about parts of Wales which are not yet up to speed with broadband, and I can tell him that the Welsh Assembly Government take that very seriously too. They have provided funds for the upgrading of some 35 telephone exchanges in Wales which the companies believed were not profitable, but which the Welsh Assembly Government considered important to ensuring that broadband reached every part of Wales, including rural areas. They have also introduced a registration system for those who cannot access broadband, and 1,500 people and firms have already contacted Cardiff. The fact that take-up of fixed-line telephones and broadband in rural areas in Wales is higher than it is in urban areas demonstrates that there is a call for it.

Mr. Stephen Crabb (Preseli Pembrokeshire) (Con): Hundreds of people in Pembrokeshire have found that they cannot access broadband because of antiquated line-sharing devices, even when the local exchange is enabled. BT cannot tell me how many other households are affected by the problem, and seems to have no strategic plan for upgrading the infrastructure. Does the Secretary of State think that the tens of millions of pounds of public money that BT has received to roll out broadband in rural areas is money well spent?

Mr. Murphy: I think that BT is spending the money properly in Wales, but I take the hon. Gentleman's point, particularly in the context of my first answer. I shall be meeting BT next week to discuss these issues, and I shall make a particular point of mentioning Pembrokeshire. Later this year the Assembly Government will undertake a tendering process to choose a supplier to provide broadband infrastructure and services in what are known as "not spots" in Wales, and they expect the contract to be awarded next year. This is an important issue, and I will take it up.

Mark Williams (Ceredigion) (LD): When the Secretary of State meets BT next week, will he mention not only Pembrokeshire but Ceredigion? I am sure he will endorse the work of Ceredigion county council, which carried out a survey of "not spots" to identify the gaps in the system, but will he also endorse the comments of the Mid Wales Partnership about the need for "urgent planning and investment" to improve high-speed internet connections? I am particularly interested in the business case: a number of small businesses feel that they are being impeded by the lack of action to deal with the problem.

Mr. Murphy: The hon. Gentleman is right. I take account of the fact that, in rural Wales particularly, many people work at home and need their computers. They need to be online, and in a position in which they can benefit from the new technology, for their businesses to work. When I meet BT, I shall be sure to discuss the problems of Ceredigion as well as those of the other counties in Wales.

Drugs (Prisons)

2. **Mr. Henry Bellingham** (North-West Norfolk) (Con): When he next expects to meet the Secretary of State for Justice to discuss drug abuse in prisons in Wales. [214275]

The Parliamentary Under-Secretary of State for Wales (Huw Irranca-Davies): My right hon. Friend the Secretary of State and I regularly meet ministerial colleagues and others to discuss a variety of issues, including prisons. The Prison Service drug strategy introduced in 1998 has had a positive impact on drug use in prisons. The number of positive drug tests continues to fall, while the number of successfully completed treatments continues to rise.

Mr. Bellingham: Why are young criminals going into Welsh prisons as mild drug users and coming out as hardened addicts who then reoffend to feed their habits? Other countries, such as the United States, Sweden and Germany, are making substantial progress in ridding their prisons of drugs. Why can we not do the same here, and why cannot Welsh and Justice Ministers get a grip and take the matter seriously?

Huw Irranca-Davies: People tend to read and listen to some of the more salacious stories of drug use in prisons. The hon. Gentleman has raised an important point, but let me emphasise again that we are actually succeeding. The bare facts are that 8.6 per cent. of mandatory drug tests yielded positive results in 2006-07 compared with 20 per cent. 10 years ago, and positive testing for use of opiates has fallen by more than 25 per cent. in the past 10 years. I realise that tabloidese headlines make cases of drug use into huge stories, but the actual trends and evidence show that the drug programmes in our prisons are working.

Paul Flynn (Newport, West) (Lab): How can it possibly make sense to reclassify cannabis and increase the sentence for cannabis users from two years to five years when not a single prison in the country is free of the open use of heroin and cocaine? Is it not true that we will be sending cannabis users into prison to be discharged as heroin addicts?

Huw Irranca-Davies: My hon. Friend has regularly raised these issues, but I hope he will also welcome the advances that have been made. More than 7,500 drug treatment programmes were completed in prisons in England and Wales in 2006-07, which is 1,500 over target. Although I know that my hon. Friend will continue to advocate his case very forcefully, the programme that we have in place in prisons is undoubtedly proving effective.

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): I listened carefully to the Minister telling us the statistics on improvements, but that is not what the Prison Officers Association or the National Association of Probation Officers believe. A lifer recently asked to be taken from an open prison in Wales back into a closed prison because the temptation to go back on heroin was so great. There have been numerous similar examples in recent months of people requesting to go back into closed conditions because of the ready availability of heroin. I realise that it is a big problem, but, frankly, a bit more effort needs to be put in.

Huw Irranca-Davies: This is an important point. Constant attention, constant resourcing and focus are required to turn the situation around. The hon. Gentleman makes a valid point that we must keep up the effort and keep pushing harder. That is true, and hon. Members who have raised that point are pushing at a genuine issue, but we are going in the right direction. We will always have to do more, and when there are instances such as those the hon. Gentleman reports, we must work to address them, but we are pushing in the right direction—and, I must say, doing so for the first time in many years and after decades of underspending in prisons.

Mrs. Madeleine Moon (Bridgend) (Lab): Parc prison in my constituency has effective medical and psychological support for those who are struggling to cope with their drug addiction, but does my hon. Friend agree that social support is also vital to tackling the issue—to make contact with and enable good visits from their families, and to help people to learn to play and read with their children?

Huw Irranca-Davies: My hon. Friend is absolutely right to highlight that there is not a single line of attack on this issue. She is a supporter of, and a regular attender at, Her Majesty's prison Parc, with the Parc Supporting Families group, which does excellent work. Parc prison has consistently low results in random drug testing: prisoner drug abuse levels average below 6.5 per cent. as against the target of more than 15 per cent. Therefore, I welcome the work going on, particularly within the wider ambit of support for families and for resettlement, and I pay tribute to the work of my hon. Friend and others in supporting that.

Mrs. Cheryl Gillan (Chesham and Amersham) (Con): The Minister is painting a rosy picture. Over the past three years, despite a 30 per cent. increase in prison drug cases reported to the police, the proportion of prosecutions for drug offences in prison has dropped from 24 per cent. to 18 per cent. of all reported cases. How many drug offenders in Welsh prisons have been prosecuted over the past three years, and when will this Government truly use the legislation to clean up our prisons and end this drug culture on the inside?

Huw Irranca-Davies: Again, I say to the hon. Lady, who speaks from the Conservative Front Bench, that this is a genuine issue that we are all struggling to grasp. We want offenders who enter prison to come out having turned their habit around so that they can be resettled, and the trends are going in the right direction. I hope she will welcome the funding for drug treatment in prisons, which has doubled from £12.7 million to £24 million in 2008-09, and will further increase to £39 million in 2009-10, and to £43 million in 2010-11. Not only are the trends going in the right direction, but we are putting our money where our mouth is to make sure that that is right for prisoners.

Dee Estuary

3. **Ben Chapman** (Wirral, South) (Lab): What recent discussions he has had with the First Minister on the environmental status of the Dee Estuary; and if he will make a statement. [214276]

The Secretary of State for Wales (Mr. Paul Murphy): I have regular discussions with the First Minister on a range of issues, including marine and environmental matters. The Dee estuary is of huge importance to wildlife and the environment, and I welcome its bid to become a special area of conservation site.

Ben Chapman: May I tell my right hon. Friend how much I welcome the Dee Estuary Cockle Fishery Order 2008, which came into force yesterday? It has the potential to provide a safe and sustainable fishing environment, as opposed to the over-exploited and unsafe one that existed before. As he has said, the Dee will continue to be a vastly important site that requires a balance between ecology and economy. Will he assure me that that balance will continue to be struck and that he will monitor the estuary to ensure that, not least in relation to dredging?

Mr. Murphy: I too welcome the Dee Estuary Cockle Fishery Order 2008. Coming into force in July, it will ensure that we have a sustainable and safe fishery in the

estuary. My hon. Friend first asked me a question on this issue on 27 June 2001, and I am glad to say that at last we are reaching the point at which the Dee estuary will become a special area of conservation. That will boost the local economy as well as protecting local wildlife, and I look forward to answering more questions from my hon. Friend on this very important issue.

Lembit Öpik (Montgomeryshire) (LD): In the same context, what assessment has the Secretary of State made of the Marches estuary and the proposed fresh-water lake for periods of potential flooding in the Llandrinio area? Is he not aware of the damaging environmental consequences of the Environment Agency's proposals to flood a part of my constituency, as opposed to the positive comments he was able to make about the Dee estuary? Will he look into the overwhelming objections of my constituents to being involuntarily flooded out for the sake of flood mitigation downstream?

Mr. Murphy: It is a long way from the Dee estuary and cockles, but I am happy to meet the hon. Gentleman to discuss the issue that he raises, as I know that it is very important to his constituents.

Hospital Waiting Times

4. **Michael Fabricant** (Lichfield) (Con): What discussions he has had with Welsh Assembly Government Ministers on trends in waiting times for residents in mid-Wales referred to hospitals in England for operations; and if he will make a statement. [214277]

The Parliamentary Under-Secretary of State for Wales (Huw Irranca-Davies): I have regular discussions with Welsh Assembly Ministers and the Department of Health to discuss the important issue of the delivery of health services between England and Wales. Indeed, only last month the First Minister of Wales gave evidence on cross-border services to the Select Committee on Welsh Affairs.

Michael Fabricant: Does the Minister accept that there is a real problem for patients in mid-Wales who need to go to hospital in England, especially to the hospital in Oswestry? I know of a lady who lives near Llanegryn in the Dysinni valley, not far from Tywyn. Four years ago she developed a crumbling hip, but she had to wait—as her doctor said—until it became agony before she could be referred to hospital. Now, 32 weeks later, she is still waiting for a hospital appointment, and she is not alone. What steps can the Minister take to prevent that from being repeated elsewhere?

Mr. Speaker: Order. Long supplementaries are unfair to other hon. Members.

Huw Irranca-Davies: It is important that the concerns of constituents, from whichever constituency, are raised in the House and through their MPs, but the hon. Gentleman is right to raise the important issue of cross-border treatment of in-patients and out-patients. Progress is being made. We have to deal with the individual instances and drive down waiting times. On both sides of the border, waiting times continue to fall significantly. In May 2006, 768 Welsh residents were waiting more than 22 weeks for in-patient treatment, but in May 2008, only one person had waited for that long. For out-patients, in May 2006, 940 Welsh residents were waiting for more than 22 weeks, but zero patients were waiting in May 2008. We are making progress, but individual cases need to be taken up so that patients do not have to wait for a long time.

Mrs. Betty Williams (Conwy) (Lab): In respect of health services in mid-Wales and elsewhere, would my hon. Friend care to comment on the announcement today of £100 million of additional funding for health services in hospitals and for palliative care? What effect will that have on patients from mid-Wales and the rest of Wales? Does he agree that that is an excellent example of good practice by the Welsh Assembly Government as we celebrate 60 years of our NHS?

Huw Irranca-Davies: Indeed; the NHS was of course the brainchild not only of a great individual in Wales, Nye Bevan, but of great people who came together with the founding principles of a health service that was free at the point of delivery and available for everybody. Today's announcement of £100 million of funding for improvements to hospitals and palliative care is wonderful news for mid-Wales and elsewhere. That funding includes £12 million for the development of a north Wales cancer centre, £23.5 million to develop mental health facilities in north Wales and £66 million for a new hospital in Mountain Ash. We on the Labour Benches are convinced that not only was the NHS undoubtedly one of the biggest significant issues of the post-war Labour Government but it will continue to be maintained and to prosper under a Labour Government, both here and in the Welsh Assembly Government.

Mr. Roger Williams (Brecon and Radnorshire) (LD): When Welsh patients compare their experiences with those of their English neighbours, they know that they are second-class patients because of the extra time that they have to wait for procedures. Will the Minister tell me when Welsh patients will have equal treatment to English patients?

Huw Irranca-Davies: The hon. Gentleman is absolutely right to say that the patient outcome should be excellent on both sides of the border. We can look at the innovations that the Welsh Assembly Government have made in primary care, too. In many things, they are leading the way. We do not have a divided health service. Under devolution, we have two Administrations working hard to deliver the founding principles of the NHS. We will continue to do so. That is why we are seeing waiting times falling in England and in Wales. That is why we are seeing continued investment in health in England and in Wales. That is why we are seeing the refurbishment of accident and emergency units and new-build hospitals in England and in Wales. The future of the NHS is safe in Labour's hands.

Albert Owen (Ynys Môn) (Lab): The Minister is right to mention the cross-border inquiry, in which the Select Committee on Welsh Affairs is involved. Part of the evidence that we have received shows that there is a concordat between the Welsh Assembly Government and the Department of Health. Does he agree that that needs to be strengthened further to include local health

bodies on both sides of the border? Finally, does the Minister agree that it is important that the hon. Member for Lichfield (Michael Fabricant) and I can debate Welsh and English matters in the House of Commons and that any Tory proposals for English-only would debar us from doing that?

Huw Irranca-Davies: My hon. Friend raises two important points. I am pleased to say to him and to the House that the cross-border protocols that the Welsh Affairs Committee had been considering are subject to constructive engagement between Welsh Assembly Government officials and Whitehall officials. We hope for rapid progress and we hope to deliver something that will benefit patient outcomes by April next year. Those measures will be in place. On the issue of Welsh MPs' being able to speak on health issues, my hon. Friend is absolutely right. We cannot have a two-tier system whereby Welsh MPs are precluded from speaking on issues that people bring to their constituency offices. We will ensure that that does not happen.

Mr. David Jones (Clwyd, West) (Con): The Minister says that there is no divided health service, but he will be aware that Hereford Hospitals NHS Trust is now refusing to operate differential waiting lists between English and Welsh commissioners, so Powys local health board is obliged to employ a consultant to advise it on who should be treated first. That consultant happens to be based in Hereford hospital. Does not the Minister agree that that is a ludicrous state of affairs? Will he press the Welsh Assembly Government to ensure that patients from mid-Wales are treated at their local hospital, Hereford, on exactly the same basis as patients from England?

Huw Irranca-Davies: The hon. Gentleman raises an important point about trusts' engagement across the border and cross-border protocols. We must undoubtedly get that right, because we want patients on both sides of Offa's dyke to have good health outcomes. He asks whether we will continue to engage with the Welsh Assembly Government and UK Health Ministers on the matter. Yes, we will. The Wales Office has a pivotal role in that, because we want the same thing: Welsh patients and English patients having good health outcomes and not being tied up in any disagreements through cross-border issues.

Cardiff Airport

5. **Ann Clwyd** (Cynon Valley) (Lab): What recent discussions he has had with the Welsh Assembly Government on increasing the number of international routes flown from Cardiff International Airport. [214278]

The Secretary of State for Wales (Mr. Paul Murphy): I have regular discussions with Welsh Assembly Government Ministers concerning all matters affecting Wales, including air transport.

Ann Clwyd: As everyone is agreed that there is over-centralisation of air transport in the UK, why are 70 per cent. of air travellers in Wales still forced to go outside the country to get to their destination? Surely it is time that services from Cardiff airport were able to fly to more destinations in the world.

Mr. Murphy: Yes, I accept my right hon. Friend's point. She will know, of course, that from Cardiff one can go directly to 61 destinations, from Alicante to Warsaw. However, she is right that the business community in Wales in particular would like more direct flights, for example to Germany and Belgium. Cardiff International airport is working on that together with the Welsh Assembly Government.

David T.C. Davies (Monmouth) (Con): Does the Secretary of State not find it extraordinary that in spite of all the concerns about climate change, internal flights in Wales are being subsidised by Welsh taxpayers? Does he not agree that any flights are good, but only if the market rates support them?

Mr. Murphy: I think that the hon. Gentleman will accept that there is a need for a north-south air link, and that the Assembly is spending taxpayers' money well by ensuring that there is a proper link by air between the north and south of Wales. He knows how long it takes to get by road or rail from Anglesey to Cardiff. I think that it is good money well spent.

Mrs. Cheryl Gillan (Chesham and Amersham) (Con): The Secretary of State and I agree that Cardiff airport is crucial to the Welsh economy and that we need to secure its future. Does he agree that any road charges that might be introduced in Wales and not in England under the provisions of the Local Transport Bill, if they are on roads linking to the airport, would give it a serious competitive disadvantage against, say, Bristol airport? Is that not another reason why the Welsh provision put in the Bill at Plaid's request should be dropped forthwith?

Mr. Murphy: I do not know of any plans to charge for roads going to the airport in Cardiff, but I understand what the hon. Lady says, and it is important to have good road links between the airport and the rest of south Wales.

Sporting Events

6. **Ian Lucas** (Wrexham) (Lab): What discussions he has had with the First Minister on holding national and international sporting events in Wales; and if he will make a statement. [214279]

The Parliamentary Under-Secretary of State for Wales (Huw Irranca-Davies): My right hon. Friend the Secretary of State and I have regular meetings with the First Minister and other Welsh Assembly Government Ministers to discuss matters affecting Wales, including sporting events. The House will know that Wales now has an international reputation as a nation capable of winning and hosting successful major sporting events—a reputation that we hope to enhance still further.

Ian Lucas: My hon. Friend will be aware of the great enthusiasm in Wales to host the 2016 European football championships in collaboration with Scotland. Will he have a word with some of his Scottish colleagues in government to encourage them to speak to the Scottish Football Association about the joint hosting of the European championships, to mirror the success of the tournament that we have just seen?

Huw Irranca-Davies: My hon. Friend and his Assembly counterpart Lesley Griffiths are championing the cause of the tie-up between Wales and Scotland to host the 2016 European championships. I will be more than happy to discuss it with Scottish counterparts. As he knows, Wrexham now has a reputation for hosting international football matches at the Racecourse Ground. Only last month, it held rugby matches in the International Rugby Board junior world championships.

Jenny Willott (Cardiff, Central) (LD): Clearly, one of the most important international sporting events coming up is the Olympics. I am sure that the Minister is aware that just two of the more than 600 contracts that have already been awarded for the Olympics were awarded to Welsh companies. That undermines the Government's pledge that the wealth from the Olympics would be shared fairly across the UK. Will he meet the Minister for the Olympics to try to ensure that Wales gets its fair share of the remaining £4 billion-worth of contracts that will be coming up?

Huw Irranca-Davies: I will indeed. In fact, my right hon. Friend the Secretary of State and I meet my right hon. Friends the Minister for the Olympics and the Secretary of State for Culture, Media and Sport to stress Wales' commercial importance for the Olympics. All Welsh Members have a role to play in encouraging business to come forward. The Olympic Delivery Authority expected to deliver 2,000 contracts before the games, and we should all encourage Welsh businesses to tender for them.

PRIME MINISTER

The Prime Minister was asked—

Afghanistan

Q1. [215350] **Jeremy Corbyn** (Islington, North) (Lab): When he expects all British troops to be withdrawn from Afghanistan.

The Prime Minister (Mr. Gordon Brown): I am sure that the whole House will first wish to join me in sending our profound condolences to the families and friends of Warrant Officer 2nd Class Dan Shirley of 13th Air Assault Support Regiment, Royal Logistics Corps, and of Lance Corporal James Johnson of 5th Battalion, the Royal Regiment of Scotland, who have given their lives in Afghanistan in the past week. We owe them, and all those who have served, an immense debt of gratitude.

Afghanistan is the front line against the Taliban. Forty nations under a UN mandate are contributing more than 50,000 troops. More than 6 million children are now in school, and there has been a 25 per cent. fall in infant mortality. We will not set an artificial timetable but, as the capability of the Afghan national security forces improves, Afghan forces will take over more and more responsibility for their own affairs.

Jeremy Corbyn: I join the Prime Minister in expressing condolences to the families of those soldiers who perished recently, and of the more than 100 others who have died during the British presence in Afghanistan. Is he aware that more than 2,000 Afghan people have died this year alone, and that this year the war will cost the British taxpayer £1.6 billion? Does he not think that there is a need for a re-examination of our strategy in Afghanistan? We have been there seven years, but the poppy crop is at record levels. Would it not be better to start buying the poppy crop so that it can be used for medicinal purposes and not for the drug trade, and in order to undermine the basis of the instability in the country? Should we not also set a timetable for the political dialogue that will ensure that we can withdraw British troops as soon as possible?

The Prime Minister: Responsibility for the violence and death lies with the Taliban and their supporters. Over the past few years, we have trained 58,000 soldiers in the Afghan army, and the police are now training 80,000 Afghan local police. As their capability improves, not only will we allow Afghan forces to take more control over their own country but local and national Government will also be more secure and the economic and social development programmes that we are engaged in will happen too. We have doubled the number of poppy-free provinces in the last period of time. We are continuing to fight the war against heroin as well, but I assure my hon. Friend that the reason that we are in Afghanistan is to stop the Taliban taking over there and to stop al-Qaeda coming back in that country. Our aim is to remove the threat to the Afghan people and the whole of Europe, including our own country.

Bob Russell (Colchester) (LD): I join the Prime Minister in the expression of condolences, and endorse all his comments on why British troops must remain in Afghanistan for the foreseeable future. On Monday, I attended the funeral in my constituency of Lance Corporal James Bateman. He did not die in vain, and nor did any of the other seven members of 16 Air Assault Brigade who have lost their lives in Helmand province over the past month.

The Prime Minister has referred to the 43 nations that are in Afghanistan. Will he confirm, however, that the number of European NATO countries in southern Afghanistan can be counted on the fingers of one hand? Is it not time that our European allies did more to send their troops to the front line, and that they stopped relying on Britain to take the brunt?

The Prime Minister: I join the hon. Gentleman in paying tribute to his constituent, who died serving the country in a noble cause. As for the progress being made in Afghanistan, I can only report what Sir Jock Stirrup, the Chief of the Defence Staff, said only this morning. He said that

"the progress we've made over the last few months is remarkable."

Speaking about Helmand province, he said:

"The last time I was here, I wasn't able to come into the town at all. It was a full-scale battlefield...Now we've just come twice through the main street."

That is a sign that things are improving as a result of the presence of British troops. I agree with the hon. Gentleman, too, that every country that has signed up to the coalition forces should make a contribution, and that in some cases that contribution should be bigger than the one being made at the moment. We have asked for the supply of forces and equipment. The hon. Gentleman will know that the French have agreed to put extra

forces in Afghanistan, and they will allow the American marines to move south into Helmand province. At the same time, the Germans are offering support in policing, which will allow us to increase dramatically the number of police who are being trained in Afghanistan. As for helicopters, we have asked all European countries with helicopters to make them available for the difficult terrain in Afghanistan. But I agree with the hon. Gentleman that, as we said at the NATO meeting in Bucharest, all the countries that have signed up to this venture should make their fullest possible contribution.

Engagements

Q2. [215351] **Chris Bryant** (Rhondda) (Lab): If he will list his official engagements for Wednesday 7 July.

The Prime Minister: I will have meetings with Ministers later today.

Chris Bryant: Robert Mugabe is a corrupt and brutal thug, who just goes to prove that someone can put their hand on the Bible and swear an oath, smile and smile and still be a complete and utter villain. Is it not the case, however, that the United Nations has been far too slow and reluctant to adopt a robust attitude to Mugabe? Is it not time that it was pointed out very clearly to him that he is no more the fairly elected President of Zimbabwe than Pinochet was of Chile?

The Prime Minister: I talked to the Secretary-General of the United Nations only this morning about what I believe are the responsibilities of the United Nations in this area. Given that the only credible election that has taken place was the one in which the Movement for Democratic Change actually recorded a victory, and given that the second round was a travesty at the hands of what is a blood-stained regime, I am pleased that, yesterday, the African Union called for an end to violence, set up a system of mediation and talked about a transitional Government in Zimbabwe. Having talked to the UN Secretary-General this morning, I think that it is right that the UN send an envoy to Zimbabwe. In the absence of real change, we will step up our sanctions and ask other countries to do so. We will press for tough action on Zimbabwe at the Security Council later today, and we will do so at the G8 in coming days. There will not be support for reconstruction in Zimbabwe until democracy is restored.

Mr. David Cameron (Witney) (Con): I agree with every word that the Prime Minister has just said about Zimbabwe: the clearest possible message should go out that we do not recognise the illegitimate presidency of Robert Mugabe.

May I join the Prime Minister in paying tribute to Lance Corporal James Johnson and Warrant Officer 2nd Class Dan Shirley, who were killed in Afghanistan? Their fight in Afghanistan is not just about the stability of that country, but, as the Prime Minister has said, about keeping our streets safe here in Britain.

Will the Prime Minister confirm what he said on the 42 days vote: that no deals were made, no jobs were offered and no rewards were promised?

The Prime Minister: Yes.

Mr. Cameron: I am grateful for the very short and very clear answer. Perhaps the Prime Minister can explain why, this morning, a letter has been published by *The Daily Telegraph* from the Labour Chief Whip to the right hon. Member for Leicester, East (Keith Vaz) that says:

"Thank you for all your help during the period leading up to last Wednesday's votes. I wanted you to know how much I appreciated all of your help. I trust that it will be appropriately rewarded!"

Can the Prime Minister tell us what the Chief Whip meant by "appropriately rewarded"?

The Prime Minister: We thanked the Chairman of the Home Affairs Committee for doing exactly the right thing: for voting in the spirit of the report of the Home Affairs Committee and voting with the Government. As for the allegations being made about the Ulster Unionists and the Democratic Unionist party, I think that the right hon. Gentleman should listen to what they say about terrorism; they know more about it than almost anyone in the House.

Mr. Cameron: Have we not, once again, seen the Prime Minister's utter inability to be straight with people? Why cannot he give a straight answer to a straight question? The Chief Whip—*[Interruption.]*

Mr. Speaker: Order.

Mr. Cameron: The Chief Whip, who should be wriggling with embarrassment, wrote to the Chairman of the Select Committee on Home Affairs—the job of the right hon. Member for Leicester, East—and said:

"I trust that"

you

"will be appropriately rewarded!"

So let me ask the Prime Minister again: do not take people for fools; tell us the truth—what did he mean?

The Prime Minister: He meant that he was thanking the Chairman of the Home Affairs Committee for doing exactly the right thing, and if the right hon. Gentleman has any allegation to make—

Mr. Speaker: Order.

Tom Levitt (High Peak) (Lab): Will my right hon. Friend congratulate the people of New Mills in my constituency, who later this month will have the first community-owned 80 MW hydroelectric power station up and running in New Mills? Will he therefore look at the support that the Government give for small-scale community power stations and encourage green energy at a community level?

The Prime Minister: I am grateful to my hon. Friend. We support the hydroelectric power station that has been created in his constituency, and he will have seen last week the paper that was produced on renewables, showing that we had to increase our contribution to 15 per cent. That will be done by wind, wave and solar power, but it will also be done by hydroelectric power.

Mr. Nick Clegg (Sheffield, Hallam) (LD): May I add my own expressions of sympathy and condolence to the family and friends of Lance Corporal James Johnson and Warrant Officer Dan Shirley, who tragically lost their lives in Afghanistan this week?

The Prime Minister this week published yet another Government review of the national health service, but what does it say about him and his Government that, after 11 years, one in a quarter of all British people now face mental health problems; that, every single day, more than 1,700 children are prescribed anti-depression drugs; and that millions of mental health patients—some of the most vulnerable people in the NHS—still have to wait three years to get help? Does the right hon. Gentleman agree that we now have a two-tier health system in which millions of mental health patients are being left behind?

The Prime Minister: Let me just say that we have increased spending on mental health by 31 per cent. in real terms in the past 10 years. There are now 60 per cent. more consultant psychiatrists working in the national health service, and there are 20 per cent. more mental health nurses. That is possible only because of the investment that we have made in the national health service, which is far beyond what any other party offered or promised at any election, and that is why there are 80,000 more nurses, that is why we are doing 1 million operations, and that is why today, this party, and I believe the whole House, should be proud of 60 years of success in the national health service. I am proud that a Labour Government created it, and I hope that it will have the support of all parties in this House.

Mr. Clegg: The right hon. Gentleman is doing it again: he is confusing a list with an answer, and a review with action. There is a mental health crisis in this country today. Even the new president of the Royal College of Psychiatrists himself said this week that our mental health wards are "unacceptable, uninhabitable, and dangerous." There is no excuse for the Prime Minister's complacency. He once again relies on a promise made in a review, but when will he act to introduce a maximum waiting time and equal rights for all mental health patients?

The Prime Minister: The right hon. Gentleman forgets that one of the purposes of our policy is that fewer people are in hospital and more care is provided in the community, but I can tell him that real investment in adult mental health places has increased by £1.2 billion, that we spent more than £5.1 billion on adult mental health services last year, compared with only £3 billion in 2001, and that capital spending on mental health hospitals and on hospital accommodation has been rising. Yes, we want to do more, but we can do more only if we invest more in the national health service as a whole. That is our commitment; it is not clear whether it is the commitment of all parties in this House.

Q3. [215352] **Shona McIsaac** (Cleethorpes) (Lab): My attention has been drawn to an NHS leaflet that sets out bold plans to launch GP-led health centres, where many services can be located under one roof—as well as other services, such as diagnostics—without destroying the GP-patient relationship. Given that the leaflet was distributed in 1948 at the launch of the NHS, will my right hon. Friend reaffirm his commitment to that founding principle of the NHS—unlike the Opposition, who opposed the proposals in 1948 and continue to do so now?

The Prime Minister: There are 5,000 more general practitioners than in 1997. More and more general practitioners are able to undertake diagnostic and other services in their own practices, and that will continue with more power to GPs in the years to come. My hon. Friend will also be pleased to know that although this time last year there were fewer than 2,000 matrons in the national health service, today we can report that there are 5,500. That is more than a doubling of the number of matrons, and they have greater control over the cleanliness of hospitals now. So, we are giving matrons, nurses and GPs more power in the national health service, and while the Opposition smirk at that the fact of the matter is that we voted for the national health service and they opposed it.

Mr. Cameron: A year ago, I asked the Prime Minister why, under his new early release from prison scheme, dangerous criminals were being let out early against the express advice of probation officers. The Prime Minister promised me that it would be looked into, but it is still going on. One person released early under this scheme returned home and stabbed his girlfriend. He said:

"I cannot believe they let me out. I told them I would do it."

Why has the Prime Minister not stopped this happening?

The Prime Minister: Less than 1 per cent. of prisoners who have been released within 18 days of the due date of their release have been guilty of any further crimes. It is bad when any instance happens, but the right hon. Gentleman has to accept that we are talking about a very low proportion of those who have been released. We have also instructed prisons that they should now ensure that the police are notified in response to any information that they have received that a prisoner poses a risk of domestic violence. So since the incident that he is talking up, we have stepped up our checks, and these will continue to ensure that people are not released if they pose a risk of domestic violence.

Mr. Cameron: But I warned the Prime Minister about this a year ago, and the fact is that nothing was done. The head of the probation officers said on the radio:

"Well, we brought it up last year and as far as I could see they've done nothing."

Does the Prime Minister not realise how serious this is? Probation officers said this week that there are at least 29 cases, and in every one probation staff took the view that the men were not suitable for release. On the issue of domestic violence, which he raises, in eight cases men convicted of domestic violence who were released early went back and beat up their wives or partners. How could that possibly be allowed to happen a year after the Prime Minister said that he would stop it?

The Prime Minister: I have just explained how we have stepped up the checks in response to the National Association of Probation Officers. I have to say to the right hon. Gentleman that we are increasing the number of prison places. It has increased from 60,000 to 80,000 during the period of this Government. It is going up to over 82,000 this year and will rise again to 86,000. The idea that we are not taking action to deal with the bigger problem of the provision of prison places is wrong. We are taking the action that is necessary.

I have to remind the right hon. Gentleman that during the past 10 years there are 16,000 more police on the street, we have more community support officers and at the same time crime is down by 30 per cent. It would have helped if the Opposition had voted for some of our measures. The Opposition voted against our measures on gun crime—to five years for holding a gun. They voted against our measures on DNA. They voted against measures on antisocial behaviour in the period when he was trying to hug hoodies.

Mr. Cameron: No one will ever forget that the right hon. Gentleman was the Chancellor of the Exchequer who did not build the prisons and landed us in this mess. It is absolutely no consolation to the victims of domestic violence that he reads out that list of completely irrelevant figures. He says that they are stepping up the checks, but will he confirm that there are no proper accommodation checks about where these people are going back to and that there are no proper risk assessments? Is it not the case that under his new early release scheme, people are released even though probation officers do not know where they are going and have not assessed them for risk? They end up committing further crimes. A year ago, the Prime Minister told me in this House that he would act. Surely people will conclude that he has failed in his basic duty, which is keeping people safe.

The Prime Minister: The right hon. Gentleman is quite wrong. Over the past 10 years we have increased the number of prison places from 60,000 to 80,000. That was a decision that we made because we ran an economy that could deliver the resources to build the prison places. As for his questions about individual prisoners being released, any prisoner serving over 12 months who is released is subject to probation. As far as concerns about domestic violence are concerned, I have already told him that prisons have been instructed that they should now ensure that the police are notified in response to any information that they receive about a prisoner who may pose a risk of domestic violence.

So we have stepped up our checks. But the right hon. Gentleman has not answered the point that I made. We have acted against antisocial behaviour, we have acted against domestic violence, we have acted so that evidence can be constructed through DNA and we have brought in CCTV. Most of those proposals have been opposed by the Opposition. They talk tough on law and order and act soft. They talk tough on terrorism and act soft. They talk tough about the planning laws, and last week voted against them. On all the major issues, when difficult, long-term decisions are made, they duck the big issues.

Alan Simpson (Nottingham, South) (Lab): Everyone in Britain is affected by rising energy prices, but none more so than those in the 4 million households living in fuel poverty. As a result of the 2 per cent. increase in fuel duty that is scheduled to come into effect this October, the Government will receive in excess of £1 billion in tax revenue. Rather than cancelling the increase as a sweetener for lorry drivers, will the Prime Minister commit that £1 billion to meeting the 2010 targets to take all vulnerable households out of fuel poverty?

The Prime Minister: We are committed to helping those in fuel poverty. That is why we have raised the winter allowance. That is why 3 million households are benefiting from insulation schemes. That is why we have signed agreements with the utility companies to give more money to the lowest-income households, so that their fuel bills can be reduced. We will step up our insulation programme, our draught-proofing programme, and our programme for greater fuel efficiency in homes in the next few months. I have to caution my hon. Friend against the idea that if there is a downturn and oil prices go up, all the benefits go the Treasury. What actually happens is that people spend less, so VAT receipts are less; fewer people are earning, so income tax receipts are less; and less profit is made by most companies, so profits tax is less. He has to take into account the fact that during a period of world downturn, revenues are not up—revenues are down.

Q4. [215353] **Mr. Stephen Crabb** (Preseli Pembrokeshire) (Con): What is worse: coming behind the British National party in Henley, or coming behind the Scottish National party in Glasgow, East? Will the Prime Minister make the trip up to Glasgow to try to prevent that from happening?

The Prime Minister: The hon. Gentleman had the chance to ask about any issue. This morning, one might have thought that Conservative Members—if not those on the Front Bench, then those on the Back Benches—would have acknowledged 60 years of the NHS. Once again, they have resorted to trivia when they could have asked sensible and serious questions.

Q5. [215354] **Gordon Banks** (Ochil and South Perthshire) (Lab): With the attack in Jerusalem and the reported violence on the Egyptian border today, peace in the middle east is vital, not only for that region, but for the world. Will my right hon. Friend take this opportunity to tell the House what more he can do to make sure that extremism does not derail the long-term plan for peace in the region?

The Prime Minister: I am grateful to my hon. Friend, who takes a very big interest in matters in the middle east. I am sorry to hear of reports today of yet another terrorist incident in Jerusalem. I hope that we will hear reports that the casualties are minimal. To help bring about more general peace in the middle east, we have been considering what we can do. We have today laid an order before Parliament extending proscription to cover Hezbollah's entire military wing, solely on the grounds of new evidence of its involvement in terrorism in Iraq and the occupied Palestinian territories. Proscription will not affect Hezbollah's legitimate political and social wings, but we continue to call on Hezbollah to end its status as an armed group, to participate in the Lebanese democratic process, and to do so on the same terms as other political parties.

Mr. Iain Duncan Smith (Chingford and Woodford Green) (Con): In his answer to his hon. Friend the Member for Rhondda (Chris Bryant), the Prime Minister seemed to welcome the African Union's outcome concerning Zimbabwe. Surely the real reading is that that outcome was a complete and utter sham. The reality is that President Mbeki's hand is now being seen

in the process. Surely he is determined to maintain President Mugabe in his role. To do that, they will bully the MDC, try to divide it, and force it to form some sort of ludicrous union Government with President Mugabe. Surely the Government should get all the western Governments to say categorically to President Mbeki, "It is time for you to get rid of this man, and if you don't, trade and aid to South Africa will come under review."

The Prime Minister: It is indeed time for Mugabe to step down, and he has blood on his hands after what happened during the election campaign, in which so many people died and were displaced. I think that the right hon. Gentleman should read into the African Union summit and its decisions, which I have before me, something more positive than what he is suggesting. The summit concludes that the African Union is

"Deeply concerned with the negative reports of SADC"

that is, the election observers—and is

"concerned about…the loss of life"

and wants to avoid "further worsening" of violence. It has reported that it will have an envoy and mediation in Zimbabwe. The aim is to involve the MDC in the Government. I have asked the Secretary-General of the UN to send a UN envoy to Harare. I think that it is important to recognise that the African Union did take a step forward yesterday, but there is a lot more to do, and we should support the United Nations, through the Secretary-General, in its efforts to achieve mediation that could bring about a transition to a democratically elected Government in Zimbabwe.

Q6. [215355] **Margaret Moran** (Luton, South) (Lab): Following my ten-minute Bill, may I congratulate the Government on taking action to ensure that more than 90 per cent. of domestic internet service providers block child abuse images? Is my right hon. Friend aware, however, that there are concerns that similar blocks must apply to local and central Government and to prisons? Will he agree to meet me and children's charities to ensure that all our children will be protected from this appalling abuse?

The Prime Minister: My hon. Friend has been a very vigorous campaigner on behalf of safety for children in using the internet, and it was in no small measure due to her efforts and proposals that we set up the review of internet security led by Dr. Tanya Byron. That review has proposed far greater checks on the internet to ensure security. My hon. Friend is right that we should be aware of what is happening in prisons and in local and national Government, as well as taking other measures. I will be very happy to meet her. We are setting up the internet security council in the next few weeks, and I look forward to meeting her and the children's charities that she mentions.

Angus Robertson (Moray) (SNP): I am sure that the whole House wishes David Marshall a speedy recovery. The Recess Elections Act 1975 allows for parliamentary by-elections when Parliament is not in Session. Why, then, have the Labour Government moved for the quickest possible timetable for a by-election in Glasgow, East, corresponding with the Glasgow fair? Is not that simply down to the fact that the Prime Minister is scared of a bloody nose from the SNP?

The Prime Minister: I am sure that the hon. Gentleman would be complaining if we had waited to have the by-election. It is right that the constituents of this area of Glasgow have a new MP as soon as possible.

Q7. [215356] **Mr. Mohammad Sarwar** (Glasgow, Central) (Lab): My right hon. Friend the Prime Minister may be aware of my early-day motion condemning the Scottish Executive's decision to slash funding for Glasgow science centre from £1.7 million to £1.08 million, which threatens its financial viability. Glasgow science centre is a unique facility that attracts thousands of visitors and has been awarded five-star status by Visit Scotland. Does he share the anger of my constituents and the people of Scotland who use this unique facility and call on the Scottish Executive to reverse this short-sighted decision?

The Prime Minister: My hon. Friend is absolutely right. He is asking a question about what affects the Glasgow people—that is, a 40 per cent. cut in funding to Glasgow science centre as a result of a decision by the SNP Administration. We have doubled science expenditure in this country and we are encouraging young people to visit science centres. It is unfortunate that funding in Glasgow has been cut as a result of the SNP's decision, and it will live to regret that.

Sir Peter Tapsell (Louth and Horncastle) (Con): Are we to understand that the right hon. Gentleman's bleak message to the country is that for many years to come, at Prime Minister's questions, he and his successors will pay mournful tribute to the gallant men and women who in the previous week have been killed in Afghanistan fighting an unwinnable and deeply unpopular war when it is widely understood that the Taliban are not international terrorists and that the international terrorists are now mostly trained in Pakistan, Iraq and Britain?

The Prime Minister: I invite the hon. Gentleman to join the Defence Secretary in a visit to Afghanistan to see it for himself. As a result of what has happened, the Taliban have been removed from power. Some 40 nations are contributing 50,000 troops. There were no girls in education in Afghanistan at all, and as a result of what we have done, there are now 2 million in education. I hope that the hon. Gentleman will take up that invitation.

Q8. [215357] **Mr. Robert Flello** (Stoke-on-Trent, South) (Lab): On 12 July, at Britannia stadium, in the presence of Archbishop Desmond Tutu and the legendary Pelé, there will be a celebration of goalkeeper Gordon Banks and his achievements. Will my right hon. Friend join me in paying tribute to the achievements of someone who is not only a great goalkeeper—perhaps the best in the world—but a decent man?

The Prime Minister: I should also congratulate my hon. Friend's club, Stoke City, on achieving promotion to the premier league. I am looking forward to meeting Gordon Banks. He was capped 73 times for England, and it is absolutely right that we unveil a statue to him at the Britannia stadium in Stoke.

British Overseas Territories and Crown Dependencies

12.31 pm

Andrew Rosindell (Romford) (Con): I beg to move,

That leave be given to bring in a Bill to place duties on Her Majesty's Government regarding the participation in and recognition at State occasions of the British Overseas Territories and Crown Dependencies; to make provision about educational material concerning their constitutional and historical status; and for connected purposes.

The United Kingdom of Great Britain and Northern Ireland is fortunate to enjoy a history of which each and every one of us in this House can be truly proud. Our forebears sailed the oceans to the four corners of the globe, discovering new territories and helping to build the modern world by establishing a rule of law, providing education, teaching the English language, spreading the values of Christianity and building a lasting constitutional framework under the British Crown.

Today, most countries have chosen to seek independence from Britain while retaining a special link to both the Crown and the United Kingdom through their membership of the Commonwealth of nations. Many, such as Australia, New Zealand and Canada, continue to retain Her Majesty the Queen as their Head of State. However, 17 territories in the world have chosen not to seek independence and instead remain a part of the great British family, spanning from the tip of Europe to the Pacific ocean, from the Caribbean to the south Atlantic and from the Indian ocean to the west coast of Africa.

There are also the five dependencies of the Crown—four in the English channel and one in the Irish sea—that have never been colonies, but enjoy a unique constitutional status as part of the British isles, but not the United Kingdom itself. Their loyalty to the British Crown has remained steadfast for many centuries and continues to this day. The British overseas territories and Crown dependencies are Britain's extended family, and they are also our truest friends who have stood by us through good times and bad, and through conflict and peacetime—always remaining true to their British roots and heritage, to the Union flag and the Crown itself.

Today, many young men and women from overseas territories and Crown dependencies are serving in the British armed forces on the front line in conflicts around the world, fighting for Queen and country. I pay tribute to all the people of the British overseas territories and Crown dependencies, including Gibraltar, a rock so British, with its magnificent people, who have shown time and again the strength of their determination to keep the Union Jack flying over their homeland.

In the Caribbean, there is Anguilla, the British Virgin Islands and Turks and Caicos Islands, along with Montserrat, which is known as the emerald isle and has suffered so much from volcanic eruptions, and the Cayman Islands, which were so cruelly devastated in 2004 by Hurricane Ivan. There is also Bermuda in the mid-Atlantic and, in the south Atlantic, St. Helena, Ascension Island and Tristan da Cunha. The Falkland Islands, which last year celebrated their 25th anniversary of liberation, following the conflict of 1982, have grown and developed into a self-sufficient, prosperous and modern democracy since the illegal invasion by Argentina was repelled by Her Majesty's forces. Then there is the island of South Georgia and the South Sandwich Islands, as well as the British Antarctic Territory and, in the south Pacific, there are the Pitcairn Islands.

The British Indian Ocean Territory and the British sovereign bases of Akrotiri and Dhekelia are now vital military outposts, serving both the United Kingdom and our NATO allies. I also pay tribute to the Crown dependencies of the Channel Islands, including Jersey, Guernsey, Alderney and Sark, whose association with the Crown and with Britain goes back to before 1066, and which survived so gallantly the Nazi occupation during world war two. Then there is the Isle of Man, an ancient kingdom to be found at the heart of the British isles, whose people are fiercely proud of their Manx nationhood and home rule, while always remaining loyal to Britain and the monarch, or, as they say, "Lord of Man."

Yet I fear that we in the United Kingdom have not always given the British overseas territories and Crown dependencies the recognition, status and honour that they richly deserve. The Bill would enshrine in law an obligation on Her Majesty's Government always to promote, uphold and defend them, through education and recognition at state occasions, when they should automatically be given the status befitting a territory of the Crown.

In schools, libraries and all educational institutions, maps of the United Kingdom should always include insets of the British overseas territories to demonstrate their existence and to show their importance to Britain today. Just as the Danish include the Faroe Islands and Greenland, and the French include Guadeloupe and New Caledonia, so we should include Gibraltar, the Falklands Islands, Montserrat and so on.

Every pupil should be taught at school in the United Kingdom of Great Britain and Northern Ireland about the overseas territories and Crown dependencies and be given the opportunity to learn about their place in the history of the British peoples. In lessons on citizenship, history, politics and geography, they should be given their rightful place on the curriculum.

At state occasions, my Bill would seek to oblige Her Majesty's Government to include the flags, emblems and representatives of all our territories. On days such as the Queen's birthday parade of trooping the colour, those nations and territories where Her Majesty remains the Head of State should expect to see their flags displayed most prominently. I regret to inform you, Mr. Speaker, that, despite my calls in the House for that to happen, on Saturday 7 June this year, no flag of any of our territories was displayed in Horse Guards parade on that most British of occasions.

On Remembrance day, surely it is only right that representatives of the overseas territories and Crown dependencies should be permitted to lay a wreath at the Cenotaph, alongside those from the Commonwealth nations. Indeed, at all national events and state and royal occasions, and here in Parliament, too, their representatives should be received as a part of our British family, and not as if they were from a foreign country.

In tourism, much more could be done to promote the British overseas territories and Crown dependencies, especially the Channel Islands and the Isle of Man, which are geographically so close to the United Kingdom.

My Bill would enable all those positive ideas and many others to be carried forward.

The British overseas territories and Crown dependencies are magnificent examples of places that exercise self-government and home rule over their own affairs, while firmly remaining a cherished part of the British family. We in this House and the people of the United Kingdom as a whole should be immensely proud of them all, for their uniqueness, their character and charm, their strength and spirit, and their ability to prosper and retain their constitutional stability and democracy in an ever-changing world. But above all, we must salute and thank the Crown dependencies and British overseas territories for their unshakeable loyalty to the Union flag, the British nation and the British Crown. It is precisely this that my Bill seeks to do. I commend it to the House.

Question put and agreed to.

Bill ordered to be brought in by Andrew Rosindell, Mr. Henry Bellingham, Daniel Kawczynski, Sir Nicholas Winterton, Angela Watkinson, Mr. David Evennett, Mr. Nigel Evans, Mr. Nigel Dodds, Mr. Lindsay Hoyle, Geraldine Smith, Jeff Ennis and Bob Russell.

British Overseas Territories and Crown Dependencies

Andrew Rosindell accordingly presented a Bill to place duties on Her Majesty's Government regarding the participation in and recognition at State occasions of the British Overseas Territories and Crown Dependencies; to make provision about educational material concerning their constitutional and historical status; and for connected purposes: And the same was read the First time; and ordered to be read a Second time on Friday 17 October, and to be printed [Bill 128].

Orders of the Day

Finance Bill

[2nd Allotted Day]

Not amended in the Committee and as amended in the Public Bill Committee, further considered.

New Clause 17

Report on proposed tax changes

'(1) The Treasury shall publish each year, not later than the Pre-Budget Report, a report containing information about the technical content of any tax changes which it proposes to include in the following year's Finance Bill.

(2) Subsection (1) does not require the publication of any information about proposed changes to rates of taxation.

(3) A copy of the report must be laid before the House of Commons.

(4) Standing orders may make provision for the scrutiny of the report.'.—*[Mr. Philip Hammond.]*

Brought up, and read the First time.

12.42 pm

Mr. Philip Hammond (Runnymede and Weybridge) (Con): I beg to move, That the clause be read a Second time.

Mr. Speaker: With this it will be convenient to discuss new clause 18—*Tax simplification*—

'(1) The Treasury shall publish each year, not later than the Pre-Budget Report, its proposals for the simplification of the tax code of the United Kingdom.

(2) A copy of the proposals must be laid before the House of Commons.

(3) Standing orders may make provision for the scrutiny of the proposals.'.

Mr. Hammond: New clauses 17 and 18 are what I might describe as specimen clauses, and deal with simplification and transparency in the tax system. Our intention is to have a debate and to get a response from those on the Treasury Bench on the crucial issues of simplicity and transparency in our tax system. New clauses 17 and 18 allow us to do that, by focusing on two aspects of that wider agenda.

It is perhaps worth noting—I am sure that Government Members will have spotted this already—that new clause 17 replicates proposal 37 of the report of the tax reform commission, which was set up my hon. Friend the shadow Chancellor and is ably chaired by the noble Lord Forsyth.

Mr. Jeremy Browne (Taunton) (LD): Will the hon. Gentleman update the House on the intention of his Front-Bench team to adopt all the proposals put forward by Lord Forsyth's commission? I remember that Lord Forsyth recently described the Conservatives' current tax proposals as "mad". A gap appears to have opened up between the hon. Gentleman's position and that of the chairman of the commission.

12.45 pm

Mr. Hammond: If I were to choose a word to describe the report produced by my noble Friend, it would not be "mad". I would describe it as "extremely interesting and very helpful". Some of the proposals are clearly ones that we will wish to adopt. Others might fall into the category of things that we would love to adopt while recognising that we would be unable to do so because of the mess that the public finances are in and the chaos that we are likely to inherit. It is also fair to say that other proposals do not resonate with my colleagues on the Front Bench.

We do not need to be coy about this. The job of a party in opposition aspiring to government is to do the work. That involves asking people—including experts and outsiders—to look at issues and to report on them. If we were to create an environment in which, every time the Government or the Opposition asked a third-party organisation or outside body to look at an issue and put forward proposals, our political opponents were able to present those proposals as though they were adopted policy, we would simply shut down the debate. I urge the hon. Gentleman not to go down that route.

Mr. Browne: I strongly agree with the point that the hon. Gentleman has just made; such an approach would discredit the wider political process. I remember, however, on that same line of inquiry, that the shadow Chancellor said that he would support a flat-rate tax. In fact, he cited examples in eastern Europe that we should learn from. I presume that that is the kind of imaginative thinking that the hon. Gentleman is talking about. Can he tell us what progress has been made in that regard?

Mr. Hammond: If the hon. Gentleman looks carefully at what my hon. Friend the shadow Chancellor has said, he will see that my hon. Friend supported a flatter and simpler tax system. He has always recognised—as, I think, do all hon. Members on both sides of the House—that a flat-tax system that might be attractive in an economy that is in the early stages of development and that has, in particular, an undeveloped system of tax collection, would not be appropriate in a mature tax jurisdiction such as ours. It is important that we look at all these issues, however, and that we are able to do so with no holds barred.

Many people to whom we speak, including those with an intimate knowledge of how government works, and including some who were sitting on the Treasury Bench only a couple of years ago—[*Interruption.*] No, I said a couple of years ago, not a decade ago. Those people tell us repeatedly that there is little opportunity for strategic thinking in government. That strategic thinking needs to be done while in opposition, and a party needs to come to government with a clear idea of where it is going. If we are fortunate enough to be elected to government, we certainly intend not to repeat the mistakes of Mr. Anthony Blair, who knew a lot about getting elected, but not a lot about what he wanted to do when he got there.

Mr. Speaker, I am sure that you would like me to return to the subject of the debate. The commission looked at many aspects of our tax system, including matters of process. In scrutinising the Bill so far, our attention has rightly been focused primarily on the substance of the individual measures in it. Now, however, it is appropriate to pause to consider the processes by which we make and manage our tax law.

There is a long-term driver and a short-term driver to this agenda. Over the past decade, the tax system has—partly by design—been made much more complicated. In our submission, it is now in urgent need of simplification. Public confidence in it has been undermined by the endless stream of stealth taxes, which began with the great pensions raid at the beginning of this Labour Government, when none of us knew about stealth taxes. We had not heard the term before; indeed, it had not even been coined. It was some time before people understood the fiscal implications of what was being done. This has continued right up to the proposals announced in this year's Budget for a retrospective increase in taxation on cars purchased before 2006, about which we will hear more—perhaps a great deal more—later this afternoon.

Over the same period, it has become clear that the vast weight of new tax legislation has simply overwhelmed the capacity of Parliament effectively to scrutinise it. That is the long-term driver. The more immediate driver and what has focused our attention rather urgently on this issue is the fiasco of last year's pre-Budget report and the elements of Budget 2007 that are enacted in the current Finance Bill.

The Chancellor's proposals—when I refer to his "proposals", I do so in the loosest sense to mean what he stood up and announced in the pre-Budget report—on the taxation of non-domiciled residents and on the abolition of taper relief provoked a furious reaction from the business community. I am sure that all hon. Members will remember the fierceness of the response and the unity of purpose across a group of business organisations that, quite frankly, do not often sing from the same hymn sheet. On this issue, they were united, partly on the substance of the proposals, but significantly on the manner of their introduction on account of the total absence of advanced signalling and of consultation with interested parties.

Mr. Browne: Does the hon. Gentleman agree that his case, which I agree with, is further strengthened by noting the number of Government amendments to their own legislation that are to be debated later? They follow dozens of amendments on the same section of the Bill. Would it not have been better if the Government had engaged in processes of thought and deliberation before making their announcements rather than during the legislative process?

Mr. Hammond: The hon. Gentleman is right. He is making a slightly different point about a different part of the tax legislation process, which I will also address in due course.

The Chancellor was eventually forced into humiliating climbdowns on both issues, as well as subsequently having to kick his ill-thought-out, unworkable and highly damaging proposals on the taxation of foreign profits and on income splitting into the long grass—and, presumably, the grass must be long enough to get him to the other side of a general election. All those issues affect businesses. The saga of the 10p tax rate does not affect businesses directly, but is yet another example of poor scrutiny and poor process. I am sure that Government Members would say amen to that. They must realise

more than most how desperately important it is not to repeat the type of mistakes made with the abolition of the starting rate of tax. It was not only a bad measure in principle, as it was badly explained, poorly understood, deferred in implementation for all the wrong reasons and then reversed—or at least mitigated—in a way that has further undermined confidence in the stability and structure of our tax legislation system.

Although the measure was announced in 2007 and immediately identified as a potential problem, it was the failure to grasp the scale of the problem among those who later became concerned about it that has been so highly damaging to the Government. Although it is not my job to worry about the damage that the Government seek to inflict on themselves, it is instructive to note that this not particularly complex piece of tax legislation impacted negatively on 5.3 million ordinary people—whom we often think of as voters—rather than businesses, yet it still took the best part of a year before the debate on the issues really got going. I am trying to make a serious point, as this indicates the failure of the House's mechanisms for scrutinising tax legislation. We need to ensure that such legislation is understood, if not by every hon. Member, but by a wide enough audience so that any serious political problems can be identified at the earliest possible stage.

To return to the issues of non-doms and capital gains tax changes announced in the pre-Budget report, the Chancellor's U-turns, which I have already mentioned, were not very neatly executed. Immediately after the pre-Budget report, No. 10 began briefing that there might be concessions on capital gains tax. What happened is that the Prime Minister was taken aback by the scale and ferocity of the business response and saw his laboriously constructed base of business support—not to mention business donors—evaporating overnight. He responded accordingly by kicking the man next door. The concessions dribbled out over the following weeks and months, but in a way that meant businesses, and particularly those entrepreneurs considering a sale of a business in the near term, did not know where they stood until as recently as early March.

I remember meeting groups of entrepreneurs and small business owners back in late October or November after the announcement had been made. There seemed to be an even split between, on the one hand, those who felt that the only safe route was to gain the benefit of the taper relief by cutting and running and trying to sell their businesses even as the economy was slowing down against the backdrop of the credit crunch, which made the financing of business acquisitions quite challenging, and, on the other, those who put their faith in the trickle of news from sources in the Treasury indicating that concessions would be made. It was a very destabilising situation.

Stewart Hosie (Dundee, East) (SNP): The hon. Gentleman mentioned that there was clarity by March, but any such clarity over capital gains tax applied only to the easy things, like selling a business that one might have sold anyway. He will be aware—I suspect that this is part of the reason for his new clause 17—that it emerged in Committee that share option schemes, approved or otherwise, in respect of the CGT changes looked like treacle and there was no clarity at all. Will he turn his mind back to the share option debate we had upstairs in Committee as an exemplar of why we need new clause 17 or something similar to it?

Mr. Hammond: The hon. Gentleman is exactly right, but I do not want to pre-empt our debate on the next group of amendments.

I do not deny that I have made some partisan points so far, but I hope that everyone will recognise that there is a genuine problem. I shall address it in more detail in a few moments, but the real problem is our capacity as parliamentarians to deal with vast volumes of complex and technical legislation. Of crucial importance is the Government's capacity, against what is a pretty tightly constrained timetable in respect of the Finance Bill, to deal with the many technical issues that need to be clarified between the headline announcements in a Budget speech and the passage of the legislation on to the statute book. It goes beyond that because, in addition to the capital gains tax changes, a raft of guidance has to be published, understood and commented on. As we shall see when we debate the next group of amendments, the guidance can sometimes be critical in debating the detail of legislation. Clearly, we need a new and more effective mechanism for the scrutiny of our tax legislation.

As with CGT, the Government's original proposals for non-doms soon disintegrated as item after item on the Revenue's shopping list was scrapped as the political masters of the process finally grasped the scale of the damage that risked being inflicted and the extent to which they had lost control of the process to their own bureaucrats. I do not expect the Economic Secretary to answer this point, but it is pretty clear to us that the problem with the non-dom legislation was due to what is known in this place as gold-plating.

The usual example is the European Union handing down a directive. In this instance, the Chancellor made a decision on the taxation of non-doms, and then handed it to British civil servants whose natural instinct is to reach for the nearest kitchen sink and try to bolt it on to the original decision. I have an image of officials of Her Majesty's Revenue and Customs going to filing cabinets that may have been left untouched for years, dusting off packets of documents containing various wish lists of ideas for taxing non-domiciled residents, and bolting them on to the original idea that the Chancellor and his team presented, in a way that not only made the legislation complex but—and I suspect that this is something that a politician might see more readily than a civil servant—caused it to send a very negative set of signals that would be extremely damaging.

1 pm

Again, the process was messy, with individual concessions painfully extracted and gracelessly awarded over a fairly long period. As the hon. Member for Taunton (Mr. Browne) has said, many technical but important issues were introduced only during the Committee stage. Indeed, the residence and domicile provisions, arguably the most complex, had to be timetabled for the very end of the Committee's deliberations to give the Government more time in which to work out the detailed provisions.

Even today, as the hon. Gentleman said, we have before us a raft of new Government amendments to the clauses on residence and domicile. They will be debated today, and Opposition points about them will be put today to Ministers who cannot realistically be expected to consider them, digest the arguments, evaluate them and respond to them in the course of the debate. Unfortunately, however, there can be no further scrutiny

of a Finance Bill with no stages in the House of Lords. This is the path to bad legislation. I predict, with no fear of contradiction, that next year's Finance Bill will contain provisions correcting, amending and clarifying the residence and domicile clauses in this Bill, precisely because many of the details have been introduced only at the very last moment.

The reaction of those affected has been predictable. Many have prepared to leave the United Kingdom, and some have already done so, but all of them, whether they have left or stayed, have had their confidence in the transparency and predictability of the United Kingdom tax regime shattered, and that will have significant long-term consequences for the United Kingdom's attractiveness as a place in which to do business. The same applies to capital gains tax. Some businesses were sold prematurely, and some, as I am sure the Economic Secretary knows, were transferred through artificial transactions designed to salvage the benefit of taper relief. But far more businesses were not sold, and the entrepreneurs who run them have lost their faith in the tax system on which they had relied in calculating the returns that they would earn.

That is serious not only because it reduces the attractiveness of the UK as a mature and stable place in which to do business, but because every time the Government undermine the incentive that they have given in earlier legislation, they significantly reduce the behaviour-influencing power of the Treasury. We all know that in all fields, including that of environmental taxation, the Treasury focuses, quite properly, on the ability to influence behaviour through the fiscal system.

Taper relief was hailed by the Prime Minister, then the Chancellor, as one of the prime examples of Labour's commitments to business and enterprise. He said:

> "I will introduce a new structure of capital gains tax which will explicitly reward long-term investment, and which is based on a downward taper and lower tax rates. It will encourage people to hold on to assets in the long term."

There is no doubt in my mind that the taper relief regime did underpin the creation of many new businesses, and did inspire the effort and sacrifice required to grow many others. Many businesses are built by people who have made a conscious decision to forgo the relative comfort of a highly paid job in a large corporation for the rather rockier path of building up their own smaller businesses, with all the risks that that implies, and all the pressures on their personal lives that anyone who has ever been in that position will understand only too well. The fact that many entrepreneurs who engaged in that process have been now been left stranded without the benefits that they had calculated has left a bitter taste in their mouths, and will make the next set of incentive proposals from Government significantly less effective in driving their behaviour.

Business hates nothing more than uncertainty. Uncertainty adds to the cost of doing business: it requires a risk premium to be factored into business return calculations. An unstable and unpredictable tax regime makes the UK less competitive, and clearly that is partly connected with the nature and instincts of the Government of the day. New Labour has demonstrated more clearly to business in its actions over the past eight months than any number of words could ever demonstrate that it does not understand how business works, that it does not understand the mentality of enterprise, and that it is no friend of business and cannot be trusted with Britain's business economy. But it is not only about political leadership. This is not only a party-political issue. The whole fiasco of the past eight months also says something about our process of tax law making.

Good government can be delivered by the happy chance of good governors operating in a chaotic system. However, business, and even citizens, would prefer not to rely on chance to deliver them good government through good politicians, but rather to institutionalise good government through structures and processes that ensure that even when they are afflicted by bad politicians who fail to appreciate the significance and, sometimes, the unintended consequences of their actions, those politicians will be constrained to behave in a way that minimises the damage. It is not only about putting better politicians in place, although we are very keen to do that; it is also about ensuring that the institutions and the structures are right.

So what have we learned from all this—the non-dom and CGT fiascos, and the disintegration of the pre-Budget report and the 2008 Budget? First, let me again quote the Treasury Committee. Surprise announcements designed to

> "pull a political rabbit from a hat"

are simply not appropriate or responsible, certainly in the case of business taxation but also, I would argue, more generally in the case of taxation announcements. Businesses and investors will punish not Governments—and that is the problem: if they had a vote and punished Governments, it would be fine—but nations that allow their Governments to deliver unsatisfactory tax surprises in this way.

Secondly, we have learned that tone is very important. Much of the reaction over residence and domicile was fuelled less by the substance than by the hostile tone of the announcement, and the failure of the politicians in charge of it to appreciate the damaging message that HMRC was sending. Ironically, it was left largely to Opposition politicians to run around the City trying to soothe nerves as we sought to persuade the Government of the need for change, and to persuade those who, in many cases, are critical to the wealth and prosperity of our economy that they should just sit on their hands a little longer while we saw what could be achieved in terms of getting the Government to change their mind.

Thirdly, the finality of the proposals at the time when they were announced took business aback and shocked it. All complicated issues of this nature should be published in draft for proper consideration and consultation, for the avoidance of political embarrassment—as I hope the Economic Secretary will now clearly recognise—as well as for better management of the economy.

What we have seen over the past eight months is no way to go about tax reform. The succession of hastily cobbled together announcements, climbdowns, confrontations and U-turns deliver the very opposite of the stable environment that businesses and individuals need so that they can understand the tax implications of their decisions and plan accordingly.

Lest it appear that I am having a go at the current Chancellor, let me be clear that the puppet master behind him is the real target of my comments. This climate of chaos, confusion and policy reversal was not developed only in the past nine months. For years

Finance Bills have contained measures closing loopholes or reversing incentives created by their predecessors. In March 2004, the then Chancellor closed a tax loophole for the self-employed that he had created only two years previously. He introduced the zero rate of corporation tax for small companies and then changed that virtually every year before he eventually abolished it. In 2003, he announced that residential property would be permitted in self-invested personal pension plans. The industry spent millions of pounds gearing up for the change, and many individuals set about rearranging their retirement plans. The Government robustly rejected advice that came from all parts of the House, including their own Back Benches, that the proposals to include residential property in SIPPs would lead to a disaster, yet at the eleventh hour the decision was reversed, leaving tens of thousands of businesses and taxpayers out of pocket, having to pick up a bill for the Government's incompetence. The capital gains tax taper relief regime has fared only slightly better, lasting nine years before being consigned to the scrapheap, having only months before been held up as the symbol of the Government's supposedly business-friendly agenda.

The lack of direction, the dithering over policy and the meddling in successive Budgets in an attempt to correct defective earlier legislation, smacks of political and fiscal opportunism, and points to the absence of a coherent underlying philosophy for our tax system—or, if there is such a coherent underlying philosophy, a failure to communicate it to the people who invest in the British economy. British taxpayers and the investors who pour billions of pounds into our economy deserve better. We must never forget—I hope the Economic Secretary never does forget this—that in the globalising economy of the 21st century, businesses, and, increasingly, skilled individuals, have a choice about where to locate, and also about where they choose to pay their taxes.

It is clear that Britain cannot win this global contest by offering the lowest rates of tax, as it is faced with competition from emerging economies with a far less developed social and physical infrastructure. To try to do so would put at risk the high-quality public services to which the British people are rightly and understandably attached. However, we must recognise the competitive threat. Traditionally, the advantage to the taxpayer of a higher tax and more mature jurisdiction has been greater certainty, stability and transparency in the taxation system as well as a generally stronger social and physical infrastructure. If Britain is to remain in the competition to attract businesses and high earners while operating a higher cost tax regime than many emerging economies in competing locations, we must at the very minimum offer the stability and certainty that is so valuable to such organisations and people, and for which we are, effectively, with our higher tax rates, asking them to pay. We must be under no illusion that a combination of higher tax levels and the kind of capricious decision making that we have seen over the past eight months will quickly relegate UK plc to the sidelines of this global competition.

Mr. John Baron (Billericay) (Con): May I suggest to my hon. Friend that the threat in respect of corporate tax rates comes not only from emerging markets? British companies are moving to other European Union countries—Shire Pharmaceuticals is one such suggested company—with lower tax thresholds. That directly threatens job prospects in this country. The threat, therefore, comes not only from emerging markets because tax base comparisons across the EU are also relevant.

1.15 pm

Mr. Hammond: My hon. Friend is absolutely right. He may have been involved in similar discussions to those that I have with many FTSE 500 companies. Most of them have not taken the decision to relocate their tax domicile, but many—perhaps most—of them feel that they are obliged, in the interests of their shareholders, to investigate the options available to them. Just a few months ago I was told by one of the leading firms of accountants that without exception every one of its FTSE 100 clients had asked it for a report on the alternative tax domicile options available to them, because they are conscious that while managements might have preferences—management may prefer to live in leafy parts of the home counties, or play golf on certain courses, or enjoy the cultural attractions of London—increasingly investors, who are global institutions, are asserting their right to have their interests held paramount in the decisions that corporations make. We have to be conscious of that. I hope—in fact I am sure—that the Economic Secretary is conscious every waking hour that corporations, driven by global investors who have no sentiment whatever about domicile, look at these issues in a cold, hard light, and look to locate to the place that offers them the lowest tax rates and the greatest overall advantages.

After a decade of Labour government, Britain is a less attractive place to do business than it was, because business taxes are too high and our tax system is too complicated. Thanks to this Government, we now have the longest tax code of any major economy—we overtook India with the Finance Act 2007—and it is expanding the fastest, with the Government, increasingly buffeted by events, endlessly changing and complicating the system in response to short-term political events and budgetary pressures. Unfortunately, the objective of a simpler, fairer, more competitive tax system has been sacrificed to the Treasury's insatiable hunger for cash, and unquenchable instinct to micro-manage. Announcement after announcement has been billed as a simplification or as being in the interests of fairness, but turn out to be nothing more than a crude tax grab. Time after time, the rhetoric of the Budget speech is at odds with the reality revealed by even a cursory analysis of the small print of the Budget documentation. We have had many examples of tax initiatives that start life under the green banner—they are introduced under the pretence of being green taxes—but which on closer inspection are simply revenue-raising measures. They discredit taxpayers' notion of green taxes. On top of all that, there is also, of course, the endless stream of stealth taxes. That phrase did not exist 11 years ago, but it has now passed into everyday language and can be found printed almost every day of the week in one newspaper or another.

There is no sense of strategy or direction. The long-term objective to introduce a 10p starting rate of tax was abandoned for short-term political advantage. Sending a clear signal to business that enterprise will be rewarded through a dedicated lower rate of capital gains tax was also dumped. Both were scrapped without a word of explanation or advance warning. After five or six years of dithering on non-doms, with the problem conveniently lobbed into the long grass, and uncertainty pervading,

[Mr. Philip Hammond]

there was a bungled legislative proposal. Now, there is more uncertainty on income splitting and foreign profits as the Government duck those difficult decisions.

Uncertainty and complexity both impose a burden on business just as surely as do taxes themselves, but at least taxes benefit the Treasury. Uncertainty and complexity reduce UK competitiveness, increase the costs of managing the tax system and offer absolutely no offsetting benefits at all, unless we consider the employment of accountants to be an offsetting benefit.

So what is to be done? To help us to answer that question, the shadow Chancellor set up a tax reform commission, which reported at the end of 2006. Following on from that work, he established a working party, led by Lord Howe of Aberavon, a former distinguished Chancellor of the Exchequer, to take forward the tax recommendations that the commission made in the narrow area of reform of the making of tax law. There are five key issues. First, we need to improve the clarity and transparency of the process of tax law making. Secondly, we need to introduce clear advance signposting of the direction of future changes, especially in business taxation, so that businesses can prepare and the behaviour-influencing capacity of the tax system is maximised.

Thirdly, we need to restore proper parliamentary scrutiny of tax legislation proposals. Fourthly, we need to institutionalise a simplification agenda, to try to ensure that the process of reducing the complexity and length of Britain's tax code is not dependent on the whim of individual incumbents of the Treasury Bench, but is built into the system. I am not talking about rewriting law just to make it read more easily or to improve the cross-referencing, but about a substantive simplification. Finally, we need to focus on certainty, because that is the No. 1, No. 2 and No. 3 demand of business. Of course businesses would like tax to be lower, regulation to be lessened and the system to be simplified, but anyone who has ever talked to them about the issue will know that above all they want a system that is stable and predictable. They might like to see significant changes to make the system simpler, but I am sure that they would prefer a guarantee that there will be no changes to the system to make it predictable, because that is their No. 1 demand.

New clause 17 addresses the issue of transparency of process, which is so important to delivering this agenda. Britain is fortunate in that it already has a two-stage budgeting process, which, if it were used sensibly, would offer the opportunity to bring a degree of stability and certainty into the tax law-making system. The pre-Budget report can be used to signal the intentions for the following Budget and new clause 17 would require that all technical changes to tax legislation were published at the time of the pre-Budget report. It would also make provision for Standing Orders to deal with the question of how such technical changes should be scrutinised ahead of the Budget.

The Chairman of the Treasury Committee, during the course of yesterday's debate, made an impassioned plea to the Financial Secretary for discipline in the way that the pre-Budget report and Budget statements are used. It was a plea for a reversion to the proper purpose of those two reports—and incidentally an implicit plea to the Government not to be tempted down the road of ad hoc tax changes outside the proper structures, as they have been in the face of political pressure and under the weight of their own errors in the abolition of the 10p tax band this year. We on the Conservative Benches endorse that call by the Chairman and, when Lord Howe's report is published tomorrow, he will go further in setting out his views on how to improve the presentation, scrutiny and delivery of our tax law.

We also need clarity of future intentions. Business decisions are made not so much on current tax rates, but on the basis of known future tax rates. Investment returns depend on the tax regime that an investment will face at the point when it matures and begins to produce profits. Clear signalling can be a positive support for investment and a major influence on behaviour, not only removing the negative of uncertainty, but introducing an advance awareness of intended business-favourable changes, thus stimulating the very supply-side response that such changes are almost always designed to achieve.

The third aspect is scrutiny. Nobody who has ever sat on a Finance Bill Committee, or wandered inadvertently into a Finance Bill Report stage debate, will doubt that the mechanism we have for detailed scrutiny of what is often highly complex and technical legislation is inadequate. To be blunt—and I hope that the Financial Secretary will not mind if I say this—Ministers, who are not tax experts or even accountants, stand in front of a Committee and read out a brief whose technical implications they may not fully understand. Members of the Committee ask questions—often fed in by experts—of which, to be honest, they may have only a limited understanding.

Mr. Jeremy Browne *rose—*

Mr. Hammond: I hope that the hon. Gentleman does not intend to make some petty party political point.

Mr. Browne: I never make petty party political points—only wise observations. I agree with the hon. Gentleman's observations, but I would caution against saying that only education experts know about education legislation, or only health experts know about health legislation, or only military experts know enough about defence legislation. That would mean that politicians were redundant, but we have an important role in deciding priorities and making real choices. The issue is not only expertise, because there is a political aspect to the process.

Mr. Hammond: The hon. Gentleman makes a good point and he prompts me to draw that distinction. I did say earlier in my speech that I thought that what had gone wrong with the non-doms legislation was that the basic idea from the politicians had been hijacked by the civil servants and burdened with various bolt-on goodies to the extent that political common sense then told the politicians that it would not fly. We need to have a sensible and serious debate that distinguishes between the strategic policy decisions that have to be made and the scrutiny of detailed, technical legislation. For example, the hon. Member for Aberdeen—

Stewart Hosie: Dundee, East.

Mr. Hammond: They are quite close—*[Interruption.]* They are on the same side of the country at least. The hon. Gentleman and I had a discussion earlier about

employee share incentives. The principle is clear, and it is eminently capable of being debated and decided by politicians, but if anybody thought that the resulting legislation was clear, they need only look at schedule 3. The technical wording needed to achieve what the politicians decree is immensely complex. We need to draw a distinction between the policy principles that politicians can—and must in a democratically accountable society—make, and the technical implementation of those principles, which is the stuff of experts.

Stewart Hosie: May I give the hon. Gentleman a better example? The 10p tax change may have implications for the 10p tax on savings income, and for the 10p rate on dividend income, which goes up to the basic allowance threshold. That appears in two or three tiny bullet points in an obscure table in the Budget book and does not even form part of the detailed Bill that we are scrutinising. That makes it all the more difficult to understand the implications for savings tax and dividend tax of the 10p tax change.

Mr. Hammond: The hon. Gentleman is right. I am sure that we could find hundreds, if not thousands, more examples in the Bill.

I do not intend to criticise anyone, and I should place on record that the Treasury Ministers who took part in Committee did an excellent job. They were well briefed and they answered questions as helpfully as they were able. I am sure, in the spirit of candour, that they would equally want to acknowledge that, in Committee, if I pulled from my pocket a question from a senior tax partner in a large firm of accountants, it occasionally caught them on the hop. I ask myself whether that is the most constructive way in which to scrutinise tax legislation.

1.30 pm

We are not experts in this place—we cannot be. People out there spend their entire lives dealing with tax, and not only that—they may spend their entire lives dealing with one tax, such as capital gains tax or the taxation of overseas domiciled residents. Sometimes, they deal with just a subsection of that subject. If we are to maximise the advantage that we can get from their embedded knowledge, we must, of course, try to involve them in the scrutiny process.

At the moment, the scrutiny of tax legislation operates in a bit of a fantasy world. The debate is conducted in Committee between politicians who are essentially lay people, in tax terms, as a proxy for a real but unseen debate between the experts at HMRC and the tax professionals. To some extent, that is a pragmatic arrangement. While the Bill was in Committee, HMRC held an away-day for tax experts. A number of questions were posed and some answers were given. The questions and the answers then found their way to members of the Committee. It is a kind of shadow process.

We ought to ask ourselves whether being a little more candid about our limitations would lead us to consider different scrutiny arrangements that could bring out of the shadows some of those people who contribute so much to the process but are unable to play a full part in it, whether they are independent experts or expert officials in HMRC. The Treasury Committee, of course, does an excellent job through its ability to call witnesses but there needs to be a legislative scrutiny arrangement as well as the oversight role that that Select Committee performs. I do not think that Parliament should be at all ashamed of the difficulty that even highly intelligent and very diligent lay people might have in dealing with some complex technical legislative changes. Instead of trying to conceal the scrutiny deficit, we should acknowledge it and try to put in place the mechanisms to deal with it.

My noble Friend Lord Howe will tomorrow set out his ideas for addressing those concerns. I invite anyone who doubts the need to address them to look at the subject matter of the next group of amendments and to spend a little time reading schedule 3. I recommend inserted sections 169K and 169P as a starter—they are just a taster of the almost absurdly complex nature of tax legislation.

We need to create the necessary arrangements to institutionalise the drive towards the simplification of our tax system. As a first step, new clause 18 would require the Treasury each year to publish specific proposals for the simplification of the UK tax code. It would not require a mere rewriting to tidy up the language and the cross-referencing, but a substantive simplification of the system. New clause 18 would also provide for Standing Orders to make arrangements for the effective scrutiny of proposals brought forward by the Treasury in the report that is called for.

If we do not do that, our tax code will continue to grow exponentially, notwithstanding that it is already the longest in the world. It is now reaching the point where it is becoming self-defeating and self-perpetuating. Each new complex raft of legislation creates so many potential loopholes, avoidance mechanisms and technical difficulties that its intention is regularly undermined and often requires further rafts of legislation to plug the gaps, further lengthening and adding to the complexity of the tax code.

My noble Friend's report will set out his proposals for institutionalising the drive for simplification of our tax system, not as a one-off exercise, but as a continuing embedded process. I am delighted to have had the opportunity to notify Parliament first of my noble Friend's initiative, which he will announce tomorrow, and I hope that the Government might take note of that and follow its precedent in giving Parliament a bit of warning of some of the announcements that are coming up.

Finally, in order to deliver certainty to the system, we also need to address the growing discretion that is being given to HMRC officials in the interpretation of the law—that feature was particularly evident in the Bill. We need to create mechanisms that will allow taxpayers to obtain certainty about their tax position. Many other jurisdictions allow less discretion for officials but provide a clearer and more accessible pre-clearance regime that allows taxpayers to ascertain their tax position precisely. I am afraid that we are going in the wrong direction, with a limited pre-clearance regime and the exercise of an increasing amount of official discretion.

Right now, Britain faces an economic downturn and considerable uncertainty about our economic future. However, alongside a response to the short-term challenge—we need such a response from the Government—we need to think about the long-term competitiveness of the UK as a place to do business. As we come out of this economic slow-down and investment starts to multiply again in the global economy, investors who are casting their eye around the world to decide

where to make their marginal investment should see the UK as an attractive, stable predictable environment in which to deliver that investment. There is scope for a significant improvement to the UK tax environment without any tax cost to the Exchequer.

Clear and open processes, with proper engagement and consultation at every stage; a grown-up approach to tax law, including the abandonment of the fascination for rabbits being pulled out of hats in the penultimate paragraphs of Budget speeches; politicians recognising the limits of their technical capabilities and restructuring the scrutiny process accordingly; a serious institutionalised drive towards simplification of the system; and clear rules, with limited official discretion to give taxpayers certainty of their position—those are the key issues that we need to address if we are to maintain Britain's competitive place in the global trading world.

In the short term, the scope for reductions in the overall burden of business taxation is likely to be limited due to the state of the public finances, so, when the economic recovery begins, we must seek other routes to improve Britain's competitiveness and attractiveness as an investment and business expansion location. The agenda will send a signal to business that UK plc wants to begin the long process of rebuilding its reputation as a mature, stable and attractive location for business—a reputation that, I am afraid, the Government rather casually placed in jeopardy in their darkest hour last November—*[Interruption.]* The hon. Member for Taunton thinks that that was not their darkest hour; perhaps the darkest hour is yet to come.

The message must be that our tax system is too important for the stability and prosperity of our country to be used as a platform for political posturing. There must be no more short-term stunts to wrong-foot political opponents and no more un-signalled changes. Stable—I might dare to say boring—is good when it comes to business taxation. We are clear where we stand on the issue. We have a long-term commitment to transparency, scrutiny, simplification and certainty in our tax system.

New clauses 17 and 18 will make a start. Tomorrow, my noble Friend Lord Howe will offer detailed suggestions of his own as to how we might achieve some of the other objectives that I have mentioned. We will scrutinise his report carefully, and although it is a report to the Conservative party, we will be publishing it, so I invite the Government to scrutinise it as well. My noble Friend is an extremely experienced politician who has huge experience of simplifying and rationalising the UK tax system from when he inherited a top marginal tax rate of 98 per cent: from the Labour Government in 1979.

I hope that the Government will take note of our initiative. They must surely have understood by now the risks of playing games with the tax system and the damage, including self-inflicted damage, that it can do. If they do not take up our agenda, the country, and especially the business community, will know that the next Conservative Government will do so. A reputation for fiscal stability and business-friendliness is hard-won over a long period, as I think even the Prime Minister will remember, but it can be blown away in the space of a few months, as we have seen since the pre-Budget report.

Britain faces the challenges of a global economic slow-down, and in the longer term, perhaps even more challengingly, a shift in the balance of economic power from the established industrial nations to the emerging economies of the world. That shift is already under way, and I suggest that it is irreversible. We in Britain can ill afford such profligacy with our pro-business credentials if we wish to preserve the prosperity of our citizens and protect our tax base so that we can continue to enjoy high-quality public services.

The process of rebuilding confidence in the UK's fiscal process will be slow and painful. It had better start now. I commend new clauses 17 and 18 to the House.

Mr. Jeremy Browne: It is a privilege to follow what felt like a Reithian lecture, certainly in its length and to some extent in its content. I agreed with large parts of what the hon. Member for Runnymede and Weybridge (Mr. Hammond) said, some of which was not particularly partisan and may even assist the House in its future deliberations. There were other parts about which I had some reservations, but should the Conservatives choose to press either new clause 17 or new clause 18 to a Division, my party will support them. The former would require the Government to report annually on the technical tax content of each Finance Bill, and the latter would require annual reporting on how the Government intended to simplify taxation.

We have already had quite a lengthy debate, if I can call it that, and I shall not speak for long because I know that others wish to dwell on other matters later. I wish to make a couple of brief points to follow those made by the hon. Gentleman. First, there is virtue in simplification. A lot of people are intimidated by the tax system—certainly if they are trying to file their own tax return, but even if they are using accountants to help them. There is merit in simplicity, and one of the problems has been that when the Government have tried to target tax breaks on different sections of the economy or categories of individual, they have introduced excessive complexity. Even when they have made a virtue of simplification, as they have sought to do in recent Budget statements, they have then had to unpick that simplification to rectify political controversies. Nevertheless, there is virtue in pursuing simplification as an objective.

1.45 pm

The hon. Gentleman accused the Government of introducing stealth taxes, which is of course true. He talked about the discrediting of environmental taxation, and we will come to that subject this afternoon when we discuss the retrospective introduction of vehicle excise duty increases. It is only fair to say in passing that Chancellors of all political persuasions have sought to place the tax burden in areas where they thought the public would notice its effects least. It is an irony of sorts that Lord Howe of Aberavon is being asked to report to the Conservative party. People will remember him for many reasons, one of which is that he was the Chancellor who increased VAT from 9 to 15 per cent.

One of Lord Howe's successors, Lord Lamont, who taught the current leader of the Conservative party all that he knows about the matter, further increased VAT from 15 to 17.5 per cent. He made that tax-neutral change to VAT so that he could reduce the newly introduced council tax. I think it is fair to say—everybody accepted it at the time—that he calculated that people

would be grateful for the cut in their council tax more than they would notice the increase in their VAT, which after all is not normally itemised with each purchase. It was a straightforward calculation by the then Conservative Chancellor that he could introduce revenue-neutral proposals that would bring greater stealth to the system.

Of course, there are now people across the country who pay more as a result. It is very noticeable when one buys something expensive such as a new car. The difference between the VAT rate of 9 per cent. when the Conservatives came into government and the rate of 17.5 per cent.—almost double—when they left government means that a hefty amount is added to the overall bill.

Mr. Philip Hammond: I must defend my noble Friend Lord Howe. I do not know how old the hon. Gentleman was back in 1979, but I suspect that he was not much focused on VAT. There was a deliberate and conscious shift from direct to indirect taxes, but that had to be done because the top marginal rate of direct income tax was 98 per cent. It was not done in a stealthy way, and I assure the hon. Gentleman that it was not unnoticed by the population.

Mr. Browne: I take the hon. Gentleman's point, and I was not preoccupied with VAT in 1979, mercifully. Oddly, here we are 29 years later and I am still paying the VAT that the Conservatives introduced every time I buy something that is not exempt from it. To be fair, the hon. Gentleman might have been talking to one of his hon. Friends when I said that Lord Lamont used an increase in VAT to fund a reduction in council tax. It is fair to say, and everyone will acknowledge, that he was trying to reduce an unpopular tax by increasing one that was less visible to the public. I am not making a particularly major point, just saying in passing that the desire to tax people in the way that they are least likely to notice is not unique to Labour Governments. It has been a feature of Governments of all parties.

The hon. Gentleman made some interesting comments about the process of scrutiny of Finance Bills. It is certainly true—any Member who does not acknowledge this is either a tax expert or not being entirely frank—that some of the deliberations that we are asked to undertake would more appropriately be resolved by people with expertise in the matter. A greater role can definitely be played by people beyond this Chamber who can add their expertise. My only cautionary note, as I said in an intervention on him, is that I am always guarded about people thinking that all tax matters can be resolved by "experts". I know that he acknowledged that point. One tends to find that experts come up with all kinds of solutions, but often their cumulative solutions do not add up to an overall solution that the public find as agreeable as they would expect if they asked the experts to usurp the role of the politicians, about whom they are less confident but who can weigh up the solutions.

Anyone who has led a council will know that some officials are adept at proposing strings of savings and economies to keep down council tax, but that a politician's eye is needed to spot which recommendations are likely to be popular and which will cause a party to lose control of the authority. The same is true of national Government: there will always be a political aspect to the process, regardless of how many experts are deployed.

Given the length of the speech made by the hon. Member for Runnymede and Weybridge, it was unlikely that he would not touch on my final point, but it has become especially topical in the past day—or even year—or two. The Treasury Select Committee has said that the current Prime Minister liked to pull rabbits out of the hat when he was Chancellor. No one is going to accuse the present Chancellor of displaying similar showman-like qualities, but his predecessor was keen to do so in his Budgets.

When the PBR was introduced as part of the annual set of major Government announcements in this House, we assumed that its purpose was to inform the main Budget. Instead, it has become a sort of secondary, lower-status Budget in its own right. It can be used to introduce tax changes, but the element of consultation is far less of a feature than many wanted it to be.

Ironically, the consequences have been bad for the Government. The current Prime Minister introduced the PBR, but he has been the one most damaged by his tactics in the House. The abolition of the 10p tax rate is one example, but others include the inheritance tax scheme—and there are not many hon. Members who do not think that was rushed through for party political reasons, with inadequate deliberation—and the proposals for non-doms and capital gains tax. Later this afternoon, we will talk about the retrospective element of vehicle excise duty, which is yet another policy of whose dangers the Government and Labour Back Benchers seem to have become aware only after it was announced. It would have been in their interests to consider all those matters in greater detail beforehand.

For all those reasons, new clauses 17 and 18 have merit. This discussion has been interesting and wide ranging, and we look forward to hearing the Minister's response.

The Economic Secretary to the Treasury (Kitty Ussher): This has been a wide-ranging and useful debate. I congratulate the hon. Member for Runnymede and Weybridge (Mr. Hammond) on speaking for exactly an hour, although my experience in the Finance Bill Committee tells me that he has managed the feat before. My congratulations also go to the hon. Member for Taunton (Mr. Browne), on not matching that record.

In the interests of making progress, I shall not touch on all the topics that have been raised, my excuse being that some will be discussed in connection with later groups of amendments. New clauses 17 and 18 propose that the Treasury publish each year, not later than the PBR, a report containing information about the technical content of any tax changes, aside from rate changes, that it proposes to include in the following year's Finance Bill, as well as its proposals for the simplification of the UK's tax code.

The Government use the PBR and the Budget to set out decisions on the tax system. We are committed to a fair and efficient tax system that supports business, individuals and sound public finances. We are also clear about the process: in the Finance Act 1998, we set it out in the code for fiscal stability that the PBR should be consultative in nature and include, so far as reasonably practicable, proposals for any significant changes in fiscal policy under consideration for introduction in the Budget.

[Kitty Ussher]

We made it clear that the PBR was not to be taken as an indication of all tax policy areas in which the Government might choose to act. The policy has been supported by the conclusions of a recent investigation by the Treasury Committee, and it was not opposed by Opposition parties when voted on during deliberations on the 1998 Act.

Mr. Philip Hammond: The theory sounds credible, but the announcement about non-doms, for example, was made as a set of final policy proposals in the PBR, and the lack of detail invited people to speculate about how the policy would impact on them. This Chamber is not always the best place for a constructive debate, given the party political sensitivities involved, but many of the concerns that most upset the people who would be affected turned out to be less serious than was at first thought. The lack of technical detail caused people to speculate, and in many cases they assumed the worst. That was how the damage was done.

Kitty Ussher: We shall deal with the non-doms issue later, and my right hon. Friend the Financial Secretary to the Treasury will no doubt comment in detail on the entire process, but it was precisely by introducing our proposals in the PBR that we allowed time for work with stakeholders to make sure that we got the matter right.

The code also sets out that publication or consultation on all tax changes—background tax issues as well as rates—before their introduction carries significant risks. The Opposition accepted that when the matter was debated in the House, and those risks include the possibility of significant forestalling activity by existing or prospective taxpayers that could result in a damaging impact on public finances. That activity could also lead to significant temporary disruptions to the behaviour of taxpayers and markets, and to wider disruption in financial markets.

The publication of a report containing information about the technical content of any non-rate tax changes proposed for inclusion in the following year's Finance Bill would have significant risks, as I have just mentioned. It would also prevent the Government from taking action to address any avoidance or evasion activity arising between the PBR and the Budget that could have further significant ramifications for tax revenue and therefore a negative impact on public finances. The general point—that the Government should consult through the PBR, where possible, and then implement proposals in the Budget—is correct, but new clause 17 would be unduly restrictive and against the national interest.

That is not to say that we do not want to consult at all. Quite the opposite: we currently have 29 consultative tax groups routinely working through HMRC. We are consulting far more than in previous years, and I hope that Opposition Members agree that that is a good thing. We had 38 formal consultations last year, and 80 per cent. were for the full 12 weeks. Consultation is definitely a good thing, and we want to do as much as possible, but new clause 17 would constrain us in a damaging way.

I turn now to new clause 18. Simplification is of course a stated priority when designing and reviewing tax policy, alongside having sound public finances and fairness. After work with business and tax professionals, there is already a significant rolling programme of tax simplification in place, and the Government continue to use PBRs and Budgets to simplify the tax system wherever they can.

The hon. Member for Runnymede and Weybridge is quite wrong to say that the length of the tax guide indicates how complicated the tax system is. We want to ensure that our legislation is accessible and simple to users, which can involve increasing its length. *[Interruption.]* I will give the right hon. Member for Wokingham (Mr. Redwood) a specific example: the tax law rewrite project, which is a good example of a consultative, collaborative project and has been widely welcomed by industry, has increased the physical length of legislation but successfully simplified it and improved its clarity for legislators, tax professionals and the public. For example, 150 pages of this year's Finance Bill will simplify and modernise the tax system. So the hon. Member for Runnymede and Weybridge makes a slightly incongruous point.

2 pm

The Government already make advance announcements of many proposed simplifications to the tax system. I shall give a few quick examples. We launched three tax simplification reviews last autumn, with the Treasury and the HMRC working in partnership with business and tax professionals, to evaluate how a range of tax policies can be simplified. We received 600 representations. The initial outputs of those reviews were announced in the 2008 Budget, with further updates to follow this autumn. A further review to consider how corporation tax calculations and returns can be simplified was also announced in this year's Budget and is being progressed.

This open approach provides the opportunities for the users of the tax system to have genuine input, through consultation, in the shape of those changes and/or the way they are implemented. Taken together with other announcements already made in earlier PBRs and Budgets, there is a far more extensive rolling forward programme of tax simplification in the public arena than ever before, including under previous Governments, and there is greater opportunity than ever for business and others to become involved in shaping the tax system of the future.

We believe that these new clauses are unnecessary. They would add little to an extremely extensive process of tax simplification. They would carry significant risks, associated with an absolute, definite requirement to publish or consult on every tax change before its introduction. I therefore ask the hon. Member for Runnymede and Weybridge to withdraw the motion.

Mr. Philip Hammond: I have listened to the Economic Secretary, and I am afraid that I will disappoint her. She says that the Government have 29 consultative tax groups and that they have had 38 formal consultations. One is tempted to wonder how they got it all so wrong if they have so much consultation going on and so many experts apparently at their disposal. The experts whom we talked to knew that it would all go wrong. They knew about the non-doms thing and that the capital gains tax regime needed to be amended. They saw the problems with the 10p tax changes. They understood that the proposed income-splitting rules were unworkable and that the foreign profits consultation could have led to something that was disastrous for Britain. Indeed, we

have already begun to see the early effects, with the exit of one or two key companies from this country, as mentioned by my hon. Friend the Member for Billericay (Mr. Baron).

The Economic Secretary said that simplification was a priority for the Government and that a significant rolling programme of simplification was in place. We understand how easy it is for Ministers to be briefed by civil servants and to read out what they are told, but as we now have the longest tax code in the world, and given the complexity of our tax code, does she really believe that an effective simplification programme is in place? She says that longer means simpler and easier to access. I wonder whether the Treasury has bought a share stake in Tolley's tax guide; I can think of no other reason for her to believe that statement. I urge my right hon. and hon. Friends and right-thinking Members in all parts of the House to vote in favour of new clause 17.

Question put, That the clause be read a Second time—

The House divided: Ayes 190, Noes 267.

Division No. 244] **[2.3 pm**

AYES

Afriyie, Adam
Alexander, Danny
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baldry, Tony
Baron, Mr. John
Barrett, John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Bercow, John
Binley, Mr. Brian
Boswell, Mr. Tim
Brady, Mr. Graham
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Bruce, rh Malcolm
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Lorely
Butterfill, Sir John
Cable, Dr. Vincent
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clifton-Brown, Mr. Geoffrey
Cormack, Sir Patrick
Crabb, Mr. Stephen
Curry, rh Mr. David
Davey, Mr. Edward
Davies, David T.C. *(Monmouth)*
Davies, Philip
Djanogly, Mr. Jonathan
Dodds, Mr. Nigel
Dorries, Mrs. Nadine
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Christopher
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greenway, Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Heald, Mr. Oliver
Heathcoat-Amory, rh Mr. David
Hemming, John
Hogg, rh Mr. Douglas
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Hosie, Stewart
Howard, rh Mr. Michael
Howarth, David
Howell, John
Hughes, Simon
Huhne, Chris
Hunter, Mark
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Keetch, Mr. Paul
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Laws, Mr. David
Leech, Mr. John
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Llwyd, Mr. Elfyn
Loughton, Tim
Maclean, rh David
MacNeil, Mr. Angus
Main, Anne
Maples, Mr. John
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McCrea, Dr. William
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Moss, Mr. Malcolm
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Öpik, Lembit
Ottaway, Richard
Penrose, John
Price, Adam
Prisk, Mr. Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Mr. Laurence
Rosindell, Andrew
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, David
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spicer, Sir Michael
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Syms, Mr. Robert
Tapsell, Sir Peter
Teather, Sarah
Thurso, John
Timpson, Mr. Edward
Tredinnick, David
Tyrie, Mr. Andrew
Vara, Mr. Shailesh
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Whittingdale, Mr. John
Willetts, Mr. David
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Wishart, Pete
Wright, Jeremy
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Mr. Richard Benyon and
Mr. Crispin Blunt

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Battle, rh John
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blizzard, Mr. Bob
Borrow, Mr. David S.
Brennan, Kevin
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen

Byrne, Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Curtis-Thomas, Mrs. Claire
David, Mr. Wayne
Davies, Mr. Dai
Davies, Mr. Quentin
Dhanda, Mr. Parmjit
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Gapes, Mike
Gardiner, Barry
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Hepburn, Mr. Stephen
Heppell, Mr. John
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoey, Kate
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hughes, rh Beverley
Humble, Mrs. Joan
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
MacShane, rh Mr. Denis
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKenna, Rosemary
McNulty, rh Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Mitchell, Mr. Austin
Moffat, Anne
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Prentice, Bridget
Prentice, Mr. Gordon
Prosser, Gwyn
Purchase, Mr. Ken
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, rh Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Whitehead, Dr. Alan
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wyatt, Derek

Tellers for the Noes:
Tony Cunningham and Mr. Dave Watts

Question accordingly negatived.

Mr. Philip Hammond: I beg to move amendment No. 89, in schedule 3, page 127, line 5, leave out 'B,'.

Mr. Deputy Speaker (Sir Michael Lord): With this it will be convenient to discuss the following amendments:

No. 90, in schedule 3, page 127, leave out lines 12 to 16.

No. 91, page 127, leave out lines 23 to 25.

No. 93, page 128, line 1, at beginning insert

'In respect of qualifying business disposals within section 169H(2)(a) and (b),'.

No. 92, page 130, leave out lines 31 to 36 and insert—

'(a) that during the period of ownership of the individual or from 6 April 2008 if later—

(i) the assets which (or interests in which) are disposed of have not been in use for the purposes of the business throughout that entire period, and

(ii) only part of the assets which (or interest in which) are disposed of are in use for the purposes of the business,'.

No. 88, page 133, line 21, at end insert—

'4A For paragraph 15 of Schedule 7D (taper relief on disposal of qualifying shares) substitute—

"15 For the purposes of claiming entrepreneurs' relief on a disposal of qualifying shares, in applying sections 169I and 169S(3) the shares are treated as if they had been acquired when the original option was granted."'.

Government amendment No. 29

Mr. Hammond: This is a technical but important group of amendments relating to the detail of entrepreneurs' relief. The abolition of taper relief in the capital gains tax changes that were announced in the pre-Budget report sent a very negative signal to business and, as I said in the previous debate, provoked a ferocious response from business organisations. Indeed, it created what I think is a unique coalition of all the business organisations: the CBI, the EEF, the British Chambers of Commerce and the Federation of Small Businesses. I apologise to any others that I have missed, but they all coalesced in an unusual way—perhaps not surprisingly, given that they represent disparate types of business. Faced with that wall of opposition, the Government's tactics were, to put it bluntly, opportunistic. They decided to try to buy off the most numerous but least expensive group of opponents. I am thinking of very small businesses, which are largely represented by the Federation of Small Businesses.

Let me be unambiguous: small businesses play a crucial role in our economy. Businesses that employ no one other than the principals or one or two people deliver a major part of the economic activity in our economy. Beyond that, small businesses play a crucial part in the social fabric of our society, and we support them entirely. However, the great majority of them are not going to—indeed, have no aspiration to—grow into large businesses. Many people establish small businesses as an alternative to other employment; running a small business gives them a different lifestyle and working style and the opportunity to succeed in a way that suits them.

Some people, of course, want their businesses to become the next Microsoft, but many do not want that. For the economic future of the country, we do not need only small businesses, which provide the bedrock of our economy; we also need to foster small but scaleable businesses—those that have aspirations to grow, create substantial employment and raise ever larger amounts of capital. We need to be concerned about those businesses because of their importance in creating jobs and prosperity and because the entrepreneurs who establish them—such businesses are often in high-tech industries—tend to be more mobile, so the option of relocating overseas tends to be more realistic for them.

When this debate first broke, I met a group of serial entrepreneurs. They had established successive businesses, built them up, sold them on and then started again. Some of them were quite young—in their 30s or early 40s—but already had a chain of business successes behind them. We have to encourage such people if we are to have a future in the globalising economy.

I cannot remember the precise statistic, but a staggering proportion of our largest companies—40 per cent. of the top 100, I think, although one of my hon. Friends may correct me—were not among the top 100 companies 30-odd years ago. There is a high degree of churn and innovation in the economy and we need those new businesses, which aim to grow and are constantly nurtured, to come through.

The entrepreneurs' relief—the Government's solution for buying off the protests of small businesses, the most numerous group—will offer nothing of any significance to the entrepreneurs whom I have mentioned. Clearly, a serial entrepreneur who founds and sells business after business will not find the opportunity of a tax refund on the first £1 million of gain to be a significant incentive. The relief will, however, provide a break for those selling small businesses worth up to £1 million, and that is a welcome concession and U-turn by the Government.

I shall not focus any more on the loss of taper relief, although we could debate its implications. I shall restrict myself instead to the restrictions that the Government have imposed on the entrepreneurs' relief that they offered in order to buy off opposition among small businesses to the abolition of taper relief. In Committee, concern was expressed by professional bodies and by people who run small businesses and who are likely to be affected. They said that, under the restrictions as they were drafted, some people, who on any equitable analysis looked as if they should get the relief, would be denied it. We had visions of all sorts of apparently perverse outcomes that would bring the measure into disrepute and create significant confusion.

I therefore welcome Government amendment No. 29. I am sorry that the Financial Secretary is not here, but I offer my compliments to the Economic Secretary, who is here in her stead. In Committee, the Financial Secretary pledged to look again at the restriction that would have meant that if rent had been received at any time in respect of any asset that was the subject of an associated disposal, that asset would be ineligible for entrepreneurs' relief. An associated disposal is the disposal of an asset that is used in conjunction with a business, but is not owned by the business. To take a common model as an example, if a business owner who personally owns the factory building from which his business operates had at any time received rent from his own business for the occupation of that factory, it would not have been eligible for entrepreneurs' relief when an associated disposal took place alongside the disposal of the underlying business.

In the case of many small businesses, the majority of the value of the global activity may well be in the associated asset, rather than in the business itself. That can be for all sorts of reasons—from security to the need to use mechanisms to raise finance. It is quite common for an asset, particularly a building, to be held in separate ownership. The measure would have been especially harsh for old, established businesses, for which any period of rent payment for such an asset at any time in the past would have led to disqualification of the asset. The measure was likely to have been particularly unfair to businesses such as farming, in which a separation structure is widely used: the people who own the land are often different from those engaged in the business of farming it.

I am glad to say that the Government have taken our suggestion on board and disregarded all periods of ownership before April 2008 during which rent was received. They have therefore removed a potential anomaly that would have given rise to considerable unfairness. I

[Mr. Philip Hammond]

am grateful to the Financial Secretary and the Economic Secretary for listening to the arguments and reconsidering on this occasion.

However, we now have to address other issues. I hope that the Ministers have considered the arguments on those as well; they have not responded in the same way. The Opposition amendments in this group are aimed specifically at achieving clarification from Ministers on these issues, and we hope that we will hear a concise argument on why they are not prepared to accept the amendments. There are no politics in this. It is fair to say that, by and large, this schedule is as dull as ditchwater, but technical clarification is essential. Amendments Nos. 89 to 91 involve a housekeeping exercise that is of wider importance and touches on the debate that we have just had about how we make our tax law. I shall go into more detail on that in a few moments.

The exception to the "dull as ditchwater" label is amendment No. 88, which deals with the treatment of share options under the enterprise management initiative. That initiative was set up by the Government to encourage people working in a business to own shares in it. It was aimed at helping high-tech start-up businesses—as I say, that is exactly the kind of business that we need to foster—in order to attract the kind of people that they need if they are to grow. Those people might come from the academic sector or another business, but typically they could command high salaries and comfortable packages working in other sectors. The scheme was seen as a way of offering them a real financial incentive to take the risk of working in a far less certain and predictable environment.

2.30 pm

Under the taper relief regime, which has now been abolished, gains on disposal of enterprise management initiative shares were treated as if the acquisition of the shares had occurred on the date of grant of the underlying options. That favourable treatment was unique to EMI shares. It was designed to promote the EMI, because the Government had identified it as a beneficial measure to promote the growth of high-tech start-up businesses.

Under the entrepreneurs' relief scheme, favourable treatment is no longer available, so a key benefit of the EMI scheme is removed. There is real concern that that treatment represents an abandonment of the Government's commitment to the EMI and, even worse, of their commitment to employee share ownership. The Economic Secretary will have the opportunity, when she stands at the Dispatch Box to reply, to be clear and unambiguous about the Government's commitment to the EMI and to employee share ownership more generally. If she asserts that the commitment will continue, she might explain why she has removed the key advantageous tax treatment that the taper relief delivered, and say why she thinks that potential employees would be tempted by EMI share options, given the lack of any favourable tax treatment.

Amendment No. 88 was tabled more in hope than expectation. It would make EMI shares subject to the same treatment as pertained under taper relief. Its fiscal impact is likely to be very limited, because one of the criteria for receiving the entrepreneurs' relief is that a person must own 5 per cent. of the business in question. It would be very unusual for an individual to own 5 per cent. of the shares in an EMI company. It can and does happen, but we are by no means talking about hundreds of thousands of people. The Economic Secretary has the opportunity to send a strong signal about the value that the Government place on high-tech start-up businesses, and about the Government's commitment to the EMI scheme and employee share ownership in general. Concerns about that commitment are more salient than the concern about the treatment of EMI shares under the entrepreneurs' relief.

Amendments Nos. 89 to 91 deal with associated disposals, as does Government amendment No. 29. The issue relates to the conditions that must be met if a disposal is to qualify as

"a disposal associated with a relevant material disposal".

As I said, the stuff that we are dealing with is complicated. A relevant material disposal is a disposal of an interest in a business. A disposal associated with a relevant material disposal is the disposal of an asset that is used in conjunction with the business, but is not owned by the business. Before the disposal of that asset can be treated as a disposal associated with a relevant material disposal, three conditions have to be satisfied. They are set out in proposed new section 169K of the Taxation of Chargeable Gains Act 1992, which is inserted by schedule 3 to the Bill.

To paraphrase, condition A is that there is a material disposal. Condition B is that the disposal is made as part of the

"withdrawal of the individual from participation in the business".

Condition C is that the associated asset has been in use for the purposes of the business. There is no problem with conditions A or C; they are fine. The amendments would delete reference to condition B, so that any disposal of an asset—typically a building or land, but possibly also intellectual property—owned separately by an individual but used in connection with the business would be an associated disposal.

The definition of

"withdrawal...from participation in the business"

gave us cause for concern in Committee. It is a bit of a woolly concept, and we foresaw that the provision would give rise to uncertainty, and ongoing problems as taxpayers struggled to understand whether they would be entitled to relief. However, the situation changed somewhat when draft guidance was published, and I am grateful to the Financial Secretary for circulating it. It helpfully defines what

"withdrawal...from participation in the business"

means. It says:

"A withdrawal from participation in the business concerned relates to the 'material disposal of business assets' which qualifies for Entrepreneurs' Relief... That is, it takes place when the individual reduces his or her interest in the assets of the partnership, or their holding in the company, as the case may be. It is not necessary for the individual to actually reduce the amount of work which they may do for the business."

It goes on to give examples, which I will not read out. Withdrawal from the business is defined as occurring when an individual reduces his interest in the assets of a partnership, or his holding of shares in a trading company. In other words, if condition A is met—if there is a material disposal of business assets—condition B, which

is that the individual makes such a disposal as part of a withdrawal from the business, will always be met. Condition B becomes tautologous as a result of the definition of the term

"withdrawal...from participation in the business"

in the guidance notes.

Before we had the benefit of the guidance, we thought that condition B was offensive, but we now see that it is merely otiose. It adds nothing to the provisions of proposed new section 169K. We arrive at that understanding not through the mechanism of amending primary legislation, which is what the group of amendments would do, but by relying on non-statutory guidance. I suggest to the Economic Secretary and the House that that is not a satisfactory way to proceed. I offer her the opportunity to tidy up by using amendments Nos. 89 to 91 to put in the Bill what she is saying through guidance. If she is good enough to confirm that my interpretation, and the interpretation of others who have looked at the guidance, is correct, and that condition B will always be satisfied when condition A is satisfied, she must come to the conclusion that condition B is redundant and completely unnecessary. I suggest to her that the position should be made clear not through a non-statutory definition of

"withdrawal...from participation in the business",

but by deleting condition B. The Government addressed the substantive concern about condition B, but they did so in the wrong way. Making a condition self-fulfilling is not a satisfactory way to legislate. I am keen to hear the Economic Secretary's response on that point.

Amendments Nos. 92 and 93 relate to restrictions on relief for associated disposals. The Government have dealt with the restriction where rent is payable in Government amendment No. 29. Other restrictions arise where the asset is in use for business for only part of the period of ownership, where only part of an asset is so used, or where the individual has owned the asset for only part of the period of business use. Again, guidance has been issued—CG64145—and that clarifies the point. It indicates that HMRC officials will be encouraged to take a common-sense approach to the application of those restrictions and that in terms of interpreting what is a just and reasonable apportionment—the test in the Bill—they are being encouraged to make the apportionment on the basis that any reasonable person would think appropriate.

My remarks on amendments Nos. 89 to 91 apply to some extent to this group of amendments as well. It is better that we have clarification in the guidance than not at all, but it would have been better still if it were in the Bill. However, in this case, the guidance does not render what is in the Bill meaningless or unnecessary, so the Minister can make her case for doing it in guidance if that is what she prefers.

Amendments Nos. 92 and 93 have been largely answered by the delivery of the draft guidance note. I wait to hear what the Minister has to say about amendments Nos. 89 to 91 and also wait for reassurances in respect of amendment No. 88 and the Government's commitment to EMI schemes.

Mr. John Redwood (Wokingham) (Con): I remind the House that I have included in the Register of Members' Interests the fact that I am a director and a shareholder in a small company, but I do not wish to draw on that experience for the purpose of these remarks.

I support what my hon. Friend the Member for Runnymede and Weybridge (Mr. Hammond) said about the need for the Government to listen carefully to those who say that the new capital gains tax regime is not as supportive of employee shareholding as it could be. I fully accept that the Government were well intentioned in wishing to get the main headline rate of capital gains tax down. I think that everyone in the House, with perhaps a few exceptions, is in agreement that that was a good thing to do. We were becoming very uncompetitive with the headline rate that we had, and it is good that the general rate is being reduced.

However, it is most unfortunate, rather like the unfortunate idea of abolishing the 10p tax band to pay for the welcome lower rate of standard income tax, that in tidying up to try to pay for this measure, some of the rather good reliefs and opportunities that had been offered to entrepreneurs and to employee shareholders by the Government in previous Budgets were swept away, making the regime far less attractive.

If I may draw on a personal experience from my past, I was involved in chairing a company that was financed by private equity where the incentive packages to individuals in the company were most important in driving recovery, profit and success for that investment. My experiences of that model and of talking to others who had been involved in private equity, including constituents of mine, persuaded me that there is a definite correlation between the success of British enterprise and the ability to reward and encourage people at all levels of an organisation with employee shareholdings so that they can participate in that success.

I am therefore pleased that my hon. Friend tabled amendment No. 88, which would adapt schedule 7D so that some of the less generous terms that appear to be reflected in the reform of capital gains tax could be removed. Like him, I think that EMI is a good scheme, and I look forward to hearing the Minister explain how it might rest if his amendment, or something like it, were not introduced during the remaining proceedings on the Bill.

Hon. Members on both sides of the House have come to understand how important small businesses, and smaller businesses led by people who wish them to grow rapidly, are to a successful enterprise economy. The Government's introduction of the taper relief and the 10 per cent. rate for enterprise undoubtedly gave a considerable fillip to enterprise and meant that a bigger population of smaller companies were able to grow more rapidly with people getting that direct incentive, which was then not going to be taxed at nearly such a penal rate as if the capital gains tax regime had remained unamended.

2.45 pm

I hope that the Minister will take some pride in what the previous Chancellor did for enterprise and venturing in that earlier regime, which was one of the best things that he ever did. I hope that she will accept my compliments in the spirit in which they are intended. It would be a tragedy if a subsequent Budget started to demolish some of that good work, perhaps inadvertently or because of cheese-paring. I will be interested to hear what the

Treasury arithmetic is on all this. The first-round consequence of reducing a rate of tax may well be to reduce the amount of tax collected, but the second or third-round consequence of a more favourable capital gains tax regime may well be to generate more revenue. That would have been my conclusion had the then Chancellor reduced the overall rate, leaving in place the more favourable rates for enterprise. However, there is a danger that the disincentive effect of the cheese-paring with the smaller enterprise rates will offset the possible good effects of the lower overall rate, so that the estimates that we might otherwise have had of rising revenue from greater success will be nipped in the bud or we will find ourselves short-changed.

I hope that in responding the Minister will understand that we are, as the Government were prior to this reform, very keen on these promotional measures, particularly for employee shares, which can be extremely important. I would like her to share some of the thinking about the arithmetic behind these measures. There is always the danger that a crude concentration on first-round effects to try to offset revenue loss will do much more damage in the medium to long term because it will limit growth in the British economy and limit the growth of any smaller companies, and we will end up with less revenue.

Kitty Ussher: I am grateful to hon. Members for tabling amendments in these technically complicated areas. It is important to use this stage of the Bill's passage to ensure that the meaning is entirely clear. I am sure that my right hon. Friend the Financial Secretary would want me to put on record her gratitude for the conversation in Committee that led to our tabling Government amendment No. 29. That was a useful exchange, and we are pleased about that.

Let me run through the amendments in order and give the Government's response. Amendments Nos. 89 to 91 would make it easier for people to qualify for entrepreneurs' relief under the rules for so-called associated disposals, which are, as the hon. Member for Runnymede and Weybridge (Mr. Hammond) said, disposals of assets which individuals owned personally, but which were used in a business that the individual carried on either in partnership or through their personal trading company. As he said, to qualify as an associated disposal three conditions have to be met. The amendments would remove entirely the condition that the disposal of the associated asset must take place as part and parcel of the individual's withdrawal from the wider business.

I suspect that that was not sufficiently clear in the guidance, so I will take the opportunity to clarify it now. It is of course draft guidance, so we can revisit it. The disposal mentioned in the guidance is the disposal of the associated assets rather than the withdrawing from the general business. Entrepreneurs' relief is targeted at disposals of businesses and it is right that there must be a clear link between the individual's disposal of his interest in the business per se and any disposal of an associated asset that he let the business use. The first condition for relief on an associated disposal is, therefore, that the individual makes a disposal of his interest in the business. The second condition follows naturally from the first condition, and it is that the disposal of the interest in the business and the associated disposal of the asset are exactly that – associated.

The hon. Gentleman says that the second condition is not clear. I do not agree, but it is a useful conversation to have. The condition sets out the factual test that must be satisfied. There must be a link—an association between the withdrawal from the business and the associated disposal of the asset. The House will want to know that the same condition existed in the rules for retirement relief and it did not cause any difficulty in that case.

The hon. Gentleman said that condition B is always satisfied when condition A is satisfied. That is not the case, and perhaps he has misunderstood the guidance in this technical area. Condition B is not otiose. The disposal it refers to is the associated disposal, as I have said, so it is needed to establish the connection between the two disposals. That was the case for the old rules for retirement relief.

Mr. Philip Hammond: The Economic Secretary said that the guidance might be unclear. The guidance is very clear. I wonder whether she means that the wording of the Bill is unclear. The wording of paragraph 3 of proposed new section 169K states:

> "Condition B is that the individual makes the disposal as part of the withdrawal of the individual from participation in the business".

That may be where the ambiguity has crept in. The guidance note, however, is very clear:

> "A withdrawal from participation in the business concerned relates to the 'material disposal of business assets'...That is, it takes place when the individual reduces his or her interest in the assets of the partnership, or their holding in the company".

Where individuals make a material disposal in the assets of the partnership or the holding of the company, they will be withdrawing from participation in the business by definition.

Kitty Ussher: The disposal referred to in the Bill is the associated disposal, and the definition that the hon. Gentleman read out from the guidance is the definition of the wider withdrawal from the overall business. I think it best that if we need to alter the draft guidance following this discussion, we do so, but I hope that when he has had an opportunity to reflect on this exchange, he will understand our point.

I am grateful to the hon. Gentleman for saying that amendments Nos. 93 and 92 have been dealt with by the Government amendments, so perhaps I can move on to amendment No. 88. This amendment seeks to extend entrepreneurs' relief to individuals who dispose of shares acquired under enterprise management incentive options before they have held the requisite proportion of shares and voting rights in the company for shares, for the qualifying period of 12 months.

I was asked whether the Government would take the opportunity to reaffirm our commitment to the enterprise management incentive and to employee share options and share ownership more generally. I would like to take the opportunity to do so 100 per cent. It is often extremely useful to align incentives for the work force with those of the overall organisation, and we have always sought to support that process.

The crucial point is the difference between having the option to acquire a share and the owning of the share itself. Perhaps that will tease out the issue under debate. One of the conditions for entrepreneurs' relief to be available on a disposal of shares is that the company should have been the individual's "personal company" for a period of 12 months. A company is an individual's

personal company if that individual holds at least 5 per cent. of the ordinary share capital of the company, and by virtue of that holding can exercise at least 5 per cent. of the voting rights in the company. Amendment No. 88 would make a company an individual's personal company at the time when he holds EMI options that would entitle him to 5 per cent. of the ordinary share capital, by treating the shares as acquired when he has acquired only the option.

Entrepreneurs' relief is intended for individuals who have an active stake in the company by owning, throughout a qualifying period of a year, at least 5 per cent. of the ordinary shares, and by being able to exercise at least 5 per cent. of the voting power. Obviously, an option does not require voting power. I think that that is where the difference lies. Someone who holds only an option to acquire shares does not have the sort of stake in the company that should qualify that person for entrepreneurs' relief. The option does not confer the rights and liabilities of a shareholder, or voting rights, as I have said.

Mr. Hammond: We have heard the Economic Secretary reaffirm the Government's 100 per cent. commitment to the enterprise management initiative, while stripping away the principal tax advantage of it. What is the incentive for individuals thinking of taking employment with EMI qualifying companies to take up share options? Where is the benefit?

Kitty Ussher: There are wider benefits than simply being able to have a different capital gains tax requirement, such as the way in which the company might be able to develop in future and the simple value of that asset, so that is quite clear. If someone acquires shares by exercising an EMI option and as a result the company becomes his personal company, a gain on a disposal of the shares will of course qualify for entrepreneurs' relief after he has held them for at least one year, assuming that the other conditions are satisfied. That is the same as for any other shareholder.

People acquiring shares by way of EMI options continue to benefit from generous income tax and national insurance reliefs, which also answers the hon. Gentleman's point, and we increased the individual limit to £120,000 for EMI options from 6 April this year. There is also a technical defect in the amendment, but I have made my main point, and I urge that the amendment is not pressed to a Division. If so, it should be resisted.

I have alluded to Government amendment No. 29. It relates to the capital gains tax and entrepreneurs' relief rules for associated disposals. The disposal of an asset may qualify as an "associated disposal" if the asset were in business use and disposed of alongside someone's withdrawal from a business. In the Public Bill Committee, my right hon. Friend the Financial Secretary, who has joined me on the Front Bench, explained that eligibility for entrepreneurs' relief may be restricted if the asset was only partly deployed for business use, or if the asset or individual was involved in the business for only part of the period in which the asset was used by the business. Relief may also be restricted if an individual received rent for the use of the asset by the business.

That is a sensible way to focus the relief, as in these circumstances the asset is more akin to an arm's length investment. The Bill takes all payments of rent into account, even when rent was paid before the new rules were introduced on 6 April. When this particular point was touched on in the Public Bill Committee, my right hon. Friend said that she would consider the case for disregarding rent received before April 2008. We are now persuaded that that is the right approach to adopt, and having examined the matter, we have concluded that it is right to disregard rent paid before entrepreneurs' relief was introduced, in order to smooth the transition to the new regime. Amendment 29 delivers that change. I would like to move that it be part of the Bill, and I urge colleagues to resist the other amendments if they are pressed to a vote.

Mr. Hammond: I am afraid that the Economic Secretary has not dealt with the issues that amendments Nos. 89, 90 and 91 raise. It may surprise her to know that I did not dream up the problem all on my own. If I doubted my ability to analyse the complex provision, I do not doubt that of others who have pressed the point. I have read and re-read the Bill in the light of the Government's comments. It states:

"Condition A is that an individual makes a material disposal of business assets"

and

"Condition B is that the individual makes the disposal"

which the Economic Secretary has clarified as the associated disposal—

"as part of the withdrawal of the individual from participation in the business".

The guidance notes make it clear that the satisfaction of condition A—that a material disposal of business assets has been made—constitutes a withdrawal of the individual from participation in the business because it necessarily involves the individual reducing his or her interests in the assets of the partnership or their holding in the company. Condition B will therefore be satisfied.

I do not believe that the Economic Secretary has made the case so I wish to place on record our concern that the matter could leave this place unclarified, and there is no other stage of the Bill's passage when it could be tackled. I therefore urge my hon. Friends to support the amendment.

Question put, That the amendment be made:

The House divided: Ayes 198, Noes 277.

Division No. 245] **[2.59 pm**

AYES

Afriyie, Adam	Brazier, Mr. Julian
Ainsworth, Mr. Peter	Breed, Mr. Colin
Alexander, Danny	Brokenshire, James
Arbuthnot, rh Mr. James	Browne, Mr. Jeremy
Atkinson, Mr. Peter	Browning, Angela
Bacon, Mr. Richard	Bruce, rh Malcolm
Baldry, Tony	Burrowes, Mr. David
Barker, Gregory	Burstow, Mr. Paul
Baron, Mr. John	Burt, Lorely
Barrett, John	Butterfill, Sir John
Beith, rh Sir Alan	Cable, Dr. Vincent
Bellingham, Mr. Henry	Campbell, rh Sir Menzies
Benyon, Mr. Richard	Carmichael, Mr. Alistair
Bercow, John	Chope, Mr. Christopher
Beresford, Sir Paul	Clappison, Mr. James
Binley, Mr. Brian	Clark, Greg
Boswell, Mr. Tim	Clifton-Brown, Mr. Geoffrey
Brady, Mr. Graham	Cormack, Sir Patrick
Brake, Tom	Crabb, Mr. Stephen

Curry, rh Mr. David
Davey, Mr. Edward
Davies, David T.C. *(Monmouth)*
Davies, Philip
Djanogly, Mr. Jonathan
Dorries, Mrs. Nadine
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Christopher
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heathcoat-Amory, rh Mr. David
Hemming, John
Herbert, Nick
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Hosie, Stewart
Howarth, David
Howell, John
Hughes, Simon
Huhne, Chris
Hunter, Mark
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Keetch, Mr. Paul
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Laws, Mr. David
Leech, Mr. John
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Maclean, rh David
MacNeil, Mr. Angus
Main, Anne
Maples, Mr. John
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McCrea, Dr. William
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Milton, Anne
Mitchell, Mr. Andrew
Moss, Mr. Malcolm
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Oaten, Mr. Mark
Öpik, Lembit
Osborne, Mr. George
Ottaway, Richard
Penrose, John
Price, Adam
Prisk, Mr. Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Mr. Laurence
Rosindell, Andrew
Ruffley, Mr. David
Russell, Bob
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, David
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spicer, Sir Michael
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Teather, Sarah
Thurso, John
Timpson, Mr. Edward
Tyrie, Mr. Andrew
Vara, Mr. Shailesh
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Whittingdale, Mr. John
Wiggin, Bill
Willetts, Mr. David
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Wishart, Pete
Wright, Jeremy
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Mr. Crispin Blunt and James Duddridge

NOES

Ainger, Nick
Ainsworth, rh Mr. Bob
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Battle, rh John
Beckett, rh Margaret
Begg, Miss Anne
Beil, Sir Stuart
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Brennan, Kevin
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cummings, John
Cunningham, Mr. Jim
Curtis-Thomas, Mrs. Claire
David, Mr. Wayne
Davies, Mr. Dai
Davies, Mr. Quentin
Dhanda, Mr. Parmjit
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Gapes, Mike
Gardiner, Barry
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Henderson, Mr. Doug
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret

Hodgson, Mrs. Sharon
Hoey, Kate
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hughes, rh Beverley
Humble, Mrs. Joan
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Mitchell, Mr. Austin
Moffat, Anne
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Munn, Meg
Murphy, Mr. Denis
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Prentice, Bridget
Prentice, Mr. Gordon
Prosser, Gwyn
Purchase, Mr. Ken
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Tony Cunningham and Mr. Dave Watts

Question accordingly negatived.

Amendment made: No. 29, page 133, line 26, at end insert—

'Transitionals: section 169P(4)(d)

5A Section 169P of TCGA 1992 has effect in a case where the period for which the assets are in use for the purposes of the business began before 6 April 2008 as if the reference in subsection (4)(d) of that section to that period were to so much of it as falls on or after that date.'.—*[Kitty Ussher.]*

New Clause 3

VEHICLE EXCISE DUTY: VARIATION OF GRADUATED RATES FOR LIGHT PASSENGER VEHICLES

'(1) The Treasury may by regulations made by statutory instrument vary the table in paragraph 1B (graduated rates for light passenger vehicles) of Schedule 1 to VERA (annual rates of duty).

(2) A statutory instrument containing regulations under this section may not be made unless a draft of the instrument has been laid before and approved by a resolution of the House of Commons.

(3) The power conferred by subsection (1) does not extend to the ending of different provision for vehicles first registered after 1 March 2001 and before 23 March 2006 and with a CO_2 emissions figure exceeding 185 g/km.'. *[Justine Greening.]*

Brought up, and read the First time.

Justine Greening (Putney) (Con): I beg to move, That the clause be read a Second time.

Madam Deputy Speaker (Sylvia Heal): With this it will be convenient to discuss the following:

New clause 7—*Vehicle mileage costs*

'The Treasury shall publish annually alongside the Pre-Budget report an estimate of the average cost of operating a motor vehicle (including associated running costs and depreciation) per mile for a vehicle driving 10,000 miles per year for

(a) a vehicle registered before 1st March 2001 paying a pre-graduated Vehicle Excise Duty with an engine size 1549cc below;

(b) a vehicle registered before 1st March 2001 paying pre-graduated Vehicle Excise Duty with an engine size above 1549cc; and

(c) a vehicle registered after 1st March 2001 liable to pay graduated Vehicle Excise Duty in each of the VED bands A-M with effect from 1st April 2009.'.

New clause 8—*Fuel duties: rates and rebates: general fuel duty regulator*—

'(1) HODA 1979 is amended as follows.

(2) In section 6 (excise duty on hydrocarbon oil) after subsection (1A) (as substituted by section 11 of this Act) insert

[Madam Deputy Speaker]

"(1AA) In every Budget Statement and pre-Budget Statement the Chancellor of the Exchequer must provide a forecast for oil prices and set out anticipated yield from fuel duty and VAT on fuel for that price and for a range of prices up to 50 per cent. above his forecast.

(1AB) The Treasury must, following each such statement, by regulations made by statutory instrument reduce the rates of duty specified in subsection (1A) in direct proportion to the increase in the costs accounted for by VAT.

(1AC) Whenever international oil prices rise above the level estimated by the forecast made in accordance with subsection (1AA), indexed fuel duty increases shall not take effect until the international oil prices return to the forecast level or the forecast price is amended by the next Budget or pre-Budget Statement.".

New clause 9—*Fuel duties: rates and rebates: road hauliers and remote rural areas*—

'(1) HODA 1979 is amended as follows.

(2) In section 6 (excise duty on hydrocarbon oil) after subsection (1A) (as substituted by section 11 of this Act) insert—

"(1AA) In every Budget Statement and pre-Budget Statement the Chancellor of the Exchequer must provide a forecast for oil prices and set out anticipated yield from fuel duty and VAT on fuel for that price and for a range of prices up to 50 per cent. above his forecast.

(1AB) The Treasury must—

(a) following each such statement, by regulations made by statutory instrument reduce the rates of duty specified in subsection (1A) in direct proportion to the increase in the cost accounted for by VAT;

(b) provide a mechanism to pay the reduction directly to road hauliers with an 'O' licence including a restricted licence, a standard licence or a standard international licence;

(c) bring forward proposals not later than the pre-Budget Statement 2008 to provide specific fuel duty reductions targeted at fuel sold in remote rural areas.

(1AC) Whenever international oil prices rise above the level estimated by the forecast made in accordance with subsection (1AA), indexed fuel duty increases shall not take effect until the international oil prices return to the forecast level or the forecast price is amended by the next Budget or pre-Budget Statement.".

New clause 14—*Remote rural fuel discount scheme*—

'(1) The Treasury shall by regulations provide for the introduction, by no later than 1 April 2009, of a remote rural fuel discount scheme.

(2) The purpose of the scheme is to provide a rebate on road fuel duty at qualifying retail outlets in qualifying areas to reduce the premium paid for fuel in such areas over the national average.

(3) Qualifying retail outlets under subsection (2) are outlets located in qualifying areas meeting any criteria as defined under subsection (4).

(4) Qualifying areas are remote rural areas as may be defined by regulations under subsection (4).

(5) Regulations under subsection (1) may—

(a) specify the amount of the fuel duty rebate;

(b) define "remote rural areas";

(c) define qualifying retail outlets, including any restriction;

(d) specify how the rebate is to be applied, including—

(i) authorising HMRC to define procedures and conduct audits, and

(ii) how any administrative costs are to be defrayed;

(e) provide for it to be an offence for a person fraudulently to supply or sell rebated fuel other than as proscribed by these regulations;

(f) provide for a system of registration of eligible retail outlets;

(g) provide for the scheme to be administered in Scotland by the Scottish Executive and in Wales by the Welsh Ministers.'.

Amendment No. 9, in clause 15, page 8, line 9, at end insert—

'(3A) In paragraph 1C (the reduced rate)—

(a) in sub-paragraph (1) for "or C" substitute "C or D";

(b) after sub-paragraph (4) insert—

"(4A) Condition D is that the vehicle is an off-road working vehicle.";

(c) in sub-paragraph (6) insert at the appropriate place—

""off-road working vehicle" means, subject to any provision which may be made by the Treasury in regulations made by statutory instrument, any vehicle which is used primarily for business purposes off adopted roads.".'.

Amendment No. 7, page 8, line 21, leave out from 'to' to end of line 22 and insert

'any licence taken out in respect of a vehicle first acquired on or after 13 March 2008.

(7) In this section "first acquired", in relation to a vehicle means acquisition when it has not previously been owned.'.

Government amendments Nos. 22 and 23.

Justine Greening: Today's debate on the cost of motoring relates to issues that have relevance to the lives of millions of people, so the need to get the policies right is paramount. The Government announced in the Budget and have begun to deliver through the Bill a vehicle excise duty policy that is unfair and ineffective, and will make life harder for large numbers of people in this country.

Nigel Griffiths (Edinburgh, South) (Lab): If the policy is so unfair, why have five Conservative MPs on the Environmental Audit Committee stressed that it is a necessity?

Justine Greening: The hon. Gentleman has asked an interesting question. The answer is that we do not have a problem with graduated VED linked to the level of pollution of cars in principle. What we have a problem with is ineffective green taxation that is nothing to do with the environment and everything to do with eco-stealth taxes. If he is willing to stay in his place and listen to the remainder of what I have to say, I will carefully run through just how much the Government's policy on vehicle excise duty will affect the environment by 2020. If he thinks that that is not enough, I am sure that he will be happy to jump up and challenge the Government.

New clause 3, which, among other new clauses, is what we are all here to debate this afternoon, aims to get the rising impact of motoring costs out into the public domain. New clause 3 seeks to protect people from the serious consequences of the Government's planned retrospective changes to vehicle excise duty. I shall outline a number of concerns about the effects that the Government's vehicle excise duty changes will have, many of which new clause 3 attempts to tackle.

3.15 pm

Kate Hoey (Vauxhall) (Lab): I very much support what the hon. Lady is saying about the retrospective taxation of people who bought their cars expecting to pay just the normal increase. Will she say what the Government would have to say for her to withdraw her new clause?

Justine Greening: I will not be withdrawing my new clause, because it is the best insurance policy we all have to ensure that the Government tackle the situation. I will say later why it is important to resolve the issue today, rather than finding ourselves, this time next year, in another situation like the 10p tax rate fiasco, which we got rid of yesterday, only this time with vehicle excise duty.

Richard Burden (Birmingham, Northfield) (Lab): The hon. Lady used the word "retrospective". I should like to be clear what she means by that. Is she saying that any increase in vehicle excise duty that applies to existing cars is retrospective?

Justine Greening: What I am saying is that the hon. Gentleman's Government should take the same approach that they took when they introduced band G. When they introduced a higher band for vehicle excise duty based on pollution, they said that it should apply only to vehicles already registered going forward. That was a fair way of ensuring that people would not be taxed for past behaviour that they could not possibly change. I am happy to explain in more detail why I think the Government's proposal is so bad and why so many of the hon. Gentleman's colleagues agree with us.

There is no doubt that the proposed increase in vehicle excise duty will lead to a massive tax rise. The Treasury has admitted that its take from graduated VED will increase by more than 100 per cent. over the next few years. Figures released by the Treasury to me reveal that the take from graduated VED will increase from £1.9 billion in 2006 to £4.4 billion in 2010. I repeat: green taxes have to be offset by decreases in taxes elsewhere, precisely to ensure that families are not overburdened by tax at this time of economic hardship.

I use the term "green taxes" loosely when describing the vehicle excise duty changes announced by the Government. One would hope that a tax increase of several billions of pounds would lead to some impressive vehicle emissions savings, but that is not the case. The argument that the changes will help the environment is simply not true. The Government have admitted that minimal emissions savings will result from the changes to vehicle excise duty rates. According to the figure that I have been given by Ministers, they expect annual emissions from motor vehicles to reduce by 160,000 tonnes a year by 2020. That is a fraction of 1 per cent. of total transport CO_2 emissions, which were 120 million tonnes back in 2006, just one year.

According to the Ministers sat in front of me, the long-term effect of the policy will be to change vehicle emissions by 160,000 tonnes a year by 2020. Did the Treasury concede that that is not a meaningful reduction? Did it promise to take a fresh look at the tax, to make it really work for the environment? No. Having released this statistic to me, its response was simply to repackage it. Instead of saying that it would involve a minimal amount each year, the Treasury tried to make it sound larger by saying that it would be 1.3 million tonnes by 2020. Actually, that is the total amount of emissions that will have been saved by the policy by 2020, yet, in every single year, there are 120 million tonnes of carbon dioxide emissions from motor vehicles.

Nigel Griffiths: The hon. Lady makes an excellent point, and it is reinforced by the latest report from the Environmental Audit Committee, which has been signed by, I think, a different five Conservative Members from those to whom I have already referred, although there might be some overlap. The Committee is ably chaired by the hon. Member for South Suffolk (Mr. Yeo). The report's overview warns of the danger of abolishing the fuel duty escalator and other issues. It also warns that, unless more drastic action is taken, the reduction that is being sought will not be achieved. What drastic action is the hon. Lady suggesting should be taken? Does she endorse what her five colleagues have said?

Justine Greening: I endorse what nearly 50 Labour Members have done, which is to sign an early-day motion saying that these retrospective tax rises are deeply unfair. The hon. Gentleman does a disservice to green taxation by supporting a green tax that is so unfair. How can we possibly change people's behaviour on the environment in relation to something that has already happened?

David Taylor (North-West Leicestershire) (Lab/Co-op): I should like to correct the hon. Lady. The early-day motion to which she referred does not say that several Labour Members believe that the retrospection is "deeply unfair". It states:

"That this House is concerned at the retrospective effect of the vehicle excise duty changes announced in Budget 2008 to take effect from 2009; and asks the Government to reconsider."

I am a signatory to the motion. The hon. Lady is wrong to say that it used the words "deeply unfair", as they were not in the motion.

Justine Greening: The spirit in which the hon. Gentleman and I both believe that it is unfair to tax people because of the choices they have made in relation to motoring, in order to try to reduce emissions, is the same. There are clear similarities between us.

Mr. Peter Atkinson (Hexham) (Con): May I give the House a practical illustration of the unfairness of the proposal? Many of my constituents drive second-hand cars, and the value of those vehicles has now been reduced by several thousand pounds because of this retrospective taxation. Those living in rural areas depend on their cars and have already been hit by higher fuel prices. They have also been hit at home by the escalating cost of domestic heating oil.

Justine Greening: My hon. Friend is right. The result of this change will be more dramatic for taxpayers than the result of the 10p tax rate fiasco. About 1.2 million drivers will experience a tax rise of either £220 or £245, which they could not possibly have foreseen when they bought their cars up to seven years ago. A further 1.1 million will see retrospective increases of up to £100, and possibly more, between 2008 and 2010. That will mean that twice as many people will be worse off by twice as much money as we were talking about yesterday in relation to the 10p tax rate fiasco.

Mr. Greg Knight (East Yorkshire) (Con): On the issue of fairness, has my hon. Friend seen the report by Professor David Newbery of Cambridge university, which I believe succeeds the report from Environmental Audit Committee that has just been mentioned? In it, he

[Mr. Greg Knight]

concludes that if motorists were to pay a full contribution towards the effect that their vehicles had on the environment, they would be paying fuel tax at a rate of 20p a litre. Is my hon. Friend aware that fuel tax is currently 60p a litre? Motorists are therefore already paying far more than their fair share towards the environment, without having to pay these increases in vehicle excise duty, which are clearly not a green tax but a stealth tax.

Justine Greening: My right hon. Friend makes an interesting point. If we are to reduce motor vehicle emissions, we clearly need more effective tools than the one that the Government have proposed in this year's Budget on the change to vehicle excise duty. Those who will be affected by the proposals are people with older cars, people with family cars and people on low incomes who simply cannot afford to upgrade to a less polluting car. What kind of policy creates a situation in which the owner of a new Porsche will face a smaller tax increase than a family with an older family car? It is clear that we need to revisit this decision.

I want to focus for a moment on the most serious aspect of the retrospective part of this tax hike—namely, the impact on people on low incomes. From statements made by Ministers, and from the minuscule amount of data that I have received in answer to parliamentary questions, I understand that about 1.3 million people earning less than £15,000 a year will be hit by above-inflation increases in vehicle excise duty. Some of them will face rises of £245 a year. That is a week's take-home pay that the Government are going to take out of their pockets through this proposal. We believe that up to 750,000 of them will face increases that are triple the rate of inflation. It is completely unacceptable that these changes to vehicle excise duty should have a greater impact on those on the lowest incomes.

Whatever hon. Members' view of graduated vehicle excise duty might be, we would all have hoped that the Government would be honest about what was being proposed. That was not the case, however. They have proved to be disingenuous about the facts from the word go. The retrospective element of the changes to vehicle excise duty were buried in the fine print of the Red Book. I am not sure how many families the Chancellor imagines read the Red Book, but I think that it would have been courteous, respectful and decent of him to tell them about these changes in his Budget speech. At the very least, he could have clearly described the change in the Red Book for what it was—a retrospective tax. But he did not have the decency to do that either. Instead, it was left up to readers of the Red Book to infer from table headings and dates that changes to road tax levels had been put into the Budget in this way.

Another thing that was not mentioned in the Red Book was the transition period over two years for those worst affected by the changes announced in this year's Budget. I cannot help but think that that was introduced as an afterthought.

John Thurso (Caithness, Sutherland and Easter Ross) (LD): Does the hon. Lady agree that the primary objective of a truly green tax should be to change behaviour? Does she further agree that it is an essential principle of fairness in such a case that the people involved should be able to change their behaviour, and that the people whom she is talking about have no option and cannot change their behaviour?

Justine Greening: The hon. Gentleman is right. This goes to the heart of new clause 3. In spite of the fact that the Liberal Democrats voted for clause 15 of the Bill—which contained these proposals when we originally debated them—I am pleased to see that cross-party consensus is now emerging on this issue, because it is important.

I was talking about the fact that the retrospective element of the vehicle excise duty proposals had not been fully disclosed in the Red Book. Additionally, the Government have repeatedly claimed that the majority of motorists would be unaffected or no worse off because of these changes. That claim has been made on numerous occasions by the Chief Secretary to the Treasury, the Chancellor and even the Prime Minister, as well as by Treasury Ministers who are sitting in front of me today. They continue to make that claim to this very day, despite it being demonstrated again and again that it is simply wrong. In fact, by 2010, 80 per cent. of motorists paying graduated VED will pay more as a result of these changes. A total of 18 million motorists will face above-inflation rises.

Mr. Angus MacNeil (Na h-Eileanan an Iar) (SNP): Of course, one point of the vehicle excise duty is to change people's behaviour, but as the hon. Member for Caithness, Sutherland and Easter Ross (John Thurso) pointed out, a change of behaviour cannot occur in every circumstance—and I am thinking particularly of crofters and farmers. Could the Government use the single farm payment as a mechanism for exempting crofters and farmers from this retrospective tax?

Justine Greening: The hon. Gentleman raises an interesting point. What I am trying to do—I hope he will be pleased—is to ensure that nobody is hit by the retrospective element of the proposed tax rise. The reality is that the change will impact seriously on large numbers—literally millions—of people. Trying to hide it with a statistical sleight of hand, which is what Ministers have sought to do, is simply unacceptable.

Mr. Redwood: Has my hon. Friend, like me, received many representations from people who simply cannot believe that this huge extra tax will be imposed on those with so little money to pay it? People are also worried that their older cars will plunge in value, making it difficult for them to sell and buy the newer sort of car that the Government want them to buy. Is it not surprising that we do not hear more from Members from all parties who should be representing the real anger that people are expressing?

Justine Greening: Like my right hon. Friend, I have received many representations. People up and down the country are, frankly, furious about being confronted with a tax rise that they have no way of avoiding. They will face it not just for one year; they will be locked into it for several years. As my right hon. Friend said, many people will be unable to afford to buy a new car because the value of their current car will have plummeted as a result of these tax changes.

Anne Main (St. Albans) (Con): Does my hon. Friend know whether the Government have done any calculations of the amount of value that will be wiped off numerous second-hand cars owned by lower-income families? What does she expect will happen to those older cars in that changed car market?

Justine Greening: A number of Members are expressing their concerns. My hon. Friend is absolutely right that it is unacceptable to introduce a retrospective tax in the Budget that people will be unable to avoid paying.

I have tried to find out the real impact of the VED changes announced in this year's Budget. I have tried to do so by tabling numerous parliamentary questions and I have even gone so far as to write to Ministers on two occasions. Everyone is concerned to understand the impact of those changes throughout the country, but to this day no details have been released from the Treasury to the public to help them understand that impact. I have 18 outstanding parliamentary questions asking about which people will be affected and to what extent. I await answers from the Treasury. Many questions relate to the impact on low-income families and some are getting on for two months' old. I tabled them almost immediately after the Budget and the start of debates on the Finance Bill. I have written letters to the Financial Secretary, but I have received no replies whatever. Disagreement on policy is one thing—it is part of the political process—but for Ministers to hold back the facts, bury their heads in the sand, exhibit a complete lack of transparency at every stage of the process and refuse to engage in a reasoned and informed discussion of the impacts of crucial policy decisions affecting millions of people is quite another and is simply unacceptable. It is a failure of the Government's duty to the House and to the people of this country.

The problems with the VED proposals are clear. They mean huge tax rises; they offer virtually no benefit to the environment; they are unfair in backdating retrospectively; and they will hit families and people on low incomes. The proposed changes cannot be allowed to stand. That is why I tabled new clause 3. It is designed to send a simple, clear and strong message to Ministers that although green tax on cars can be imposed, it cannot be right to punish people with tax rises in respect of decisions they made in good faith up to seven years ago. The issues in the clause go beyond party politics.

Adam Price (Carmarthen, East and Dinefwr) (PC): Does the hon. Lady agree that even from an environmental perspective, this retrospective policy makes no sense whatever, particularly if its purpose is meant to be carbon reduction? It ignores the huge carbon cost involved in the purchase of a new car. It has been estimated that even a Toyota Prius has to run for 100,000 miles before it pays for the carbon cost of swapping an older car for a new car. It makes no sense.

Justine Greening: The hon. Gentleman makes a very fair point, and the Treasury has admitted that this proposal will have virtually no impact on CO_2 emissions from motor vehicles in the coming years. What we need to do today is to put aside our political differences and do the right thing for the people most hurt by the Government's VED proposals—namely, the public, families and particularly low-income families.

Nigel Griffiths: Will the hon. Lady give way?

Justine Greening: I have given way enough to the hon. Gentleman.

I am asking Labour Members to do the right thing. What is more important to them—stopping families and people on low incomes from going under financially in the coming months and years, or toeing the party line? That is what the decision on new clause 3 comes down to.

If Members see no problem with the effects of the Government's policy of unfairly taxing people who cannot afford to pay, that is fine. If they can tell concerned constituents who speak of the pressures imposed by increases in tax and the cost of living that the Government's proposal went ahead and they voted for it, that too is fine. But if they cannot do those things, I think it worth remembering that our job here as Members of Parliament is to represent our constituents, and to give those people a vote. We have a chance today to send a message to Ministers that this proposal is wrong, and that they need to think again. We know from what followed the other great error of the Budget, the 10p tax rate fiasco, that they will listen if enough of us tell them that this simply is not good enough.

We have been trying to make Ministers listen. Early-day motion 1464, tabled by the hon. Member for Blyth Valley (Mr. Campbell) and signed so far by 68 Members—50 of them Labour—expresses concerns about retrospective increases in vehicle excise duty. Along with my colleagues who were members of the Committee, I have raised the issue again and again as the Bill has progressed through its parliamentary process. That process is nearing an end: the end will come today. We have all listened to the Government's explanations and excuses, and they do not stack up. The Government have not made their case, because there is no case to make. The time to correct this error is now.

Of course, there is an alternative. I did not have to table new clause 3. I could have let the issue drag on, and it could have remained high on the political agenda until next year's Budget. That is what I will do if we cannot address this falsehood of tax rises now, but in the meantime I have tabled new clause 3 in a genuine attempt to correct the mistake sooner rather than later. It is better for everyone—including, I believe, the Government, but obviously the British people most of all—if we can find a solution to this important problem now. Families need to plan for tomorrow, now more than ever. They need certainty in regard to what costs and financial constraints they are likely to face in the years to come.

Mark Fisher (Stoke-on-Trent, Central) (Lab): I agree with the hon. Lady's criticism that a retrospective tax would be both unfair and ineffective, in that it cannot change a decision made four, five, six or seven years ago. It is an extremely unsatisfactory form of taxation. Any retrospective taxation is, per se, a very bad form of taxation, and I think the House should have no truck with it. But will the hon. Lady say something more about her solution? If retrospective taxation is, as I believe, an unacceptable way of levying taxes, so are statutory instruments, which are unamendable and are dealt with outside the Chamber.

[Mark Fisher]

The hon. Lady understands these matters. I agree with her criticism, but her suggestion of a statutory instrument is an extraordinary and, I think, a very poor parliamentary solution. We never create serious taxation through statutory instruments, and in my opinion doing so constitutes an offence against Parliament.

Justine Greening: I understand what the hon. Gentleman has said. I tabled new clause 3 because I felt that it was better for us to debate the matter this year, and the new clause was the best way of enabling us to do that.

I think we would all much prefer the Government to say today that they will not proceed with the retrospective element. What I am keenest to do, however, is give the House a voice, so that we can send a message to Ministers that we do not want their proposal to progress and we do not want to wait until next year's pre-Budget report to find out that it will be ditched. If that is to happen, we need it to happen now for the sake of the families who will be affected. I accept that my new clause may not be the most elegant, but it does give us a chance to have our say in this Parliament sooner rather than later. It would not be a complex matter to reverse the decision. It is not like the 10p tax rate fiasco. We know exactly what we need to do, and we can do it now—and we know how to do it, too, which is by voting for new clause 3. We agree with green taxes, but not with punishing people for decisions they made years ago and they are in no position to change.

There have been two big problems with this year's Budget: the 10p tax rate fiasco and vehicle excise duty. We have corrected one—we know the Government will listen when forced to do so—and we now need to correct the second.

Richard Burden (Birmingham, Northfield) (Lab): I believe that the Government do have some thinking to do in relation to VED, and I will explain some of the reasons why shortly, but there is absolutely no way I will vote for this new clause. It is incoherent. The hon. Member for Putney (Justine Greening) says that this is a simple matter, but it is anything but simple to work out the relationships between taxation on cars based on their performance and their contribution to combating climate change and the influence of those factors on customer behaviour.

Even though I have some problems with the Government's proposals, I question the concept that what is being proposed—regardless of whether it is good or bad or somewhere in between—is retrospective. It is not retrospective. Why do I say that? We first have to ask why it is thought to be retrospective. The concept of retrospection is to do with time. Are we saying that any taxation levied on an existing vehicle is by its nature retrospective? We may agree or disagree with, let us say, either a flat rate or a graduated increase in VED, but they are not retrospective. From the point of view of the headlines, it is great to talk about this being retrospective taxation, but it simply is not.

Justine Greening: When the Government introduced new band G, they did so only for cars registered from the given date onwards. That is the difference between that change and the change and the new bands proposed now, which kick in not for cars registered from now on but for those that have already been bought, and bought by people who could never have known that they would fall into these higher tax bands.

Richard Burden: What the hon. Lady says about the introduction of that new band is absolutely true, but that does not make a different kind of increase that applies to existing vehicles retrospective. She may agree or disagree, but that does not alter whether or not it is retrospective.

Anne Main: To the public, this is semantics. Someone who bought a car seven years ago based their decision on how much it cost and whether they could afford to run it. Regardless of how the hon. Gentleman might wish to describe this, to introduce an additional cost seven years down the line—to cars that might be the family run-around, and which those families might be finding difficult to afford to run at all—will be seen by many people as retrospective, because those purchasers did not make the choice at the time to buy a higher-cost-to-run car.

Richard Burden: I have some issues with the proposed scheme, but although the hon. Lady is right in that the public will not go through the fine detail of what we are saying, it is important that we are straight with them, and that includes not calling something retrospective when it simply is not.

Mr. David Chaytor (Bury, North) (Lab): Is it not the case that in every previous move towards variable emissions-based road tax, the changes have been levied on existing vehicles? That happened in the Budgets of 1999, 2002, 2003 and 2006. I do not recall the Opposition using the word "retrospective", incorrectly, to apply to any of those previous Budget decisions.

3.45 pm

Richard Burden: My hon. Friend is right, and that is why the hon. Lady was being very selective when she chose to refer only to the change that introduced band G.

Mr. MacNeil: Is this tax a retrospective decision or not?

Richard Burden: No. Obviously, I am not making myself clear, because I am arguing that this is not a retrospective change.

The key issue that we have to face is whether vehicle excise duty can be a useful way to combat rises in CO_2 emissions. Given the interest in this debate, I am sorry that more hon. Members were not present yesterday when Julia King, of the King review, spoke to the all-party motor group and covered some of these issues. Some of the issues that arose were very interesting. The King review says that if people drive more efficiently, they can probably reduce their carbon emissions by about 15 per cent. It also says that if people choose the most appropriate car for their use, they could probably reduce their carbon emissions from transport by another 15 per cent. If they choose the most fuel-efficient car in the class of car that they use— whether they drive a hatchback or a 4x4—they can reduce their emissions by 25 per cent.

Most cars in this country are not the biggest or most expensive. The volume is in the middle and small ranges, so if we want to have an impact on the contribution of road transport, especially cars, on CO_2 emissions, we must do something about the middle and lower ranges.

In the Opposition day debate on 14 May, I asked the Opposition spokesman if he believed that, in principle, vehicle excise duty should have a role in incentivising customer choice. He said that it should, but only in respect of cars not yet purchased. That is incoherent: it has not been the case before, and it is not the case now. VED rates already in existence apply to cars that people already own, not just those that they buy in the future.

When people buy cars, they do not, by and large, buy new cars. Fleets do, but private customers tend to buy second-hand cars. Therefore, the decisions about the rate of vehicle excise duty should apply to existing cars—those that people own already—and not just to new ones.

VED rates can incentivise people to embrace greener motoring in two ways. First, the incentive can be to buy a car with lower CO_2 emissions. The second way is by influencing the decisions whether and when to change vehicle. The problem with the new clause is that it contains no incentive for people who already have cars with the highest emissions to change them. That is illogical, because the environmental performance of cars in all segments of the market is improving year on year. If, as some people suggest, taxation is weighted on to new vehicles and second-hand cars are exempted, people will be incentivised to keep vehicles that are less fuel-efficient, instead of changing to newer ones in the same class that are more fuel-efficient. As I said, the King review said that if consumers chose the lowest emission car in their class, they could reduce their carbon emissions by 25 per cent.

Do such incentives work in practice? I would like to think that exhortations to save the planet would get us somewhere. In fact, some surveys suggest that it is not as simple as that. *What Car?* did a survey on the impact of this year's Budget on whether people would choose a greener car next time they buy. The bad news is that 34 per cent. of people said no, the Budget would have no impact at all. However, of those who said yes 19 per cent. said that they would be incentivised to buy a greener new car because they felt that they were being encouraged to save the planet, while 47 per cent. of people said that they would buy a greener car because it would save them money. The economic aspects have an impact.

Of course, there is a balance to be struck with affordability, and that is why I have some problems with the Government's proposal. The problem with what the Government have been doing does not lie in the principle, and Conservative Members are wrong to say that it does. There are problems with the detail and the phasing of the change. It is right to increase the number of vehicle excise duty bands to equate better with the environmental performance of vehicles, but there can be a Catch-22 for low-income families if the increases and the way in which they are phased are too steep. Someone cannot get rid of an existing vehicle and move to a more fuel-efficient vehicle if, as an Opposition Member mentioned earlier, the second-hand value of their vehicle is reduced to such an extent that they cannot sell it and buy a different one. However, if they do not sell their original car, they are still hit by the increase.

There are issues with affordability and people's ability to pay. We must take on board the impact on families with children, who require bigger vehicles, on the disabled and so on. At a time where we have a difficult economic situation, with fuel prices making people think more carefully about the cost of motoring, the precise way in which the change is made needs to be rethought. However, the right way to do that is to think about the subject properly between now and the pre-Budget report and to consider the best way of achieving the objectives that we want to achieve, rather than having a knee-jerk reaction today.

We need to look at how the economic circumstances of the time relate to what we need to do with vehicle excise duty. We need to look at whether we can tax things better, particularly when fuel prices are fluctuating as much as they are at the moment. We could consider some forms of incentives to stimulate more fuel-efficient driving. We could consider, for instance, doing something about reducing the motoring taxation of people who go on eco-driving courses, which exist these days. We could look at incentivising the fitting of dashboard displays that remind people how much fuel they are using and, if possible, what that costs. We could provide more obvious customer information, and the King review has proposed a number of examples of how we could do that. People need to understand what is being proposed, and when taxes are raised through motoring they need to be clearly hypothecated towards road transport and the kind of objectives that we want, such as improving the fuel efficiency of cars.

Finally, we need to consider whether in the current climate it makes a lot of sense to maintain the price differential between diesel and petrol when diesel vehicles, by and large, are a lot more fuel-efficient than petrol vehicles. We need to think about how we can incentivise research and development into more fuel-efficient vehicles and put more money into investment in that R and D. That is why we need more thorough thinking on that matter and we need to take time to do it. That is why we have to do it in the pre-Budget report. It is completely wrong to try to bounce the view of the House and the public in an over-simplistic way, as the Opposition are doing today.

Mr. Jeremy Browne: I shall take the opportunity to discuss the full string of amendments and new clauses that all come under the title of "Cost of motoring". So far we have had a narrowly confined discussion on vehicle excise duty, and although that is an extremely important issue—it is probably the most high profile of the amendments and new clauses before us—it is by no means the only one.

I am talking about the cost of motoring as a whole. I suppose that the reasons it has become such a contentious political area and aroused so much public interest are threefold. First, there has been a dramatic increase in oil prices in recent months. Secondly, there is the issue of environmental taxation and whether the Government are applying it fairly, and thirdly there is a squeeze on household income, so people are inevitably more price-sensitive than at times when wages increase faster. To set the scene before I turn to the new clauses, I shall quickly go through each of those factors in turn.

[Mr. Jeremy Browne]

Supply and demand clearly drive oil prices around the world. It impossible to say at this juncture whether oil prices are spiking. We do not know whether we are at the beginning of a longer-term trend or whether prices will be higher or lower a year from now. All we can say with some certainty is that the trends appear to be upwards. That is a logical inference; one need only look at the number of two-car or even three-car households in the UK compared with 10 or 20 years ago. One need only consider countries such as China and India: in the big cities there, most journeys were undertaken by bicycle 20 years ago; now a large number of vehicles are being driven daily. There is clearly rising global demand for oil, and in the short term it is hard to satisfy that steeply increasing demand. People around the world are wondering whether it will be hard in the medium to long term as well. The problem is not unique to the UK.

David T.C. Davies (Monmouth) (Con): The hon. Gentleman is making a genuinely interesting point, but surely he is aware of what Ministers in OPEC are saying, which is that there is no problem in meeting the world's demand of 88 million barrels a day, and that the increase in price is due more to speculation. That suggests that his hypothesis that there is a continual upward trend is not correct.

Mr. Browne: We will have to agree to disagree on that. It is very hard to increase production capacity dramatically in the short term, yet there have been increases.

It might help the hon. Gentleman if I say that my hon. Friend the Member for Lewes (Norman Baker), who is a doughty campaigner on these matters, asked the Department for Transport a question and received a written answer on 25 June, a week ago. He asked about increases in petrol and diesel prices in all the EU countries. He was told the prices in January 2005 and April 2008, which was extremely helpful and interesting. They are a few months out of date, and of course prices have since risen further, but the trend between the beginning of 2005 and a third of the way into this year is interesting and informative.

In that time, petrol prices rose by an average of 36 per cent. in the UK. That is a sharp increase, and markedly more than the increase in wages in that time. However, it is fair to say that in the comparable large economies of western Europe, the rises were even greater, although I acknowledge that they started from a lower base. In France, the rise was 51 per cent., and in both Germany and Italy it was 44 per cent. By April 2008, the UK no longer had the highest petrol prices in Europe. The average price of a litre of unleaded petrol was higher in Belgium, Denmark, Finland, France, Germany, Italy, the Netherlands, Portugal and Sweden.

That is not true of diesel, for which we still have the highest price per litre in the EU, but other countries began to catch up with us in that period. The increase in the price of a litre of diesel in the UK was 39 per cent. I acknowledge that that is way in excess of the rise in income and means that people driving the same mileage are having a larger percentage of their overall household budget taken up by fuel costs than in January 2005. Nevertheless, it is reasonable to consider what has happened in other large western European economies and put on record the fact that prices went up by 60 per cent. in France, 56 per cent. in Germany and 52 per cent. in Italy.

Mr. Russell Brown (Dumfries and Galloway) (Lab): I thank the hon. Gentleman for giving way. I have written to two major supermarket chains and three major oil producers asking whether they can explain why the differential between unleaded petrol and diesel has risen to between 11p and 16p a litre, compared with between 2p and 3p a litre 18 months ago. Will he share with the House his views on why that may have happened?

4 pm

Mr. Browne: I am grateful for that intervention. I should declare an interest, in that my car has a diesel engine. Until about a year ago, I paid about 1p or 2p more per litre but—and this follows on from a point made in the previous speech—the greater fuel efficiency of diesel meant that the mileage was greater and that the cost differential was almost zero. The cost of diesel is quite a lot greater now, as a result of higher demand and restricted refining capacity. However, that prompts questions about whether the Government should introduce additional incentives for people to switch to diesel-fuelled cars, and that is territory that I do not intend to venture into in this speech.

Mr. Brown: I thank the hon. Gentleman for giving way again. Does he think that the Office of Fair Trading might look at this matter?

Mr. Browne: I thank the hon. Gentleman for that question, but I do not want to be distracted, as I do not believe that the question is about the fairness or unfairness of trading; rather, it is about demand and oil producers' capacity to refine the product in the way that they need to if they are to bring it to market.

The rise in the oil price is the first reason why the cost of motoring is a high-profile issue in the country at large at the moment. The second is environmental taxation, and I shall say more about that as it forms the basis of most of the new clauses and amendments under consideration. The third reason is the squeeze on household incomes. That is worth mentioning, as the sizeable rises in fuel costs in the UK and other EU countries that I have just set out have been accompanied by increases in food, utility bills and council tax. All those rises are happening at a time when the income of most households is being held down; in many cases, it is even not rising as fast as the official inflation rate, which itself is not in line with most people's experience. We are dealing with a live and important issue that will not go away. Unless the Government confront aspects of it today, I fear that they will find that their woes only accumulate.

However, the Conservative record is also less than glorious. The hon. Member for Putney (Justine Greening) accused the Government of a "complete" lack of transparency when it came to environmental taxation. The Conservative party likes to give the impression that it is environmentally friendly. To Friends of the Earth, it emphasises its new-found environmental credentials, but its speeches to road hauliers are rather different.

The leader of the Conservative party has put a windmill on his house, changed his party's logo to an image of a tree and bought some extremely expensive recycled

trainers that used to be old tyres. That is the entirety of Conservative policy on environmentalism. If he thinks that that will cut the mustard, he needs to have a higher regard for the intelligence of people in this country.

The speech by the Conservative spokesman, the hon. Member for Putney, contained a straightforward contradiction, and she may wish to intervene on me to clarify the point. She said that the Government were increasing the total VED tax take from £1.9 billion to £4.4 billion – a sizeable increase—but she then said that the policy was not working, as it would lead to emissions savings by 2020 of only 0.16 million tonnes.

The only logical inference from that observation is that the Government are not taxing fuel nearly aggressively enough. If the hon. Member for Putney believes that emissions are not being cut enough, and if she is in favour of environmental taxation, the presumption must be that she wants consumers to be even more incentivised to make greener choices.

Justine Greening: The hon. Gentleman seems to have completely missed my point. The tax is not having an impact on emissions because it taxes behaviour that has already happened—it is impossible for people to go back and change it. That is the primary reason for the tax not causing a greater decrease in motor vehicle emissions.

Mr. Browne: The hon. Lady is right, of course. That is why we agree with the Conservative party. It has wisely come to agree with us on the need to give people real choices about the environment. However, we disagree with the Conservatives' attempt to hide from the electorate the consequences that would inevitably flow from their rhetoric. My party is in favour of differential VED rates, which were never introduced when the Conservatives were in government. The Conservatives seek to imply when they speak to environmental groups that they, too, want people to drive more fuel-efficient cars, but we do not hear a lot of that in their day-to-day discourse or in debates in the House.

If the hon. Lady does not think that the Government's policy is doing enough to cut vehicle emissions, the logical position for her to take, which is my party's position, is that VED differentials should be greater for all newly acquired vehicles and should take account of engine size, which would offer people greater incentives to pick more fuel-efficient vehicles.

This string of amendments contains some extremely interesting proposals about helping people who live in remote rural areas and about off-road working vehicles, and I am certainly disappointed that the Conservative party appears to take no interest in those subjects.

Mr. Chaytor: The hon. Gentleman makes a plea for greater differentials for new vehicles, but is that not exactly what the Government are planning for 2010-11, when the most polluting vehicles will pay an additional first-year charge of £950? That answers his point exactly, and he should congratulate the Government on doing that.

Mr. Browne: That is what the Government are doing, but our view and that of the Environmental Audit Committee, which, as we were reminded earlier, is chaired by the only Conservative who is allowed to follow the logic of his leader's position on this matter, is that those differentials must be greater to achieve the environmental benefits that my party wishes to achieve. In other words, people must be better rewarded for driving more fuel-efficient cars.

Mr. Chaytor: May I, as a member of the Environmental Audit Committee, correct the hon. Gentleman on that point? Our pre-Budget report last year called for an increase in the differentials on new vehicles. That is exactly what the Government have done in their Budget this year, as indicated by figures that appear in the Red Book. That response exactly deals with his plea for greater differentials on new vehicles in the future, so will he congratulate the Government on doing what the Environmental Audit Committee called for?

Mr. Browne: I will give way again if the hon. Gentleman can answer this question: did the Government introduce differentials as big as those recommended by the Environmental Audit Committee?

Mr. Chaytor: The Environmental Audit Committee did not recommend any size of differential; it gave an indicative range that is broadly reflected in the higher band figure that the Government have introduced.

Mr. Browne: We are in danger of going into a cul-de-sac. Everyone says that they are in favour of differential VED—so we can agree on that—but the question is how big those differentials must be to achieve environmental benefits. My view and that of my party is that they need to be bigger than Government propose and that they should not be imposed retrospectively.

Alan Simpson (Nottingham, South) (Lab): Let me try to help the hon. Gentleman and other hon. Members out of the cul-de-sac. Is not the great weakness of the Government's position, and the proposals before the House that the issue is not about what happens in relation to progressive VED on new vehicles, but about how we change the performance of existing vehicles and the behaviour of those who own them? In that sense, there is nothing green about either the Government's position or these proposals. A greening of behaviour can come about only if there is some form of hypothecation of the taxes raised by the measure to allow and equip people to change the engine types of their vehicles to adopt lower pollution standards. Hypothecation is absent as a mechanism to allow existing vehicles owners to become lower carbon contributors in the economy that we are trying to construct.

Mr. Browne: That was an extremely widely worded contribution. I do not disagree with it, but I fear that I would end up in many different areas if I tried to answer it in detail, so I shall try to answer it during the remainder of my contribution.

My hon. Friend the Member for Caithness, Sutherland and Easter Ross (John Thurso) has tabled new clause 14, which deals with the remote rural discount scheme. I hesitate to intrude on the cosy metropolitan consensus that exists within ministerial ranks, but it is worth explaining to the House that in many parts of the country it is hard to use modes of transport other than the car because there is very little public transport. People use their cars not for leisure purposes, but for everyday purposes such as travelling to work. My hon. Friend will explain the proposed effects of his new

[Mr. Jeremy Browne]

clause in greater detail, but I urge the Government to look sympathetically on the circumstances of people who live in remote rural areas where there is no alternative to the private car.

The particularly interesting aspect of my hon. Friend's new clause is the provision whereby he seeks to enable the devolved Administrations in Scotland and Wales to implement and administer the scheme. That would be an interesting way for the Scottish National party in particular to demonstrate its commitment to such matters.

Mr. Russell Brown: New clause 14(5)(b) says, "define 'remote rural areas'". I appreciate that the hon. Member for Caithness, Sutherland and Easter Ross (John Thurso) will speak to the new clause, but would the hon. Member for Taunton (Mr. Browne) care to share with the House his vision of exactly what "remote rural areas" means?

Mr. Browne: They would have to be remote and they would have to be rural. The new clause deals precisely with that question, but as I am not the person who tabled it, it seems only fair and reasonable that the Member who did, my hon. Friend the Member for Caithness, Sutherland and Easter Ross, should deal with it in detail.

Andrew Selous (South-West Bedfordshire) (Con): The hon. Gentleman talks about issues in remote rural areas, but does he agree that even in urban areas where there are good bus networks, owing to the distances that many people travel to work and their shift patterns, there often are no buses, so the car is not a luxury and more people will be on the dole if the measures in the Bill go through?

Mr. Browne: I agree up to a point. I accept that many people use their cars in their everyday lives to take their children to school or to go to work, and that the car is not an option that they can easily drop even in some urban or suburban areas. I was only making the point—my hon. Friend will no doubt make it at greater length—that the situation is particularly problematic for people who live in remote rural areas, because less public transport is available, the distances travelled are typically longer and the price of petrol and diesel is often higher because of the cost of transporting it to those areas in the first place. There are particular concerns in remote rural areas, but in the spirit of consensus, there is a question about quantifying and qualifying who and where would be eligible for the discounts. That is the nub of the debate, and it is probably more appropriate if my hon. Friend leads it.

Mr. Alistair Carmichael (Orkney and Shetland) (LD): In an area such as the west side of Shetland, which by anyone's definition is remote, rural and very sparsely populated, having scheduled bus services running around with nobody on them does not make environmental sense. In such an area, the private car is the environmentally sensible option.

Mr. Browne: I have a lot of sympathy with my hon. Friend's point; he knows that part of the country better than I do. We have all observed that bus services can be underused, but I will avoid getting into a debate on buses, because that might take us too far off the beaten track.

4.15 pm

Amendment No. 9, tabled by my hon. Friend the Member for Argyll and Bute (Mr. Reid), deals specifically with off-road working vehicles. Let me touch briefly on that issue, which is also important. We are not talking only about farming vehicles; I shall give an example of the sort of company that would be affected. My constituency stretches right out into west Somerset and on to Exmoor, and it has a sizeable number of buildings that are not on mains water or mains sewerage systems. Companies go to such farms or remote cottages to fit sewerage and water systems for purification and to update the systems. Such buildings are often in inaccessible areas and those companies enable people to live there.

Such a company would not qualify for the discounts on fuel for which farming communities might be eligible, but it would still need off-road vehicles to get to remote rural farm houses or other dwellings, particularly during the winter. I will allow my hon. Friend the Member for Argyll and Bute—I should say that you will allow him, Madam Deputy Speaker—to speak about the issue later. However, as I understand it, we are talking about a small and tightly defined number of people who need vehicles with a greater off-road capacity to carry out their business. The vehicles that are suitable and necessary for that work incur higher costs; it is therefore only reasonable to seek to mitigate those costs.

I shall go quickly through two other issues. New clauses 8 and 9, tabled by the Scottish National party, can be seen jointly. My hon. Friends and I have some sympathy with the motivation of the new clauses; as I said, prices—especially of essential products such as food and fuel—have increased dramatically and squeezed family budgets. Petrol and diesel are essential products in rural communities. I have expanded on that point already and it is inescapably the case that a large number of rural communities are in Scotland. I understand why many of my hon. Friends who represent Scottish constituencies and MPs who represent other Scottish constituencies have a particular concern about these matters.

However, there are problems with new clauses 8 and 9. The Scottish National party appears to want to send out the signal that it is in favour of cutting petrol duty. I cannot see any intention behind the new clauses other than one to signify to the people of Scotland that the SNP wishes to help them at a time of rising petrol and diesel prices. However, if that is what it wishes to do, I have to ask SNP Members why they do not say it overtly. The Government can already make those changes. Why do SNP Members not ask the question about who should pay for them?

Stewart Hosie: We will answer the question of who pays for them when we move the new clauses. Why is the hon. Gentleman making these idiotic partisan comments? The issue has nothing to do with the Scottish National party in the run-up to some election that is two years away. It is about recognising the real increases that people are facing now. It is to do not only with Scotland, but with the whole of the UK. Will the hon. Gentleman withdraw his pathetic, partisan comments and listen to the argument and some of the evidence before he makes his decision?

Mr. Browne: I simply do not know what provoked that intervention. I did not mention an election. In fact, far from being partisan, I acknowledged that there were

particular concerns about petrol and diesel prices in rural communities, and that as large areas of Scotland are rural, those concerns must be felt keenly there. I could not have been less partisan; I was making an entirely conciliatory point. However, if the hon. Member for Dundee, East (Stewart Hosie) invites me to be partisan, I will be a little more partisan. Cutting 2p off pump prices costs the Government about £1 billion, so if the Scottish National party wishes to send the electorate in Scotland—or the motorists of Scotland; let us take elections out of it altogether—the message that the party wants lower prices at the pump, it needs to answer the question: how will it fund those cuts? To be fair, that is a question that all parties in the House have to answer. I read in the newspapers yesterday that, behind the scenes, the Secretary of State for Business, Enterprise and Regulatory Reform is lobbying the Government to defer the 2p increase in petrol duty that is planned for the autumn.

Mr. MacNeil: Will the hon. Gentleman give way?

Mr. Browne: I will in a moment. The Conservative party seems to be facing both ways on the issue; the shadow Chancellor supports *The Daily Telegraph* campaign to defer the 2p increase, but the party has not yet announced how it will make up the £1 billion shortfall that will result from that cut. The Conservative party has said that the proceeds of all its environmental proposals will go towards a family fund. As a result of the shadow Chancellor's intervention, that fund would already be £1 billion in deficit. That would have severe implications for families across the United Kingdom, if they were unwise enough to give the Conservative party a position of responsibility.

Mr. Redwood: Will the hon. Gentleman give way?

Mr. Browne: I will, shortly. *[Interruption.]* I will, but let me make some progress.

The more charitable explanation is that the Scottish National party is seeking to devise a mechanism that will address spikes in oil prices—a laudable objective. However, in their new clauses, SNP Members do not address the issue of what would happen if prices were to fall. If they were being more straightforward, they might say, "Here is a mechanism for artificially inflating petrol prices in the event of prices falling". If they are not willing to say that, all that they are saying is that the mechanism is about cutting prices. They have not yet said how they will address the issue of a price shortfall, but they may do so later.

Mr. Redwood: Will the hon. Gentleman give way?

Mr. Browne: I will, in a second.

SNP Members are considering the issue of oil revenue as though it were in a silo. About four hours ago, the Prime Minister made the point in the House that in any economy there will be revenue streams that go up and are higher than the Treasury anticipates, and revenue streams that fall, or go up by less than the Treasury had anticipated. The Treasury has to consider the public finances as a whole. If a Government ring-fence every area where revenue has risen by more than was anticipated, and say, "We must artificially reduce that," but do not seek to ring-fence any areas where the revenue is less than expected, they will end up with an overall revenue shortfall.

The Exchequer Secretary to the Treasury (Angela Eagle) *indicated assent.*

Mr. Browne: I see the Minister nodding; it is an obvious point to nod at. Anyone who can add up will work out that what I am saying has to be true. I do not see how anyone could regard it as anything other than a statement of the obvious, and if I have detained people by stating something transparent and obvious, I apologise.

Mr. MacNeil: Is the hon. Gentleman aware that fuel is 30p a litre cheaper in the Republic of Ireland, which has a budget surplus?

Mr. Browne: I have mentioned countries where the price of petrol is higher than it is in the United Kingdom; I could also mention countries where the price is lower. That is a choice that Governments have to make. If the SNP does not want to cut public spending—I have not heard it make any proposals for such a cut—it needs to try to raise the revenue elsewhere. However—surprise, surprise—I have not heard any proposals on how that revenue would be raised.

My final point on the Scottish Nationalist party amendments is that the Government have this mechanism in a rather cruder form already. One of the issues in this debate is whether the Government wish to implement, further defer or cancel altogether the 2p duty rise that is planned for the autumn. One of the considerations that they are presumably taking into account is the overall price of oil and the effects on businesses and private individuals. The Government already have the ability, if they so wish, to vary upwards or downwards the total amount of duty on petrol and diesel depending on wider economic considerations and the price of oil, without having to introduce a mechanism of this sort.

Mr. Redwood: Will the hon. Gentleman give way?

Mr. Browne: When I have finished this point.

Mr. Redwood: In a second, I suppose.

Mr. Browne: Honestly, nobody has spent more time in Finance Bill discussions this year than I have, and there are some Members here who I have not even seen so far. However, I am more than happy to give way to all of them.

The motivations behind new clauses 8 and 9 are in many ways laudable, and I share many of them, but there are all kinds of practical problems that would be insurmountable.

Mr. Redwood: The hon. Gentleman's comment was clearly not directed at me, because we were debating together yesterday in this very Chamber. His memory is obviously very short.

Will the hon. Gentleman withdraw the idea that we would be short of £1 billion of revenue if we made this adjustment? Is he not aware that there was a £500 million increase in oil and petrol revenues in the first six weeks of this financial year alone thanks to the increased price, increased VAT and increased oil revenues? Surely it would be right to try to get back to the Budget estimate.

Mr. Browne: That is not the position of those on the right hon. Gentleman's Front Bench, but he has a long record of having different positions from his Front Bench, even when he was sitting on it, so I will not criticise him on this occasion. The Conservatives' position, as I understand it—it is hard to understand—is that they would introduce additional environmental taxes over and above those being implemented by the Government, so the starting point is where the Government are. From that starting point, the Conservatives are seeking to put a £1 billion annual hole in their budget for families, so that is the initial deficit that they need to overcome.

Finally—I have been speaking for longer than I wished to because I have been so generous in taking interventions—I want to discuss amendment No. 7 and new clauses 3 and 7, tabled by the Conservatives. My party takes climate change extremely seriously and always has, and we wish to achieve reductions in emissions from transport. Environmental taxation clearly has a vital role to play because transport contributes to a large degree to the total amount of CO_2 emissions. Tax can make a contribution to changing behaviour. That is surely the Government's motivation, in addition to revenue-raising motives, in increasing tobacco taxation so that the taxation component is a high percentage of the overall price that the consumer pays when buying cigarettes and tobacco products. We support vehicle excise differentials and would support their being at a higher level so that consumers are even more incentivised to buy more fuel-efficient cars.

I agree that environmental taxation has, to a sizeable degree, been discredited by the approach that the Government have taken. They have used public concern about the environment and climate change as a way of raising additional revenue. I do not doubt that they are concerned about climate change, as are politicians in all parties. However, people are understandably cynical when the Government see an opportunity to raise additional revenue based on those concerns without that money then being used to offset and reduce other areas of taxation so that the overall effect is neutral but the environmental taxes form a greater overall component of the total Government tax take. That would be a responsible way for the Government to progress, but I am afraid that it has not always been their approach.

Mr. Mark Harper (Forest of Dean) (Con): The hon. Gentleman was talking about the overall impact. Have he and his party reassessed their views about the correct level of vehicle excise duty, and taken into account the fact that because of the significant rise in oil prices and the subsequent rise in petrol and diesel prices, motorists have changed their behaviour, reflecting those costs? To have the same increase in VED without taking into account fuel prices does not seem sensible.

4.30 pm

Mr. Browne: That was a helpful intervention. The position of my party is one of greater vehicle excise duty differentials, so that people who choose to drive very fuel efficient cars, or moderately fuel efficient cars, will benefit financially. Those who choose—and it is entirely their choice, which is why we are against the retrospective aspect of the Government's proposals—to drive more fuel inefficient cars will have to pay a higher premium. But the additional revenue that we raise from that would be used to reduce taxes on individuals, specifically income tax. People would be paying more through environmental taxation, but less through income tax. The overall impact would be zero—it would be entirely revenue neutral. We believe that the proportion of taxation raised through environmental taxes ought to be higher and that the proportion of taxation raised on income ought to be lower.

I shall broaden that point momentarily. Our long-term objective is to abolish vehicle excise duty altogether. Ultimately, we want a system of motorway and trunk road pricing, where people pay for their use of major highways. That would be particularly beneficial for rural communities, which typically do not have motorways and trunk roads, and would allow us to reduce other, rather cruder forms of taxation on cars. However, given the nature of the current system, we favour greater differentials.

I shall conclude by talking about retrospectivity. People with older cars will be hit by the retrospective element of the proposals. It has been said by others that those people cannot easily sell their cars, and because it is harder to sell those cars, the market has corrected itself and the price of those cars is coming down, meaning that their problems are compounded further. Green taxes should incentivise people to make environmentally friendly choices, and people cannot be incentivised to make a different decision from the one that they have already made.

My party does not wish to get into the territory that the Conservatives have sought to occupy, which is to talk green but always vote against the green option. I want to make it absolutely clear that the Liberal Democrats are committed to changing behaviour and mitigating the effects of climate change by introducing environmental taxes that form a greater component of Britain's overall tax take. But we will not increase taxes overall; we will reduce them on income, and the overall effect will be absolutely neutral. We do not favour retrospective VED, but we do favour greater VED differentials. On that basis, we will support amendment No. 7—

Mr. Chaytor: Will the hon. Gentleman give way?

Mark Fisher: Will the hon. Gentleman give way?

Mr. Browne: I am bringing my remarks to a close.

We support amendment No. 7, which stands in my name. If new clause 3 is pushed to a vote, we would be willing to support it, although it is deficient, particularly in the introduction of the element of a statutory instrument mentioned by the hon. Member for Stoke-on-Trent, Central (Mark Fisher). Although it is badly drafted, it is better than the Government's current position.

Several hon. Members *rose*—

Madam Deputy Speaker: Order. Several hon. Members are hoping to catch my eye, but apart from this important group of amendments, further groups of new clauses and amendments are to be debated today.

Mr. Ronnie Campbell (Blyth Valley) (Lab): The debate has been pretty good up until now, and the retrospective bit is interesting. It is a good argument to say that if a car is 10 years' old, it should be taxed the same as one

that is one year old. That is fair—if we tax a car, it does not matter how old it is, it should be taxed. In that respect, the argument is a good one.

However, the argument that I want to put up is for the working-class man or woman who drives a car. The tax is heavy, no matter how we put it—environmentally or in any other way. It means £250 to £300 on second-hand cars, which are bought, in the main, by working-class people—people who work—because they cannot afford new cars. Only Labour Members of Parliament can buy new cars—I am sure that Liberals and Tories buy them, too—and we can afford to pay the tax.

Mr. MacNeil: The purchase is not usually based on the model, but on the cost of the car to the purchasers at that point, after which they can be hammered by vehicle excise duty.

Mr. Campbell: I accept that point. However, let us get down to the nitty-gritty. The decision is similar to that on the 10p tax rate—I do not want to go on about that too much—because it was a tax on the poor. It was a tax on pensioners and working people and it had to be taken away quickly because all hell was let loose. Again, we are considering a tax on working-class people. If we get into the same position as we were on the 10p rate and there is another mighty fiasco, we might have to withdraw it. It does not apply till April, so we, as a Government, have a chance to put it right.

As I have said, we are considering a heavy tax on working people—and not only those in rural areas—who need the car to get to work because our transport system is not that good. It is a retrospective tax, if people want to call it that, on working people. We should look at the matter carefully. The Government argue that they will examine it—I hope that they do. I will vote with the Government, with a heavy heart, in the hope that they come up with something in the autumn statement that will give the working-class people of this country a bit of a break.

Mr. Alan Reid (Argyll and Bute) (LD): I apologise to hon. Members for rushing off after my brief speech, but I have an Adjournment debate in Westminster Hall at 4.45 pm.

I want to concentrate on amendment No. 9, which would allow a lower rate of vehicle excise duty for vehicles that are used primarily for business purposes off-road. Although I fully support giving people incentives to buy less powerful cars through higher rates of VED, there should be an exception for people who need to use the car off-road. I am thinking especially of farmers, gamekeepers, crofters and people who work in forestry. They use the car off-road and need a powerful vehicle to drive on muddy tracks to go about their business. They obviously cannot afford two cars—one for work and one to take the children to school, go to the village for shopping or tow loads on the public roads. It is therefore important to charge people in that position a lower rate of duty.

Amendment No. 9 builds on an amendment that the hon. Member for Dundee, East (Stewart Hosie) tabled in Committee, and I believe that it deals with much of the criticism that was made of the latter by restricting the exemption more to vehicles whose primary purpose is to be used off-road for business. Vehicles that are used purely for agricultural purposes are exempt from VED, but we are considering those that are also used on public roads and are therefore not exempt. The new class of exemption should be included.

Let me deal with the proposals of the hon. Member for Dundee, East. Two issues need to be tackled. The first is the need for a lower rate of fuel duty to be charged in rural areas and the second is benefits for the haulage industry. Although I would happily support a proposal that was targeted more at the haulage industry to give it help and allow it to compete on level terms with Europe, new clause 9 is too widely drawn. To help people in rural areas, we should support new clause 14, which my hon. Friend the Member for Caithness, Sutherland and Easter Ross (John Thurso) tabled. It is targeted at charging a lower rate for fuel in remote rural areas. To give an example, I recently paid a visit to Port Ellen on the Isle of Islay in my constituency, where fuel was selling at 15p a litre more than at Glasgow airport. Indeed, on some of the smaller islands there is always a greater difference.

Those additional costs work their way through the whole economy. We know that the price of fuel adds to the price of all other goods. High fuel prices make it more difficult to run and sustain a business in remote areas. People in those areas suffer from a triple whammy. Fuel prices are much higher than in urban areas; they have no alternative forms of public transport; and they have much further distances to travel. It would simply not be sensible for councils to subsidise bus services as an alternative, as buses would be running round with one or two passengers.

The cost to the Treasury of new clause 14 would be very small—much smaller than the cost of the amendment proposed by the hon. Member for Dundee, East—because it would apply only to a small part of the country. Cutting the price of fuel would not encourage people to drive more. People do not drive dozens of miles along twisting single-track roads because they enjoy it. They make such journeys because they have to. The car in such areas is not a luxury; it is essential. We had a meeting with the Exchequer Secretary in which she was sympathetic, and I know that the Chancellor is sympathetic, too. I urge the Government to accept our new clause.

Mark Fisher: I hope that not a single Member of the House would dispute the need to increase vehicle excise duty on engines of such a size. To that extent, the Government ought to be congratulated on listening to the Environmental Audit Committee and on increasing the VED on such vehicles. It is interesting that that is the dog that has not barked in this debate. Nobody has congratulated the Government on raising VED on future purchases, but they ought to be congratulated, because that is the right way for this country to go.

However, the hon. Member for Putney (Justine Greening), speaking for the Opposition, was completely right to say that the change is retrospective. We can have a semantic argument about exactly what that change is, but she was right that although the increase is right for decisions made going forward, it is not right that a decision someone made five or seven years ago should also be subject to such an increase. That is unfair and retrospective, as well as being ineffective, because it does not change behaviour by making anybody who is considering buying a larger vehicle think twice before they do so. That is what the increase in duty is meant to do.

Mr. Chaytor: When this or any previous Government have changed the rate of stamp duty, for example, which happens from time to time, has any Member suggested that the new rates should apply only to new houses? Of course not.

Mark Fisher: I very seldom disagree with my hon. Friend and I have a great deal of time for him, but he is completely wrong. We are talking about changing behaviour through the increase in VED, which is very different from stamp duty on houses. The increase is retrospective and principled, but it is not pragmatic because it will not change behaviour.

The hon. Member for Putney has won the argument—we ought to listen to that—but she has lost the solution. It is the worst possible precedent for this House to start passing taxation legislation by statutory instrument. Nothing could undermine parliamentary democracy more than that.

Mr. Jeremy Browne: I would be grateful if the hon. Gentleman could say whether he supports my amendment No. 7, on the basis that it seeks to achieve the effect that he desires, but without the statutory instrument being required.

Mark Fisher: I have to confess that I have not read the hon. Gentleman's amendment, so I am at a loss.

Mr. Browne: I should have spoken for longer.

Mark Fisher: Yes. I was interested that the hon. Gentleman did not speak to his amendment very much indeed. I do not think that he mentioned it, and I would have been grateful to have had it brought to my attention earlier. I will go away and read his amendment afterwards, but I cannot respond now.

The hon. Lady's solution would set the worst possible precedent. We should not start making changes to taxation by statutory instrument. We do far too much by statutory instruments as it is. Such provisions are not amendable and they do not come before the House. That is a growing and pernicious development in our democracy. A mechanism that was intended purely for implementing agreed legislation is now being used, in effect, as primary legislation. It would be a disastrous step to take a big decision such as this—albeit a right one—by statutory instrument.

The hon. Lady has won the argument, but lost the solution. The House must choose tonight between a correct but unsatisfactory solution, and trusting—or hoping—that the pre-Budget report will show that the Government have listened to what is almost a unanimous view on this point.

4.45 pm

Mr. Andrew Smith (Oxford, East) (Lab): My hon. Friend makes a powerful point about how bad it would be to use a statutory instrument for this purpose. Is not the political reality that the extent of concern among Labour Members about the unfairness of this imposition on low-income families with older cars is such that the Government are going to have to look at the impact of motoring taxation in the round? As my hon. Friend suggests, the right way to do that is for them to come back to us in the pre-Budget report, and all Labour Members will expect our right hon. and hon. Friends on the Front Bench to do that.

Mark Fisher: My right hon. Friend is right. He used the word "expect", but I think that there is an element of hope involved as well. However, this action must be required of the Exchequer Secretary. She might not be able to give us a categorical undertaking tonight, but I believe that she has heard hon. Members very clearly indeed. If the Government do not reconsider this matter in the pre-Budget report in the way that my right hon. Friend has suggested, the House and the people of this country will be very angry indeed. Whatever semantic arguments we might have about the meaning of "retrospective", the truth is that the people of this country see this as an unfair retrospective tax.

Mr. MacNeil *rose*

Mark Fisher: I will not give way. We have had a very good debate, and I am sure that other people want to get in.

The people of this country, on whose behalf we are speaking, see this tax as retrospective and unfair, and the Government have to come back later this year and put this right.

Stewart Hosie: I wish to speak to new clauses 8 and 9. First, I should like to provide some background to new clause 8. As everyone knows, the spiralling increases in fuel prices are inflationary and they are strangling economies in remote rural areas. They are driving the haulage industry to the brink and putting the most enormous strain on family budgets.

I would like to put this into context. When I tabled a similar amendment in 2005, I said that, according to the AA, the price of unleaded petrol had risen to 86p and that it had gone up by 6p a litre over the previous six months. By the time we debated this issue on 15 May this year, fuel was priced at between £1.10 and £1.30 a litre. Now, six weeks later, it costs an average of £1.32 a litre. In 2005, I said that Brent crude had reached $60 a barrel, up from an average of $50 in the previous year. In the run-up to the last pre-Budget report, we saw an average of $83.60 a barrel, with an increase of $68 forecast. In the run-up to the Budget, we saw an average of $94 a barrel, and in four of the five working days before the Budget, we saw record prices. When I drafted this speech last week, the price was $132 a barrel, and we have crashed through $140 a barrel since.

Mr. Tobias Ellwood (Bournemouth, East) (Con): I visited Scotland recently and visited some farmers who operate combine harvesters. They used to pay 36p for diesel, but it has now gone up to 70p. It costs them about £700 to fill up their vehicles. Does the hon. Gentleman agree that we cannot wait for the pre-Budget report, and that we must act now? That is why some of these new clauses must be agreed to. We should not ignore this opportunity to seize the moment.

Stewart Hosie: I agree entirely. I think there is an immediacy about this issue. When I met the hauliers who were lobbying their MPs here today, they pointed out that some of them and others involved in the protest outside would not be in business by the time of the next pre-Budget report, so the hon. Gentleman is absolutely right about the immediacy.

Mr. Russell Brown *rose—*

Stewart Hosie: I will give way once more, but then I want to make some progress.

Mr. Brown: I agree that a fair degree of urgency is required; the hauliers made that abundantly clear today. However, if the hon. Gentleman's new clause is the answer to the problem today in 2008 and if it was an answer to the problem in 2005, why was it not an answer to the problem in 2006 and 2007?

Stewart Hosie: We deal with the realities as we find them and we table amending provisions when we can. I think that this proposal was the answer in 2005, 2006, 2007 and 2008 and that it will be the answer in future. I will come on to explain why later, but fundamentally we need a mechanism in place to deal with spikes—now and in the future. I believe that such a mechanism is the answer, but if the hon. Gentleman is asking me why I did not table amendments in the years he mentioned, that is an entirely different question. The answer to that has more to do with time than my interest in the subject or my ability to table the provisions.

Let me return to my opening comments. We have seen a quite catastrophic and phenomenal rise in barrel prices and prices at the pumps. Where that leaves us, according to the AA last week, is with an average diesel price that has broken through £6 a gallon. I am grateful to the European Union for its weekly oil bulletin of 26 June last week, which also sets the scene. It tells us that at 53.2 per cent., the UK has the highest total tax take on a litre of diesel anywhere in Europe.

Mr. MacNeil *rose—*

Stewart Hosie: I will give way to my hon. Friend, but then I am really going to make some progress.

Mr. MacNeil: My hon. Friend may recall that when we last visited this issue on 28 April, I pointed out that diesel fuel in my constituency was retailing at £1.34 a litre. It is now, eight weeks later, between £1.43 and £1.46 a litre, representing a tremendous amount of money coming from the pockets of the Western Isles to the Treasury at Westminster—and that from an area already paying the highest fuel tax in the UK.

Stewart Hosie: That is absolutely right. Part of the intention behind the new clauses is precisely to help fragile economies where, for a variety of reasons, the price is highest, but it is not just the economies in fragile and remote rural areas that are struggling, and neither is it only certain industry sectors like the hauliers. Rather, we are looking at primary food producers in agriculture and fish, the tourist trade in parts of the country and, because of the inflationary effects, the household incomes of every family in the country—not just as they fill up their cars with petrol or diesel, but as they buy anything, at any time, in any shop.

Now that I have got to the second paragraph of my speech, I am going to make some real progress. At an average of 132p a litre, diesel is now about 35p more expensive than it was only a year ago. Almost half the rise—according the AA, about 14p—has occurred between mid-April and mid-June. It is precisely the sort of spike that the fuel duty regulator is designed to smooth out. At an average of 132p a litre, only Norway's average cost of 137p a litre is higher, but given that in many areas, particularly in the north of Scotland, that price was breached a long time ago, it is safe to say that in parts of the country we almost certainly have the most expensive gallon of diesel anywhere in the world. As I said, however, it is not just remote areas that are suffering; it is industry sectors of all kinds, and I am particularly grateful to the haulage industry for its support in my attempt to have the Government see sense. I am also grateful to the National Farmers Union, the Scottish Fishermen's Federation, the Scottish Taxi Federation and many others for their support.

The *Sunday Herald* reported in April that out of the average £37,000 it costs to tank up a 44-tonne truck, the Government take £25,000 in tax. The same article confirmed that a typical 20-vehicle haulage business would have to make an extra £30,000 a year to cover the increase in fuel costs—and that was in addition to the extra £30,000 that businesses had had to find to cover the increased costs last year. That was in April, however, and since then there has been a price rise of 14p per litre. That example was given when the industry expected the oil price to reach $115 a barrel by midsummer. It was $132 a barrel last week, and has exceeded $140 a barrel since.

Here is the rub: there is no indication that the rises we have seen will stop. Arjun Murti, the Goldman Sachs oil analyst, predicts a super-spike taking the price to $200 a barrel. That may help to deal with the point raised by the hon. Member for Dumfries and Galloway (Mr. Brown). My attention was drawn today to an additional fuel-driven cost faced by hauliers in particular: the fuel levy on ferries on which they transport their trucks, which is having an impact on the west coast of the United Kingdom, in Wales, England and Scotland. It is affecting truckers travelling to Ireland, and no doubt elsewhere on the channel coast.

It must be right to introduce now the mechanisms that we will need to smooth out future spikes, rather than driving hauliers to the wall and families into financial meltdown, and seeing rural economies strangled by the lack of action in the Bill. Let us make no mistake: a failure to act will result in the most appalling financial troubles across the country. When the haulage firm Ramage went into administration, its adminstrators cited the high cost of fuel as a contributory factor. Families are seeing their extra monthly costs rise. It is costing nearly £30 a month more to run a single diesel car, and petrol is costing more than £46 a month more for a two-car family.

As I have said before, it is clear that remote and rural areas are struggling. In a recent debate in the Scottish Parliament, the Liberal Democrat MSP Tavish Scott spoke of the plight of one of his constituents in Brae in Shetland. Perhaps this is how the hon. Member for Taunton (Mr. Browne) should have approached his speech. Tavish Scott's constituent told him that

"despite the fact that I car share I made a decision that I could no longer justify working in Lerwick".

People are now questioning whether it is worth going to work. Jamie McGrigor, a Conservative MSP, said:

"Many rural industries depend on a good haulage service. Forestry, agriculture, fish farming and the food and construction industries—which deliver basic requirements—all depend on haulage, yet hauliers in Campbeltown are laying off drivers and selling their lorries."—[*Scottish Parliament Official Report*, 28 May 2008; c. 9068-79.]

[Stewart Hosie]

All those points are backed up by the various trade representatives. Phil Flanders of the Road Haulage Association has said:

"UK hauliers are struggling as never before to cope with continually rising fuel prices... a number have ceased trading and many more are in the process of cutting back the number of vehicles they operate."

Jim McLaren of the National Farmers Union of Scotland wrote to me saying:

"The cost of fuel, a significant constituent of which is tax in the form of VAT and duty, is jeopardising the future sustainability of Scotland's primary production and transport sectors, at the same time as exacerbating food price inflation, which is affecting every household in the country."

The Scottish Fishermen's Federation, contrary to some reports, is backing the fuel duty regulator. It has said:

"We add our support... Transport is of course a vital component of the fishing industry and cost increases there have applied even greater pressure, felt most acutely by the more remote fishing areas of the North West and the Northern Isles."

Given world food price inflation and concern over future supply, this is the wrong time to put further damaging pressure on the primary food producers in fishing and agriculture.

The Federation of Small Businesses has said:

"As the largest business organisation in the country and representing over 215,000 businesses, the FSB is firmly behind the introduction of any mechanism which automatically uses extra tax revenues generated by high oil prices to reduce prices at the pumps."

Even the Scottish Taxi Federation has written to me, not only to express its concern about the impact of rising fuel costs on the taxi trade but to

"reiterate the federation's full support for this amendment to the Finance Bill to introduce a Fuel Duty Regulator."

Its secretary, Bill Macintosh, made the point that taxi drivers' average monthly bills have increased by about £160 over a very short period. He said that

"with fuel prices rising on a daily basis... we need help immediately."

The Government must react positively to that demand for an immediate response, and that is what new clause 8 is designed to deliver.

5 pm

Mr. Carmichael: The briefing I received from the Road Haulage Association this afternoon makes it clear that it sees the fuel duty regulator as a short-term fix at best, and that what it is looking for in the medium to long term is an essential users' rebate. That would be easy to introduce. There is the precedent of bus operators getting duty rebates. Does the hon. Gentleman agree that that would be simple, targeted and very cheap, and that if all the parties in this House were to work together we should be able to devise some mechanism for driving this forward?

Stewart Hosie: I know that the long-term objective of the haulage industry is for there to be a Europe-wide professional users' rate, and there is a lot of merit in that. There may be an opportunity to put in place an essential user rebate, and my new clause 9 hints at that with the suggestion that it might be done by using the hauliers' "O" operating licence. Therefore, I have a great deal of support for that in the long term, but the hauliers are also telling me—and also, I am sure, other hon. Members of all parties—that they need help now. Most importantly of all, we need to agree the principle that a Government who take 60 per cent. of the price at the pump, and who are taking a massive windfall from the North sea, must put something back when those who use the fuel need help and need it now.

In new clause 8, proposed new subsection (1AA) would oblige the Chancellor at every Budget and pre-Budget report to provide both a forecast for oil prices and his anticipated yield from fuel duty and VAT from fuel. If we are going to use these forecasts, it is important that they are laid down in statute. Proposed new subsection (1AB) would oblige him through statutory instrument to reduce the level of duty in direct proportion to the value of the increase accounted for by VAT. I dislike in principle statutory instruments and regulation, too, but my overwhelming priority is that something must be done quickly, and this is the best mechanism by which to achieve that. Proposed new subsection (1AC) would ensure that when the price of a barrel of oil increases above the forecast, the next indexed fuel duty increase is automatically disapplied. That is important, because when the price goes up we can no longer have normal indexed duty increases withheld as a political whim; this must be an automatic consequence of a rise in fuel prices.

I have read all the debates we have had over the past few years to determine how the Government might oppose the measure. They may well argue that VAT yield is static—that as more VAT is taken from fuel, there is a reduction elsewhere. That argument suggests that no one eats into their savings or increases their debt, and it flies in the face of the evidence from the retail sector published by the Office for National Statistics on 20 June that sales increased in May by 3.5 per cent. The Government may also argue that yield from fuel sales is down because the price has risen, but the evidence from the Petrol Retailers Association is that there was only a very modest drop in sales earlier this year when the price rose dramatically, almost exclusively "from morning domestic sales", not from commercial trade or afternoon or evening business.

It is, I suspect, more accurate to claim that there is a long-term trend of increasing demand for total retail motor fuels. I shall refer briefly to a Department for Business, Enterprise and Regulatory Reform table on oil and oil products of December 2007. It shows that diesel sales increased in every quarter that is listed for 2007—the first three quarters—from 5.14 million tonnes to 5.32 million tonnes to 5.5 million tonnes. There is also a 7.8 per cent. increase between quarter three of 2007 and quarter three of 2006. Even taking into consideration the reduction in petrol sales as people move to diesel, there is still a net increase in diesel demand. At the start of those three quarters, diesel was 92p a litre, and it ended at 97p a litre—a 5 per cent.-plus increase, or twice the annual rate of inflation, in only nine months. Those who argue that there is elasticity in fuel demand should look at the figures from the Department for Business, Enterprise and Regulatory Reform. I argue that it is fundamentally inelastic. However, notwithstanding that an elastic situation can become inelastic over time, it is clear that there is an offshore windfall. Indeed, the Chancellor confirmed in his recent letter to my right hon. Friend the Member for Banff and Buchan (Mr. Salmond) that rising fuel costs

"do generate greater receipts from North Sea Corporation Tax and PRT."

Lembit Öpik (Montgomeryshire) (LD): The inelasticity can be explained for rural areas because there is no other way to travel. Does the hon. Gentleman agree that it is that very dependence on diesel and petrol-powered vehicles in rural areas that makes people feel impotent in the face of these increases? Faced with a choice between driving less or reducing their expenditure on other things, they are forced to choose the latter.

Stewart Hosie: The hon. Gentleman is right and his comments mirror those of his colleague in the Scottish Parliament, Tavish Scott, who explained that people are questioning whether they can afford to go to work. Perhaps the hon. Gentleman should have a word with his Front Benchers, as his sensible approach runs counter to some of the comments that we heard earlier.

Mr. Russell Brown: Further to the point made by the hon. Member for Montgomeryshire (Lembit Öpik), households generally have a finite amount of money to spend. The argument may come from the Front Bench this evening that although additional income for the Treasury could be achieved through the increase in VAT, other sources of income are falling. There is great support on both sides of the House for the fuel duty regulator, but can the hon. Member for Dundee, East (Stewart Hosie) tell the House honestly that the figures add up, because that is vital?

Stewart Hosie: I agree, and I used the figures from the Department for Business, Enterprise and Regulatory Reform deliberately to show that over the first three quarters of 2007—the most up-to-date information that I have—there was a net increase in motor fuel sales across the board, notwithstanding the transfer from petrol to diesel, at a time when the price went up by twice the annual rate of inflation. Whether the fuel duty reduction comes from the onshore VAT windfall or the offshore North sea windfall, we can be certain that, in terms of total tax yield, this proposal is fiscally neutral.

The final criticism which the Government may make is that this is a one-way regulator. In the current climate, and with the very real fear of a "super-spike" in fuel costs, it is only right that my new clause addresses that. But there is nothing in new clause 8 to stop this Government introducing a claw-back measure to guarantee a minimum level of duty yield as per their forecast. They could do that in the pre-Budget report in the autumn at the same time as the first forecast required by the new clause.

There is no good reason why the principle of a fuel duty regulator should not apply, and very many reasons why it should. It would help the hard-pressed families who are paying £30 or £40 a month more for fuel for their cars. It would help remote and rural communities and the fishing and farming sectors, and protect the haulage industry, which keeps this country moving. It would also act as a measure to tackle inflation. Diverse sectors across the UK—not only from Scotland—have come together to back this measure, and I urge the House to do the same.

Nigel Griffiths: I rise to oppose new clause 3. I am afraid to say that it is all too typical of the unprincipled politicking of the modern Conservative party, which has abandoned all its pretences at trying to claim the green agenda. Indeed, it repudiates the Conservative Chairman of the Select Committee on Environmental Audit, under whose chairmanship it produced a report in February that begged the Treasury to increase taxes on motoring. It stated clearly:

"Some motoring organisations have begun calling for the next planned increase in fuel duty to be scrapped"

but said that the Treasury

"must not defer its planned rises in fuel duty."

The report gives the rationale behind its criticism of the Government and the Treasury. On page 11, it states:

"By 2009–10, main fuel duty rates will...remain 11 per cent. lower in real terms than they were in 1999."

Lower down that page, in paragraph 19, it warns that

"road traffic emissions in England went up by 12 per cent. between 1997 and 2006",

and it links those emissions to that previous statement. And, as the report makes very clear on page 12:

"The forthcoming Budget is a test of the Treasury's environmental credibility: it must not defer its planned rises in fuel duty."

It might have been a test of the Treasury's environmental credibility, and my colleagues passed with flying colours. As a test of the credibility of Conservative policies, it showed them to be woefully inadequate.

In a previous report, the Committee stated:

"The Government should increase the differentials within Vehicle Excise Duty between the most and least efficient cars".

I think that that is what the hon. Member for Putney (Justine Greening) would call eco-stealth taxes. The Conservative MPs on the Committee, who are notable for their absence today, included the hon. Members for Ruislip-Northwood (Mr. Hurd), for The Wrekin (Mark Pritchard), for Beverley and Holderness (Mr. Stuart), for Wantage (Mr. Vaizey), for Bridgwater (Mr. Liddell-Grainger) and for Bexhill and Battle (Gregory Barker) and, of course, the Chairman, the hon. Member for South Suffolk (Mr. Yeo). All those Conservative MPs signed up and, to embellish the green credentials of their party, ensured that that unanimous report argued strongly for higher fuel duties.

The first report that I referred to made an interesting point that reflects on the debate when it asked the Treasury to consider ways to put the formulation of environmental issues outside the arena of electoral politics to some degree. Why, I wonder? Was it because the 2007 report of the quality of life policy group, co-chaired by Zac Goldsmith and the right hon. Member for Suffolk, Coastal (Mr. Gummer), stated their proposals on vehicle excise duty very clearly? Their report said that

"we propose increasing the VED differential between the top and bottom bands of emissions performance"

and that that change was

"aimed primarily at influencing the used car market".

The synthetic concern about backdating that we hear from Conservative Front Benchers is contradicted in the document that they paraded before Friends of the Earth and other green groups, which specifically said that the party had to aim primarily at the used car market. The document also proposed a new graded purchase tax, which would put 27.5 per cent. purchase tax and VAT on some larger cars, second hand or not.

Things have not changed so much since the Committee's report, which was produced in February. It reflected a considerable increase in fuel prices, but since February those prices have gone up even further. Are the Conservatives rowing back to take account of those

[Nigel Griffiths]

prices, as some are urging? Far from it. This morning, on the BBC, the Chair of the Select Committee, the hon. Member for South Suffolk, was asked a direct question by Mr. Naughtie, who said:

"What about the back-dating which is very controversial"?

The hon. Gentleman replied:

"It is controversial: it is not of course back-dating in the traditional sense".

but, he said,

"3 times as many people buy a second hand car as buy a new car so if we are going to use bigger differentials in Vehicle Excise Duty to influence our purchasing decisions they have to apply to existing second hand cars as well as to new ones".

5.15 pm

That has been the consistent policy of the Conservative Members who have a track record of championing green issues, but there are very few of them. The challenge is this: I expect to see the seven Members of the Conservative party who pressed the Treasury not to back-pedal on vehicle excise duty or fuel duty in the Lobby with us, voting against the new clause. This evening, we will see whether even some Conservatives are willing to repudiate their Front-Bench team or whether, as the hon. Member for Putney suggested earlier, they will toe the party line and betray the environment.

Mr. Atkinson: Over the years that I have been in the House, I have always known that the hon. Member for Edinburgh, South (Nigel Griffiths) will leap up at the last minute to defend the indefensible if he needs to do that to defend his party. That is what he tried to do tonight. I wonder where he has been. His argument about the views of individual Conservative Members is irrelevant to the anger that the backdating of vehicle excise duty rises has caused. Does he go to Edinburgh and listen to his constituents? Does he understand the anger that has been caused?

Ministers would be wise to accept the advice of my hon. Friend the Member for Putney (Justine Greening) and say today that they will not pursue the policy. There are certain trigger points that anger members of the public, our electorate. Sometimes they are irrelevant or extraordinary, but the backdating of the VED has caused anger. It is regressive, and many people who have decided to buy a particular car will lose thousands of pounds in the second-hand value of that car.

The hon. Member for Bury, North (Mr. Chaytor) mentioned stamp duty, but that was the wrong example. It would have worked as an example only if somebody had purchased a house and then the Government had said, "By the way, we're backdating the stamp duty. You now owe us another £150,000 for the house that you have already bought." People make decisions about what kind of car to buy on the basis of the cost at the time when they buy it. To change the ground rules is utterly wrong, which is why the vast majority of Labour Members, although not the hon. Member for Edinburgh, South, seem to agree with us on the spirit of the new clause, if not its details.

Mr. MacNeil: Does the hon. Gentleman agree that the vehicle excise duty is Labour's poll tax on wheels? It is an annual charge, and it hits the poor hardest.

Mr. Atkinson: Absolutely. I agree entirely. It is not only regressive, but like all regressive taxation, it particularly hurts those who can least afford it.

My constituency is one of the most sparsely populated in England, and is on the Scottish border. Many of my constituents are not highly paid by any means, and they need their cars because there is virtually no public transport available. They have to travel many miles to find work, because work in agriculture and forestry has declined. It is common for people to drive 80 to 100 miles a day to get to and from work. Some work shifts, some are self-employed and some have to work weekends, so it would be totally impractical for them to use public transport.

People in my constituency are already taking a huge hit on fuel bills, and we have heard from hon. Members from Scotland that the situation is the same there, with fuel priced very highly. In addition, the decisions that those people must take about what kind of car to buy has been thrown into complete confusion because of the threatened change to VED. Some models of second-hand car that cost £10,000 a few months ago would be worth little more than scrap value now. People have little hope of part-exchanging a car like that for a new one of the type that the Government want them to buy.

People were encouraged to buy diesel cards because diesel was cheaper and gave more miles to the gallon. That was supposed to be a good thing to do, but it turns out that they would have been better advised to buy a petrol car.

The proposal affects women in particular, and I am surprised that the Exchequer Secretary to the Treasury is so unsympathetic to our arguments. Many women in my constituency work part time: they do 16 hours a week, or a few more, but many are having to give that up. They either cannot afford the fuel, or the need to sell one of the family vehicles means that they no longer have access to a car. Those women will then be trapped at home and possibly forced to live on benefits.

So far in the debate, there has been little discussion of another problem that people in rural areas suffer – the cost of kerosene heating oil. People in country areas do not get natural gas: we have electricity or oil, or we buy gas in cylinders. The prices of cylinder gas and kerosene have risen by more than the price of electricity and town or natural gas. The rises are huge: heating oil now costs more than 60p a litre, which means that 1,000 litres cost more than £600.

Those rises come on top of the Government's VED decision. From the Exchequer Secretary's demeanour, I do not think that she is inclined to listen to me, but I urge her to announce that she will not go ahead with the change. If she were to do so, she would reduce the anger that many people across the country feel.

Mr. Chaytor: We are all aware of the seriousness of the oil price crisis, which affects every individual, household and business sector in the country. I do not take that lightly, but some hon. Members do not appear to understand that the problem will not go away. We have reached a critical point in history, where global demand for oil exceeds supply. That is the background to this debate, but some hon. Members seem to want to ignore or forget that.

The only solution to all the complex issues with which we are grappling—such as variable VED and the fuel duty rise planned for October—is to increase the efficiency with which we use oil and all the other fossil fuels. Any political party that ignores that, or which rejects moves to increase that efficiency, is deceiving itself and the electorate.

I was delighted that my hon. Friend the Member for Edinburgh, South (Nigel Griffiths) was so critical of Opposition Front-Bench Members. Their amendment on VED has left them exposed as blatant opportunists. It has blown out of the water any shred of credibility that they might hope to gain in respect of their policies on the environment, transport and energy. I was also delighted to hear the hon. Member for Taunton (Mr. Browne) demolish the case put by the Opposition Front-Bench spokeswoman—at least until he admitted that he agreed that the VED change should not apply to the existing fleet of vehicles.

I turn now to the question of retrospectivity. The VED proposal is not a retrospective, as it will come into force for the first time next year. The changes to the bands are retrospective, but such changes have been implemented in exactly the same way since they were first introduced in 1999.

I accept that people are worried about the resale values of vehicles in the second-hand market. However, when motorists change their vehicles—as most do every two or three years—what matters to them is the difference in the cost of doing so. That means that if the value of a 1994 vehicle falls, so will the value of the 1996 vehicle that a person may wish to change up to. It is the cost of changing vehicles that really matters.

Of course, what has driven the fall in resale values already is nothing to do with the variable VED that the Government propose for next year; it is entirely to do with the quadrupling of the oil price over the past three years. That is concentrating the minds of motorists, and it is already changing their motoring habits and their choice of vehicle. So the principle that underlies the change to VED is absolutely right, and I congratulate the Government on having the courage to make such a radical change. My only criticism is that it would have been helpful both to have introduced the change before and if the Treasury had shown a little more urgency over the past 11 years in taking on board the need for such changes to environmental taxes.

It strikes me from listening to the debate and the debate outside the House that many of those who seem to be fundamentally opposed to both the principle and the detail have not looked at the detail of the proposals. They have not looked at the way in which the current bands will be transformed into the new range of 13 bands in 2009-10. It is absurd to say that this is a massive attack on the low-income households. Some 10 million vehicles will not be affected by the change, or 10 million vehicles will pay less tax, and the drivers of those 10 million vehicles are overwhelmingly people on the lowest incomes. Vehicles registered before March 2001, which are overwhelmingly owned by low-income families, will face no change at all, because they are not affected by the enhanced variable regime. I urge my Labour colleagues, some of whom ought to know better, to look at what the Government propose before making sweeping accusations about the impact of the changes.

The principle of variable excise duty is fair, efficient and beneficial to the environment. It concentrates our minds on our individual responsibility to respond to the challenges of climate change, on the cost of motoring and on the efficiency with which we use fossil fuels. Yes, the tax changes are about changing behaviour. They will change behaviour; they have already started to do so in a small way over the past nine years. Of course, all taxes are about changing behaviour. That is one of the key purposes the tax system.

Mr. James Paice (South-East Cambridgeshire) (Con): I am very interested to hear the hon. Gentleman refer to changing behaviour, but what will he say to the thousands of people who made their choice six or seven years ago? He is suggesting that they can somehow change their behaviour today when they made the decision seven years ago. We are simply saying that retrospective taxation should not be applied to something that relates to decisions that people have already taken and cannot change.

Mr. Chaytor: People might look at the figures that the Government have published in the Red Book, which tell them exactly the decrease or increase in the variable bands that will come into force next year. They will see that 10 million vehicles will either get a tax cut or face no change, and they will find that, for the overwhelming majority of the 7.7 million vehicles that will experience an increase, it will be absolutely marginal in respect of both the present rate of VED and the overall cost of running a vehicle.

I have discussed the issue with the Minister on a number of occasions and explained that I thought that she was doing absolutely the right thing, but I stressed that that some points of detail could be improved. I hope that those points of detail will be taken on board before we finalise the arrangements of next year's Budget. Of course, if anyone takes the trouble to look at the table in the Red Book, it is pretty clear that the impact of next year's VED increase is only really a matter of concern for two of the new bands: new band J and new band K. The 10 lowest bands will experience a tax reduction, no change or an increase of about £15 to £25—a comparatively modest percentage increase. There are, however, issues about the vehicles that will be in VED band J and K next year, because some of them will incur a one-year increase of £90, which is almost a 30 per cent. increase.

Rob Marris (Wolverhampton, South-West) (Lab): Fifty per cent.

Mr. Chaytor: Fifty per cent. I stand corrected.

That issue needs to be considered. Had the Treasury looked at the matter in more detail earlier, we might have phased in the increases year on year, and that would have given a stronger and more consistent signal to motorists.

5.30 pm

Justine Greening: The hon. Gentleman seems to be almost unaware of what his Government are proposing. First, the rises that he discusses are quite stiff, although they are nothing compared with the rises that people who are currently in band F will face when they go up

[Justine Greening]

to bands L or M by 2010. Then, they will face rises of £245. Secondly, he is probably not aware of the transition period, because he has demonstrated what I said originally—that the period was not mentioned at all. The Government are planning that people should be in transition across two years, precisely because they know how much the measure will hurt them.

Mr. Chaytor: I am looking at what the Government propose and reading from the chart in the Red Book. It is absolutely clear that new band J vehicles, with CO_2 emissions ratings of 181 to 200 g per km, will pay £260 in 2009-10, which is a sizeable increase, but only a further £10 in 2010-11. I urge all Members who are concerned about the issue to look at the facts and at the increases.

It is true that from next year, 7.7 million will pay a higher rate, according to the Library analysis, but of those 7.7 million, the overwhelming majority will pay only a tiny—a marginal—higher rate. I return to the point that the real concern is the one-year increase next year, which is not carried through to 2010-11 to the same degree, in respect of new bands J and K.

Finally, the irony is that in respect of next year's rate, new bands L and M will show an increase of only £15 and £40, or 4 per cent. and 10 per cent., respectively. The paradox is that under the Government's proposals, the two highest-rated bands will pay less than the two bands lower down the scale, so there is an opportunity to make the system more progressive, fairer and more efficient. I hope that the Government will take those specific points on board.

John Thurso: I rise to speak to new clause 14, which stands in my name and that of several of my hon. Friends. The debate has been fascinating and wide ranging. It would be very tempting to discuss some of the topics that have been debated, but I sense that the House may prefer me to confine my remarks to the new clause, and I shall do so.

I have a slight dilemma. As always, I have come well prepared with the detail of my arguments, but it would take a little time to expose, so I shall attempt to do the bullet-point version. I hope that if I skim across the detail, the House will forgive me but understand that the detail exists.

The genesis of the new clause was in an amendment that an hon. Friend tabled some years ago. My hon. Friend the Member for Inverness, Nairn, Badenoch and Strathspey (Danny Alexander) reprised it last year, and I have addressed it on a number of occasions. It is, namely, the fuel premium that is paid in remote rural areas. The premium has varied over the years—when I first looked, it was 6p or 7p, and it is now 13p or 14p. It is specific to remote rural areas, for which I have a definition; and although it is perhaps a small issue in the wider context of the debate about the impact of high fuel prices on the economy generally, for my constituents in rural areas it really is salt in the wound. I want to speak briefly about the principle and details of what I seek to achieve.

Mr. Roger Williams (Brecon and Radnorshire) (LD): I am sure that my hon. Friend will make this point, but the issue is not only the increase in fuel prices in rural areas, but the lack of a public transport alternative. That means that people have to have their own cars and feel the full effect of the higher prices.

John Thurso: My hon. Friend is right on both counts: about the point that he has made and the fact that I would have made it. He has saved me that job.

The purpose of the new clause is to find a workable scheme for reducing but not eliminating the premium, to give some relief to people in remote rural areas, where, as my hon. Friend has just said, there is no alternative. In my constituency, there is a petrol station in Durness and in Tongue, which are about 50 miles—or an hour—apart. The average price of diesel on the north and west coasts is about 145p per litre; that is the scale of the problem.

In my intervention on the hon. Member for Putney (Justine Greening), I alluded to the principle behind why something should be done. If one is seeking to change people's behaviour through taxation, people have to be able to make that change—in this case, people still have to be able to go places. In the remote areas that I am talking about, there is no capacity to make that change and there will not be. As my hon. Friend the Member for Orkney and Shetland (Mr. Carmichael) pointed out, in many such areas the car is by far the most environmentally friendly option—far better than buses carrying nothing but fresh air.

The second point is that, broadly speaking, taxation should be equitable. It is clearly inequitable that in an area where there is no choice the tax should be higher, by virtue of the VAT element, than it is in other areas of the country. It is perverse that fuel costs are lower in many areas with public transport than in many areas where there is none.

Danny Alexander (Inverness, Nairn, Badenoch and Strathspey) (LD): I support what my hon. Friend is saying and his new clause. Does he accept that the issue is not only fairness in taxation, but the impact that the disparity has on the people whom it affects? In his constituency and mine, in the highlands, people's incomes are much lower than in the rest of the country. However, we ask those people to spend an awful lot more on their fuel and pay more tax on it, and fuel represents a greater share of their disposable income in the first place. The hardship caused is more real in such communities than almost anywhere else in the country.

John Thurso: My hon. Friend makes a good point and saves me the trouble of making it myself; I shall move on.

Interestingly, the 30 per cent. rise in fuel costs across the country has resulted in a measurable percentage drop in car use. The theory of the impact of higher price has been tested. However, the interesting thing is that those drops are not reflected in remote rural areas because there people have no choice.

I have discussed the principle. As for the detail, I should say that I am grateful to Treasury Ministers. Until a year ago, whenever I raised this issue—as a subject for a debate or even as an amendment—I was totally stonewalled. However, the Chancellor expressed his sympathy in the Treasury Committee and, in answer to my hon. Friend the Member for Argyll and Bute (Mr. Reid), the Financial Secretary, on behalf of the

Exchequer Secretary, expressed sympathy and a desire to look at the evidence. As a result, I wrote a paper, which I have circulated and sent to the Chancellor; I hope that the relevant spokesmen for all the parties have received it, because I arranged for it to be sent to them.

The paper points out that first there needs to be a workable definition of "remote rural". My scheme is based on Scotland because I was able to get all the data on Scotland that I needed. I believe that similar data are available for England and Wales, but I do not have them. Scottish national statistics include what is called the eightfold urban-rural classification, which is shown on a very helpful map with very helpful definitions. For the example set out in my paper, I have chosen band 1, which covers about 2 and a bit per cent. of the population, and between a third and one half of the Scottish land mass. Other classifications could be used, depending on how exactly one wanted to target the scheme.

Stewart Hosie: In previous, similar debates, we have had a bit of fun on the issue of definitions, not least with the hon. Member for Inverness, Nairn, Badenoch and Strathspey (Danny Alexander), but the eightfold model is very good because it includes a total of only 150,000 people in the most remote parts. The definition was a problem in the past, but the definition that we are considering is very good. That is why we will support new clause 14 tonight.

John Thurso: I am grateful to the hon. Gentleman for making that point, and for clearly having read the paper that I sent him. The area is definable, but one needs a simple method by which the tax rebate can be passed through the system. I have discarded the concept of designating individuals—the proposal that was put forward last year—and the concept of designating vehicles. I instead suggest that we simply designate the retail filling station. That could be done very simply, because all the retail filling stations that one would want to designate clearly fall into the area in question. I am not concerned about the fact that a passing millionaire might benefit; if they happen to be passing through that part of the world, good luck to them. I do not think that we need make any difference according to who is in the area, whether tourist, visiting businessman or resident. The scheme works well, regardless.

If we agree that retail petrol stations should be designated, all that is required is a robust system of ensuring that the rebate is passed to the consumer, and is accounted for in a way that means that there is no fraud. My paper basically uses the VAT system of Her Majesty's Revenue and Customs, and the supply chain. I shall not go into further detail, but ask the House to take it from me that the system provides for a robust audit, and will ensure that the rebate arrives at the pump, and does not have to be paid for out of the pocket of the motorist, who is to benefit from it.

The major criticism that the Treasury has always made of the scheme, and the criticism that the Chancellor of the Exchequer raised in the Treasury Committee recently, was on the issue of cross-border exploitation. In other words, the fear is that somebody might cross a border to get cheaper fuel. That simply does not apply, because the premium is not being got rid of; it is simply being reduced. That provides no incentive for anybody to cross a border who was not already intending to cross it. It does give those who are thinking of crossing a border an incentive to recalculate and, as a result, not cross it.

In subsection (5)(g) of new clause 14, it is suggested that once the Treasury had agreed to the scheme, it might care to devolve it, and permit the Welsh Assembly and Scottish Parliament to operate it. There is clearly a difference of view on the importance of the scheme in different areas. I would encourage a UK-wide scheme, but if the Treasury would like to give us the ability to run the scheme in Scotland, I would certainly encourage that, too.

Mr. Gregory Campbell (East Londonderry) (DUP): I hope that the hon. Gentleman remembers that Northern Ireland is also part of the United Kingdom.

John Thurso: Indeed I most certainly do, but the advice that I had when framing this was not to include Northern Ireland, for whatever reason—I am not entirely clear.

5.45 pm

Mr. Russell Brown: If there is any disappointment on my part, it is that I have not managed to see the hon. Gentleman's paper. Despite what other Members may think, I have some extremely remote rural areas in my constituency. There are locations in the highlands and islands where people visiting hospital in the central belt are given special payments, but people in my constituency in the extreme south-west of Scotland travel even longer distances and do not qualify for that kind of payment. That is why remote rural areas need to be tightly defined. I suspect that parts of my locality may not be included in his document, but I would be delighted if they were.

John Thurso: I am delighted to tell the hon. Gentleman that according to the colourful map that I possess, parts of his constituency are included, while small parts of mine, and indeed of his, are not. The detail was published by the Scottish Executive; they are robust figures, and I ask him to take my word for that.

There is a strong case for righting an obvious wrong. New clause 14 would permit that to be done, and when the appropriate moment comes I would like to commend it to the House.

Rob Marris: Given the time constraints, I shall confine my remarks to new clause 3 on vehicle excise duty.

The Government propose to make changes to vehicle excise duty as from the Finance Act 2009, a year hence. It is right that they consult on that proposal, and that is happening. My views on the way forward are fairly well known. I think that the Government need to reconsider the VED proposals—I am fairly confident that they will—in the context of the overall tax system and the part that green taxes play in that matrix. That point was well made by my hon. Friend the Member for Birmingham, Northfield (Richard Burden).

We need to consider what green taxes are. There has been a rather glib assumption that we are all talking about the same thing, and I am not sure that that is the case. Green taxes have a role to play in changing behaviour. The VED proposals that are on the table and out for consultation will have an effect on changing behaviour,

[Rob Marris]

but I am not sure that it is an effect that I would always wish to see. The proposals will, if implemented, lead to lower second-hand values for vehicles. That might mean, paradoxically, that an owner of such a vehicle, which might by next year be up to eight years old, may keep the vehicle instead of trading it in because they cannot afford to change it. The proposals might change behaviour as regards the earlier scrapping of vehicles that entered the fleet between March 2001 and the Finance Act changes in 2009. In the medium term a car might be scrapped when it is, say, 12 years old, because the VED changes would make it less economical to run than if they had not been introduced.

There may also be a change in behaviour that is exemplified by my mate, Steve Smith, who runs a 1990 Ford Granada. Some hon. Members will remember those—they are a right boat of a car. Steve is saying to me, "If these vehicle excise duty changes go through, because I have got a pre-2001 car I think I might just keep it a bit longer even though I know it's causing pollution." Another effect that the proposals would have in changing behaviour is that they would devalue the currency of and support for green taxes, which would be rather undesirable.

An aspect of green taxes that has not been mentioned is the "polluter pays" principle, which we already have indirectly through the emissions trading scheme. If an industrial plant pollutes a lot, it has to pay more for its carbon dioxide allowances through the European emissions trading scheme, and those prices will be ratcheted up in the future. That is a green tax, made on the "polluter pays" principle. Those who have been driving vehicles that pollute more, such as private motor cars or company cars, have—sometimes in all innocence—polluted our atmosphere, contributed to climate change and contributed to greater Government expenditure on addressing the effects of climate change.

For example, quite laudably, the Government have doubled spending on flood defences—both inland and coastal sea defences. One of the reasons that such increased expenditure is needed is that the climate has changed because it has been polluted, and it has, in part, been polluted by those who have, for the past seven years or more—and I suspect almost every Member is guilty in this regard—been driving polluting vehicles. The Government have to spend more money. We are going to have to spend more money on things such as reservoirs, and we have started to. The Government are spending more money on medical research because we are getting diseases such as malaria because of the changed climate. The Government are spending more money on biodiversity research, and on trying to prop it up—it is under considerable stress and pressure because of the pollution that has led to climate change.

It is not only a question of changing future behaviour with green taxes—desirable though that is—but a question of the "polluter pays" principle and the price that we have to pay as a society, often refracted through the medium of taxation, for tackling the effects of climate change. Research on plant biology and the sort of crops that we grow in this country has to be carried out. We need research on the re-engineering of our railways and roads. That is already under way and it will become a lot more necessary as the climate continues to change. Climate change causes changes in temperature, which means that such re-engineering is necessary, and it is driven, in part, by the pollution caused by people driving around in these cars.

I am not at all convinced by the Conservative position on new clause 3. There are problems with its technicalities—its need for a statutory instrument—to which my hon. Friend the Member for Stoke-on-Trent, Central (Mark Fisher) so ably adverted. I do not like the technicalities. Moreover, the suggestion that the current proposals, which I hope the Government will reconsider, are in some way a stealth tax is one of the stupidest criticisms I have ever heard, given that vehicle excise duty is one of the few taxes where people get a bit of paper through their letterbox in advance, which says, "This is what the tax will be if you undertake this behaviour." It cannot be a stealth tax. I do not like the idea of stealth taxes anyway, but that really is a silly criticism of vehicle excise duty, of all things.

Although I find the hand-wringing of the Conservatives and their new-found concern for the poor heartening on one level, I hope that the hon. Member for Putney (Justine Greening) will forgive me when I say that I am rather suspicious about it. It seems rather opportunistic in this context. An early-day motion was introduced by my hon. Friend the Member for Blyth Valley (Mr. Campbell). I understand—and I stand to be corrected on the figures—that there are 69 signatories, 12 of whom are Conservatives. That is an example of why I am somewhat suspicious of their new-found concern for the poor.

Justine Greening: We will see how many Conservative and Labour Members go through on our side compared to his.

Rob Marris: I am quite confident that the Government will have a majority because the wording of new clause 3 does not address the issue at all, and because there is plenty of time for the Chancellor to reconsider.

Anne Main: May I draw the hon. Gentleman's attention to the fact that some Members—from all parties—do not sign early-day motions on principle, preferring instead to put the effort into legislation. An early-day motion, as the hon. Gentleman is well aware, is merely a statement, and some hon. Members prefer to campaign and make arguments in the House, rather than sign a piece of paper that does not have much thought behind it. I am not decrying early-day motions, but please do not say that because someone has not signed one, they do not care. That is hardly a fair statement and the hon. Gentleman knows it.

Rob Marris: Again, I would have more sympathy with that critique if there had been an average attendance of Conservative Back Benchers that even approached 12 this afternoon. The hon. Lady's argument does not hold good. I stand to be corrected, but I have not noticed any Conservative Member tabling an amendment that sets out exactly what the Conservative party believes we ought to do about vehicle excise duty. Conservative Members have neither set out their policies nor tabled an amendment, so we do not know what their policies are. It is all very well their saying that they do not like the retrospection, that we are discussing a stealth tax

and that they do not like this, that and the other. I have sympathy with that position, but they do not present their policies when they have every opportunity to do that. They simply do not avail themselves of it.

I emphasise to my hon. Friends on the Treasury Bench that I hope that the Chancellor reconsiders, but that he does so carefully and is not stampeded by some of the siren voices around us. The subject is complex and needs to be considered in the round, in the context of not only what we are pleased to call green taxes, but the overall structure of taxes in the United Kingdom, because if we lower one tax, we must raise another.

Adam Price: I shall concentrate on new clauses 8 and 9, which Scottish National party and Plaid Cymru Members tabled.

As ever, the hon. Member for Wolverhampton, South-West (Rob Marris) made an interesting contribution. There is a danger that some Government policies that we have discussed today will give green taxes a bad name and could undermine the necessary shift towards environmental taxation, which must be supported because of the "polluter pays" principle that the hon. Gentleman mentioned. The hon. Member for South Thanet (Dr. Ladyman) has an interesting article in *Progress*. He is a Labour Member who, as a former Transport Minister, should know about such things. He makes powerful points and supports our proposal for a fuel duty regulator.

There are three general reasons for needing a moderating mechanism for fuel duty. First, the unprecedented volatility in the price of oil has far-reaching social and economic consequences, and we need a mechanism to dampen the peaks and troughs. Secondly, environmental taxes must be linked to clear environmental criteria; otherwise the public will believe that they are simply a revenue-raising mechanism, and that undermines the broader importance of environmental taxation. Thirdly, surges in fuel prices disproportionately hit some sectors of the economy, some sections of the community and some parts of the country disproportionately that need and deserve Government protection. I shall consider each item briefly.

Volatility is the catalyst for the debate, as it was at the beginning of the decade, when there were also fuel protests. The oil price is historically high. It is the second oil price shock and I think that it is qualitatively different from the first because, if we have not yet reached peak oil—the moment when conventional oil production goes into irreversible decline—we are near the summit. After 1973, non-OPEC countries could expand exploration and production in response to the oil price surge. That eventually broke the power of OPEC and led to a collapse in the oil price in the mid-1980s. We are in a different position now. The growth of the emerging economies, especially that of China, has driven the oil price up in terms of demand, while the supply side is totally different from what it was. Non-OPEC conventional oil production is already in irreversible decline. The North sea may be a special case—perhaps Government policies and tax hold back production there. We will be in a position whereby OPEC has a far stronger grip on the oil market than before. From what we know of demand, OPEC will be able to hold up oil prices in the long term.

There are some counter-arguments about the lack of investment in refining. Some refining capacity will come on stream in India, Sri Lanka and the middle east. That will have some effect. There are discussions about the long-term prospects of tar sands, oil shale and even coal oil, but most people accept that we are in a period of high oil prices and that we will remain there, certainly until alternative fuels and technologies reach maturity—at least 20 years away. The fundamental driver is geological. Supplies are finite and they are running out, which is inevitable. That is the position that we are in.

6 pm

There may be a fall in the oil price if the Chinese economy goes into recession or if the US economy gets into further difficulties, and it could be a dramatic fall, but that is the point. Even against the underlying trend, which has to be upward, there may be dramatic surges and falls along the way. That is why we need a moderating regulator to provide people with the stability to plan for this new era. We have moved from an era of cheap oil and are now in an era of premium oil, and that will continue.

We need to give people the ability to plan for a post-oil economy, as the Swedes are doing. However, we cannot do that if we are exposed to the vagaries of the international market. We need a planned transition to a post-carbon economy. A fuel regulator would be an important contribution towards enabling companies, families and individuals to do that. Large companies can do that through hedging, but we need to afford smaller companies and families some protection from massive fluctuations in the price of oil.

Mr. Alan Reid: The hon. Gentleman is talking about stability, so could he say by how much the regulator would bring the price of oil down under new clause 8, if it increased by 5p?

Adam Price: To be honest, I would have to pass on the detail of the hon. Gentleman's question, but the principle is vital. *[Interruption.]* Well, I would ask him how big a derogation he is talking about in rural areas. I support that principle, because we take a non-partisan approach to the issue. The Liberal Democrats' new clause 14, which deals with remote rural areas, deserves support from all sides of the House. Surely he can recognise that even outside remote rural areas there is a need for a moderating influence when oil price surges cause such distortion and devastation in our economy.

Mr. Russell Brown: The hon. Gentleman and his colleagues have undoubtedly talked in the past about the fuel duty regulator that operates in France. However, if the fuel duty regulator is the panacea for the problems that he is describing, can he explain why President Sarkozy is looking to go to the EU for a reduction in the VAT rate?

Adam Price: I am not familiar with the detail of the history of the French fuel regulator. Fuel regulators exist in various OECD countries—for example, Canada has regional fuel price regulators—but I will have to look into the issue. I understand that Sarkozy proposes looking into not only VAT, but a number of other mechanisms; indeed, the French have in the past supported harmonisation of EU diesel rates, which we might need to consider, given what is happening to our haulage sector. The principle of what President Sarkozy is suggesting is very much aligned with the principle behind new

[Adam Price]

clause 8. We need a mechanism to smooth out the fluctuations, because they are having a devastating effect on our economy and the French economy.

All Governments get a windfall gain as a result of fuel duties. This Government get a particularly large one, because of the high level of the duty and because we effectively have double taxation, as we levy VAT on the fuel duty element, too. The reason fuel taxes are historically popular with Governments is the inelasticity of demand, as the hon. Member for Dundee, East (Stewart Hosie) said. The estimated elasticity of demand is about 0.4 to 0.5, but is much lower in rural areas, at 0.2, for the reasons that we have heard. The result of the fact that elasticity is less than 1 is that fuel consumption falls in response to higher prices, but expenditure goes up. That is the key issue. There is a windfall gain.

The loss of revenue argument does not hold, because people are transferring expenditure from other goods and services in the economy on to fuel. If we were able to cut fuel prices through a fuel regulator, consumption in other parts of the economy would go up and the Government would get the VAT in that way. I have not even referred to the issue raised by the hon. Member for Dundee, East about the offshore windfall.

We have already heard about the problems of rural areas in relation to hard-pressed sectors and communities. The Government must acknowledge that it is particularly difficult for certain sectors of the economy to respond to rapid rises in fuel prices. Haulage companies, farmers and those in the fishing industry, for example, find it difficult to pass on increases in fuel costs to their customers, the end users, when oil prices are rising rapidly. That is because contracts generally last for an extended period, and there is no provision for additional fuel costs to be passed on until the contracts are renegotiated. The fact that these sectors come under pressure leads many companies within them to cut margins even further, resulting in cut-throat competition within the sectors because the companies have to go after the same contracts. This leads to a vicious circle. We are seeing haulage companies going bust in Wales and in Scotland. A fuel regulator could provide a degree of control over this situation and prevent those sectors from being exposed in this way.

Eventually, we shall have to make the transition to a post-oil economy, and the shift towards environmental taxation is an important part of that. However, if we lose public support for the notion underlying environmental taxation, it will be difficult for a Government of any party to make the necessary changes. I therefore urge the Government to listen carefully to those on their own Benches, and to support this very modest proposal from Plaid Cymru and the Scottish National party, which is backed by many of the sectors that have been affected, in order to bring about a degree of Government protection while we are going through this difficult time as a result of the massive price rises on the world oil markets.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): I echo what the hon. Member for Carmarthen, East and Dinefwr (Adam Price) said about the importance of green taxes not losing their credibility because they are being abused. The Government need to look again at the VED argument, and I hope that they will use this debate as an opportunity to respond to the concerns that have been expressed across the House.

My hon. Friend the Member for Argyll and Bute (Mr. Reid) asked the hon. Member for Carmarthen, East and Dinefwr what the effect of his regulator would be in relation to a 5p rise. My hon. Friend has worked out that the provision would result in a reduction of 1p. A far more important measure for the haulage industry would be an essential-user rebate, which would create a level playing field with the rest of Europe. The hauliers who have been lobbying Parliament are here listening to this debate. Will the Exchequer Secretary tell us how the Government view their ability to achieve a level playing field with the rest of Europe on haulage costs and, in particular, whether they would welcome the introduction of an essential-user rebate as a more targeted way of tackling the industry's concerns?

My hon. Friend the Member for Caithness, Sutherland and Easter Ross (John Thurso) made an excellent case for new clause 14. I, too, strongly support the new clause because it attempts to address in a targeted way the problems of people in rural areas by recognising that they do not have a choice and that they have to use their cars. My hon. Friend made the excellent point that there would be no cross-border issues because the measure would create a level playing field. What would be the point of crossing the border if that were the case?

My hon. Friend also made a good point about working off-road vehicles, and the attempts to reach a compromise regarding the concerns involved. In a rural area, it makes no sense for the farmer, ski centre or forester to own two vehicles. They need to own a 4x4 off-road vehicle primarily for business use, but rather than increasing environmental costs by owning a second vehicle, they should use the same vehicle when they need it for personal use. I very much hope that new clause 14 will gain wide support across the House. It takes forward a constructive way of tackling a matter of rural concern.

I hope that the Exchequer Secretary will address the concerns of hauliers and clarify the Government's view on having an essential-user rebate as a means of levelling the playing field with Europe. One of the hauliers I met earlier told me that his margin used to be 6 to 7 per cent., but that it is now down to 1.7 per cent. He said that if things carry on in the same way for much longer, there will be no margin at all. In that case, he will not be in business and essential transport in Scotland will be damaged. I repeat my hope that the Government will look sympathetically on new clause 14.

Angela Eagle: We have had a fascinating debate with many interesting and thoughtful contributions, for which I commend Members.

The Government recognise the impact that high fuel prices are having on motorists at the moment and they understand the importance of addressing it. High fuel prices are being driven by changes in the international price of crude oil, which has almost doubled over the past year. The UK continues to work with international partners to ensure efficient and effective global commodity markets.

It was in recognition of the impact of high fuel costs on business and families, of which we have understandably heard a great deal today, that the Chancellor took the decision in the Budget to defer the planned 2p a litre

increase in fuel duty. Since October and the last increase in fuel duty, fuel prices at the pump have risen by 20 per cent., even though tax rates have remained unchanged. The Chancellor will look closely at those and all the other factors when considering whether to go ahead with the planned 2p a litre fuel duty increase in October.

Since the fuel duty escalator that we inherited from the Conservative party was abolished in 1999, fuel duty has actually fallen by 16 per cent. in real terms. The current fuel duty rate is 50.35p a litre: had fuel duty gone up in line with inflation since 1999, it would be 61p a litre; and had it gone up in line with the Conservative party's 3 per cent. escalator, as it did prior to 1999, duty rates would now be 79p a litre—a full 29p a litre higher. Furthermore, figures from the Office for National Statistics show that the real cost of motoring has fallen by 13 per cent. in real terms since 1999. That is largely because the purchase price of cars has fallen while their fuel efficiency has increased.

I now wish to deal with the new clauses on vehicle excise duty in the context of the reform of 2001, which introduced graduated levels of VED to reflect the environmental impacts of different cars as assessed by their emissions of CO_2. This was welcomed by Conservative Members at the time, although it would be difficult to discern it from their opportunistic behaviour at the moment.

Since the 2001 reforms, carbon emissions from cars have fallen and VED is recognised as having had an impact. Total CO_2 emissions from car use have fallen by 4.8 per cent. since 1997, but road transport still comprises nearly a quarter of UK carbon emissions, so we must go further in encouraging both the manufacture and purchase of low-carbon vehicles. That is why my right hon. Friend the Chancellor announced a package of measures in the Budget to support the decarbonisation of road transport, and it is in that broader context that the VED changes must be seen. However, the proposals we announced at Budget 2008 are not actually legislated for in the Bill. All we have to consider today are the Opposition new clauses and amendments, to which I now turn.

New clause 3 is designed to provide the Treasury with the power to alter VED rates by statutory instrument at any time during the financial year, but only for cars purchased after 23 March 2006. The new clause is undesirable for a number of reasons. The Government currently have two systems of VED—one for cars purchased prior to 2001, for which comprehensive data on CO_2 emissions are not available; and one for cars purchased after 2001, for which data on CO_2 emissions are available.

6.15 pm

The new clause would create at least three systems of vehicle excise duty, and would further complicate the system by ensuring that rather than being based purely on carbon dioxide emissions, VED rates would be based on both carbon dioxide emissions and a new criterion, the tax age of the car. That would create huge confusion, and would blunt, if not completely eliminate, the overall environmental signal that the 2001 changes to VED were designed to introduce. For example, in the second-hand car market consumers would need to confirm not only the carbon dioxide emissions of a used car when making their purchase decision, but the year in which it was manufactured to determine which VED system it would then be allocated.

The new clause would also create the potential for further fragmentation of the VED system by allowing the rate to be set at any time throughout the year. It makes it possible for the Treasury to change certain VED rates, although not all, throughout the year, and potentially on multiple occasions in each financial year. That would lead to consumer confusion and uncertainty for manufacturers, and uncertainty for customers too. It would also create serious administrative challenges for the Driver and Vehicle Licensing Agency .

If, as new clause 3 would allow, VED rates were to be set for a financial year but could be changed at any point during that year, whenever they changed, it would be necessary for the DVLA either to provide refunds or to collect additional taxes from people who had already paid their annual car tax bills. It would also be strange to take the decision-making process for the new third VED system outside the Budget and Finance Bill cycle in which other tax decisions are made, creating uncertainty for the public finances. In particular, the system would separate the VED rate decisions from those on all other VED rates—for example, on motorbikes, vans and heavy goods vehicles, as well as all cars purchased before 2006. Under new clause 3, the Government would still be able to choose to increase or decrease those rates, affecting existing motorists, through the normal Budget process. Whatever views there may be on the proposals for future VED changes announced in the Budget—and I have listened carefully to what my hon. Friends have said—new clause 3 is undesirable, unworkable and downright peculiar.

The hon. Member for Taunton (Mr. Browne) spoke very entertainingly for nearly 40 minutes, and managed to mention his amendment No. 7 on VED in the last sentence. The amendment poses problems similar to those posed by new clause 3. It calls for changes to the 2008-09 VED rates to apply only to new cars registered after 13 March 2008, a different date from that suggested in the Conservatives' new clause.

The amendment at least refers specifically to the changes in VED rates that took effect from 13 March this year and that were debated and voted on in the Committee of the whole House. Unfortunately, it would disrupt them in a way that I cannot believe the hon. Gentleman intended. His amendment would apply the new rates only to cars purchased since this year's Budget, rather than to all cars. The DVLA would need to contact and provide refunds for all the millions of people who have renewed their tax discs since 13 March.

Put together, new clause 3 and amendment No. 7 would create a nightmarish double whammy of administrative complexity and confusion. They would lead to a fragmented, confusing and unworkable system of VED. If both were passed, multiple systems of VED would be created for cars purchased on different dates. There would be one system for cars purchased before 2001, another for cars purchased between 2001 and 2006, and yet another for cars purchased between 2006 and 2008, for which rates could be changed at any point throughout the year. Amendment No. 7 would introduce a fourth system operating from 2008.

The combination would completely undermine the clarity of the carbon dioxide signal that the Government successfully introduced and that was supported by both Opposition parties, as well as creating a severe and costly administrative headache for the DVLA. In addition,

none of the changes would affect the VED reforms announced in the 2008 Budget, which are due to be legislated for and to take effect in next year's Finance Bill.

These amendments serve one useful purpose, however: they highlight the inconsistencies in the arguments that have been advanced against the application of Budget 2008 changes to existing cars. Following the Committee of the whole House, the House voted on clause 15, which introduced new rates of VED for 2008-09, and these rates are currently in effect. They include an inflation-based uprating of most VED bands, and an increase of £100 on the most-polluting cars, and these changes apply to cars that were registered prior to the Budget this year. This is in line with standard Government practice: for example, when the Government introduced a new VED band for cars emitting less than 120 g/km in 2002, and a new band for cars emitting less than 100 g/km in 2003, these were applied to existing cars, giving them significant tax cuts, even though the owners had already acquired those cars.

Of course, on every occasion that the Conservative party increased VED between 1979 and 1997, it applied it to all existing cars. If the logic of the so-called "retrospection" had been applied to VED rates since 1979, we would currently have a system whereby those who purchased cars in 1980 would pay £60, those who purchased them in 1981 would still pay £70, and so on ad infinitum. Thus, vehicles that emitted more carbon dioxide but that were older would have lower VED rates. Where is the environmental signal in that?

It is entirely usual that the VED reforms announced at Budget 2008 will also apply to post-2001 cars that have already been registered. This is in no way retrospective. It is simply the way in which VED has always worked. As the debate on these new clauses and amendments has clearly shown, if it were decided to apply new VED rates only to cars registered after a certain date, it would not only be difficult to determine what that date should be, but it would be administratively complex, and, most importantly, would seriously undermine the environmental signal that is provided through the VED system, creating confusion, in particular in the second-hand car market.

New clauses 8 and 9 relate to fuel duty. If agreed to, they would introduce a mechanism that could lead to fuel duty reductions when international oil prices exceeded their forecast prices. This mechanism would, however, be very complex, involving very expensive changes to the road fuel duty and VAT systems with no guarantee of actually reducing prices at the pumps. These new clauses rely on the idea that higher fuel prices lead to higher overall receipts for the Treasury. This is simply not the case. As fuel duty is a fixed rate, increases in fuel prices will not lead to increases in revenue. Thus while petrol prices at the pump have risen 20 per cent. since the last fuel duty increase, fuel duty itself has not gone up. As it is expected that demand for fuel will fall as a result of higher prices, the Government's revenues from fuel duty are, in fact, likely to fall as a result of the current conditions in the international oil market.

Stewart Hosie: Although it is right that the duty is constant, I am sure the hon. Lady will concede that the VAT receipts increase as the price rises. Notwithstanding whether or not there is a VAT windfall—I explained, rather well I think, why I believe there is—there is most certainly an offshore windfall, as confirmed by the Chancellor in a letter to my right hon. Friend the Member for Banff and Buchan (Mr. Salmond). That could be used to offset some of the increase in the price at the pump.

Angela Eagle: There may well not be a VAT windfall, because when people spend more money on one good or service, they tend to spend less on others. They have only a certain amount of disposable income.

On the hon. Gentleman's point about offshore oil, we do not yet have the out-turn for this year's oil receipts—the Treasury will not receive them until July—and he needs to remember that oil company profits can be offset against investment decisions in the North sea. We will not have proper knowledge of North sea oil receipts until the pre-Budget report.

Overall, the wider VAT effects mean that there may be no windfall, and that is the difficulty with the proposed amendments. I understand and sympathise with the worries that are driving Scottish Members on both sides of the House to suggest mechanisms that would provide relief. I have met some of them to discuss those ideas and we will examine them. However, those Members must understand and acknowledge the difficulties with their ideas. There are no easy solutions to the pressure that families everywhere are feeling because of the huge rises in the price of oil and the knock-on effects on family budgets and business profits.

The difficulty with the new clauses and amendments is that they seek to redistribute a tax windfall that does not exist. New clause 9 also suggests that reductions in fuel duty as a result of the proposed fuel duty regulator should be paid directly to road hauliers. I have great sympathy for road hauliers, especially the smaller companies that find it much harder to pass on their increased costs. I have spoken to many hauliers and their representatives, and I am not unsympathetic, but why should the provision apply to hauliers and not to other equally deserving essential road users? Who would be in the scheme and how would we decide? The Government recognise the road haulage industry's concerns, and those of other businesses, over the current cost of fuel, and we continue to examine the position.

Requests for reduced duty rates for road haulage operators are often associated with the relative competitiveness of the industry compared with foreign operators. Studies have shown that European duty differentials are in many cases offset by other costs such as lower labour rates and other employer costs. Furthermore, a scheme would require the introduction of an administrative mechanism, with potentially high costs. Also any system would create significant compliance and fraud risks.

The Government have continued to support the industry through other policy measures such as the halving of, and subsequent freezes to, HGV vehicle excise duty rates, and the reduced pollution certificate scheme. Also the Government recently announced £24 million of funding for enforcement, in particular aimed at those conducting international trips. That will mean a 50 per cent. increase in the number of HGV checks carried out, including two new enforcement sites at key points on the road network.

I listened to the hon. Member for Caithness, Sutherland and Easter Ross (John Thurso) outlining his ingenious scheme, and he helpfully sent an explanation to the

Chancellor. We continue to look at the detail of his proposals, but I hope that he will acknowledge that it would cause practical difficulties that are not easily solved. However, I am not unsympathetic to his case, and I commend him on his ingenuity.

Amendment No. 9 deals with VED for off-road vehicles and also relates to rural areas. It proposes that existing alternative fuel discounts should be extended to cover off-road working vehicles. Those used in agriculture are already exempt from VED and authorised to use red diesel. The VED exemption permits vehicles to travel on public roads for a distance of 1.5 km in order to travel between different land areas. To have any effect, therefore, this amendment would require the Treasury to make, and the DVLA to enforce, a new definition of off-road working vehicle that encompassed a broader range of vehicles. However, it is unclear how that could be achieved, and the new clause does not help with the definition. It is difficult to imagine how that could be done without providing an incentive to fraud, and therefore the need for a costly enforcement regime. However, I am happy to keep talking about those ideas.

Finally, let me turn briefly to Government amendments Nos. 22 and 23, which make minor amendments to clause 75. The clause extends for a further five years the 100 per cent. capital allowances scheme for businesses that invest in the cleanest cars. The clause updates the carbon dioxide emissions threshold to maintain the focus on the cleanest cars and rewards people appropriately. The Government amendments are required because two small consequential changes were initially overlooked. They are needed to effect the transitional provisions and to exempt businesses that buy or lease the cleanest cars. I therefore commend the Government amendments and urge the House to reject the Opposition new clauses and amendments.

6.30 pm

Justine Greening: We have had an interesting debate. The hon. Member for Stoke-on-Trent, Central (Mark Fisher) talked about his hope and trust that his Government would remedy this unfair retrospective road tax in the the pre-Budget report, but we have had no indication from the Minister that that will happen. I do not share his confidence, and I am sure that the public will not share it when they listen to the debate tonight and read about it in the papers tomorrow. The public will find it extremely difficult to understand how Labour MPs, who were so rightly concerned about the 10p tax rate fiasco, can dither tonight when it comes to tackling the vehicle excise duty that will hit twice as many people for up to twice as much money. The tax will hit older cars and lower income families, is deeply unfair and will not have any substantial impact on CO_2 emissions. We should use new clause 3 to vote against that tax right now.

Question put, That the clause be read a Second time:

The House divided: Ayes 240, Noes 303.

Division No. 246] **[6.31 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baker, Norman
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Barrett, John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Bone, Mr. Peter
Boswell, Mr. Tim
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Bruce, rh Malcolm
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Cable, Dr. Vincent
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Clegg, rh Mr. Nick
Clifton-Brown, Mr. Geoffrey
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davey, Mr. Edward
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Davies, Philip
Djanogly, Mr. Jonathan
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Christopher
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Greenway, Mr. John
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hoey, Kate
Hogg, rh Mr. Douglas
Holloway, Mr. Adam
Holmes, Paul
Hopkins, Kelvin
Horam, Mr. John
Horwood, Martin
Hosie, Stewart
Howard, rh Mr. Michael
Howarth, David
Howell, John
Hughes, Simon
Huhne, Chris
Hunter, Mark
Hurd, Mr. Nick
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Keetch, Mr. Paul
Key, Robert
Kilfoyle, Mr. Peter
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
MacNeil, Mr. Angus
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McCrea, Dr. William
McDonnell, John
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick

Miller, Mrs. Maria
Mitchell, Mr. Andrew
Moss, Mr. Malcolm
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Oaten, Mr. Mark
Öpik, Lembit
Osborne, Mr. George
Ottaway, Richard
Owen, Albert
Paice, Mr. James
Penning, Mike
Penrose, John
Price, Adam
Prisk, Mr. Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Riordan, Mrs. Linda
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Rosindell, Andrew
Ruffley, Mr. David
Russell, Bob
Salmond, rh Mr. Alex
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Matthew
Teather, Sarah
Thurso, John
Timpson, Mr. Edward
Tredinnick, David
Tyrie, Mr. Andrew
Vara, Mr. Shailesh
Viggers, Sir Peter
Wallace, Mr. Ben
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Wishart, Pete
Wright, Jeremy
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Mr. Richard Benyon and
Mr. Crispin Blunt

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brown, rh Mr. Gordon
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Eagle, Angela
Eagle, Maria
Efford, Clive
Elman, Mrs. Louise
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Gapes, Mike
Gardiner, Barry
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Henderson, Mr. Doug
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoon, rh Mr. Geoffrey
Hope, Phil
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Kidney, Mr. David
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McFadden, Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona

McKenna, Rosemary
McNulty, rh Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh David
Miliband, rh Edward
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Smith, rh Mr. Andrew
Smith, Ms Angela C *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, rh Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Alison Seabeck and Mr. Sadiq Khan

Question accordingly negatived.

New Clause 8

FUEL DUTIES: RATES AND REBATES: GENERAL FUEL DUTY REGULATOR

'(1) HODA 1979 is amended as follows.

(2) In section 6 (excise duty on hydrocarbon oil) after subsection (1A) (as substituted by section 11 of this Act) insert—

"(1AA) In every Budget Statement and pre-Budget Statement the Chancellor of the Exchequer must provide a forecast for oil prices and set out anticipated yield from fuel duty and VAT on fuel for that price and for a range of prices up to 50 per cent. above his forecast.

(1AB) The Treasury must, following each such statement, by regulations made by statutory instrument reduce the rates of duty specified in subsection (1A) in direct proportion to the increase in the costs accounted for by VAT.

(1AC) Whenever international oil prices rise above the level estimated by the forecast made in accordance with subsection (1AA), indexed fuel duty increases shall not take effect until the international oil prices return to the forecast level or the forecast price is amended by the next Budget or pre-Budget Statement."'. *[Stewart Hosie.]*

Brought up, and read the First time.

Motion made, and Question put, That the clause be read a Second time:—

The House divided: Ayes 15, Noes 309.

Division No. 247] **[6.46 pm**

AYES

Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Hancock, Mr. Mike
Hogg, rh Mr. Douglas
Hosie, Stewart
Llwyd, Mr. Elfyn
MacNeil, Mr. Angus
McCrea, Dr. William
Price, Adam
Robertson, Angus
Salmond, rh Mr. Alex
Spink, Bob
Taylor, Dr. Richard
Wilson, Sammy
Wishart, Pete

Tellers for the Ayes:
Mr. Mike Weir and Hywel Williams

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brown, rh Mr. Gordon
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire

Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Gapes, Mike
Gardiner, Barry
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hancock, Mr. Mike
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Henderson, Mr. Doug
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh David
Miliband, rh Edward
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, rh Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, Mrs. Betty
Wills, Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Mr. Sadiq Khan and Alison Seabeck

Question accordingly negatived.

New Clause 14

REMOTE RURAL FUEL DISCOUNT SCHEME

'(1) The Treasury shall by regulations provide for the introduction, by no later than 1 April 2009, of a remote rural fuel discount scheme.

(2) The purpose of the scheme is to provide a rebate on road fuel duty at qualifying retail outlets in qualifying areas to reduce the premium paid for fuel in such areas over the national average.

(3) Qualifying retail outlets under subsection (2) are outlets located in qualifying areas meeting any criteria as defined under subsection (4).

(4) Qualifying areas are remote rural areas as may be defined by regulations under subsection (4).

(5) Regulations under subsection (1) may—

(a) specify the amount of the fuel duty rebate;

(b) define "remote rural areas";

(c) define qualifying retail outlets, including any restriction;

(d) specify how the rebate is to be applied, including—

(i) authorising HMRC to define procedures and conduct audits, and

(ii) how any administrative costs are to be defrayed;

(e) provide for it to be an offence for a person fraudulently to supply or sell rebated fuel other than as proscribed by these regulations;

(f) provide for a system of registration of eligible retail outlets;

(g) provide for the scheme to be administered in Scotland by the Scottish Executive and in Wales by the Welsh Ministers.'.—*[John Thurso.]*

Brought up, and read the First time.

Motion made, and Question put, That the clause be read a Second time:—

The House divided: Ayes 67, Noes 305.

Division No. 248] **[6.57 pm**

AYES

Alexander, Danny
Baker, Norman
Barrett, John
Beith, rh Sir Alan
Brake, Tom
Breed, Mr. Colin
Brooke, Annette
Browne, Mr. Jeremy
Bruce, rh Malcolm
Burstow, Mr. Paul
Burt, Lorely
Cable, Dr. Vincent
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Clegg, rh Mr. Nick
Davey, Mr. Edward
Davies, Mr. Dai
Farron, Tim
Featherstone, Lynne
Foster, Mr. Don
George, Andrew
Gidley, Sandra
Goldsworthy, Julia
Hancock, Mr. Mike
Harris, Dr. Evan
Harvey, Nick
Hemming, John
Holmes, Paul
Horwood, Martin
Hosie, Stewart
Howarth, David
Hughes, Simon
Huhne, Chris
Hunter, Mark
Keetch, Mr. Paul
Kramer, Susan
Laws, Mr. David
Leech, Mr. John
Llwyd, Mr. Elfyn
MacNeil, Mr. Angus
McCrea, Dr. William
Mulholland, Greg
Oaten, Mr. Mark
Öpik, Lembit
Price, Adam
Pugh, Dr. John
Reid, Mr. Alan
Robertson, Angus
Russell, Bob
Salmond, rh Mr. Alex
Sanders, Mr. Adrian
Smith, Sir Robert
Stunell, Andrew
Swinson, Jo
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Webb, Steve
Weir, Mr. Mike
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willott, Jenny
Wilson, Sammy
Wishart, Pete

Tellers for the Ayes:
Willie Rennie and
Richard Younger-Ross

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Gapes, Mike
Gardiner, Barry
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Henderson, Mr. Doug
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane

Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh David
Miliband, rh Edward
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, rh Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, Mrs. Betty
Wills, Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Mr. Sadiq Khan and Alison Seabeck

Question accordingly negatived.

Clause 75

CARS WITH LOW CARBON DIOXIDE EMISSIONS

Amendments made: No. 22, page 41, line 38, at end insert 'and

(b) in section 50(3) of ITTOIA 2005 (cases in which expenses incurred on hiring car with low carbon dioxide emissions are not excluded from section 48 of that Act), for "2008" substitute "2013".'.

No. 23, page 41, line 44, leave out 'applies' and insert 'and section 50 of ITTOIA 2005 apply'.—*[Jane Kennedy.]*

Schedule 7

REMITTANCE BASIS

Mr. Mark Hoban (Fareham) (Con): I beg to move amendment No. 13, page 156, line 35, leave out 'must be' and insert

'will be deemed to be'.

Madam Deputy Speaker: With this it will be convenient to discuss the following: Amendment No. 14, page 156, line 42, at end insert—

'(5A) Where the relevant tax increase exceeds £30,000—

(a) the nomination will be valid but the charge will be capped at £30,000;

(b) the individual will be notified that the cap has been enforced and will have the opportunity to revise the nomination of foreign income and gains;

(c) a revised nomination is not necessary for the remittance basis claim to be valid for the tax year.'.

Government amendments Nos. 40 to 49.

Amendment No. 15, page 169, line 40, leave out from beginning to end of line 13 on page 170.

Government amendments Nos. 50 to 52.

Amendment No. 20, page 171, line 16, after 'service', insert

'as defined in accordance with subsection (4A)'.

Government amendment No. 53.

Amendment No. 21, page 171, line 21, at end insert—

'(4A) The Treasury may by order define those services which qualify as relevant services.

(4B) The power to make an order under this section is exercisable by statutory instrument.

(4C) A statutory instrument containing an order under subsection (4A) may not be made unless a draft of the instrument has been laid before, and approved by a resolution of, the House of Commons.'.

Government amendments Nos. 54 to 56.

Amendment No. 110, page 181, line 35, after 'etc)', insert—

(a) the relevant securities or securities option shall not be treated as brought to, or received or used in, the United Kingdom if the securities are, or the securities option is, situated in the United Kingdom and cannot be situated elsewhere, and

(b) '.

Government amendments Nos. 57 and 58.

Amendment No. 111, page 183, line 4, at end insert—

'(7A) This section is subject to section 41E (foreign securities income: just and reasonable apportionment).'.

Amendment No. 112, page 184, line 27, after 'if', insert 'the relevant period or'.

Amendment No. 113, leave out lines 30 to 32 and insert—

'(2) The relevant period or the amount of the securities income that is "foreign" is such period or such amount as is just and reasonable (rather than the period calculated in accordance with section 41B or the amount calculated in accordance with section 41C).'.

Government amendments Nos. 59 to 61.

Amendment No. 94, page 196, line 5, leave out paragraphs 80 to 91 and insert—

'80 The amendments made by Part 1 of this Schedule shall have effect from the passing of this Act.'.

Amendment No. 10, line 37, at end insert—

'(2A) Nothing in section 832 of ITTOIA 2005 (as amended by this Schedule) applies in relation to any of an individual's relevant foreign income that—

(a) arose in tax year 2007/08 or any earlier tax year; and

(b) has been brought to, or received, or used in, the United Kingdom by or for the benefit of any relevant person at any time before 6th April 2008.'.

Government amendments Nos. 62 and 63.

Amendment No. 11, page 197, line 42, at end insert—

'(5A) Where the qualifying property referred to in condition C of section 809L was gifted prior to 6th April 2008 one reads section 809L(4)(a) as follows: "is brought to or received in the United Kingdom by a relevant person."'.

Amendment No. 12, line 42, at end insert—

'(5A) Where the qualifying property referred to in condition C of section 809L was brought to the UK prior to 6th April 2008 one reads section 809L(4)(a) as follows: "is brought to or received in the United Kingdom by a relevant person."'.

Government amendments Nos. 64 to 68.

Amendment No. 17, page 198, leave out line 38 and insert 'or'.

Government amendment No. 18.

Amendment No. 19, page 199, line 6, after 'money', insert

', or directed that the money be used,'.

Government amendments Nos. 70 to 75.

Amendment No. 96, page 201, line 41, leave out paragraph 98.

Government amendment No. 76.

Amendment No. 97, page 204, line 10, leave out paragraph 105.

Government amendments Nos. 77 and 78.

Amendment No. 98, page 209, line 19, leave out paragraph 115.

Government amendment No. 79.

Amendment No. 16, page 214, line 27, at end insert—

'(11A) For the avoidance of doubt, where after 6th April 2008 a re-organisation has taken place which meets the conditions in section 127 of TCGA 1992, the new holding (or part of that holding) is a relevant asset if the condition in sub-paragraph (10)(b) or the conditions in sub-paragraphs (11)(b) and (c) would be met were the references there to the asset to be read as references to the new asset or the original asset.'.

Amendment No. 99, page 221, line 9, leave out paragraph 148.

Government amendments Nos. 80 and 81.

Amendment No. 100, page 223, line 14, leave out paragraph 161.

Government amendments Nos. 82 to 86.

Amendment No. 101, page 226, line 1, leave out paragraph 171.

Government amendment No. 87.

Amendment No. 95, line 2, at end insert—

'172 The amendments made by Part 2 of this Schedule shall have effect from 6th April 2009.'.

Mr. Hoban: We spent some time in the Public Bill Committee—virtually all of two sittings—discussing schedule 7, but interestingly, there is still enough material in it for a further debate on Report. A large number of amendments were tabled in Committee, and now on Report, because the schedule was very much a work in progress when the Bill was published. That was reflected by the fact that the order of consideration in Committee was varied so that schedule 7 and sections 22 and 23 were taken at the end of proceedings.

I still do not think, despite the volume of amendments being tabled, that the schedule is perfect. More work will be needed to ensure that it delivers the Government's stated objectives, and one of the challenges for taxpayers is that they have to comply with the rules from 6 April this year, but legislation will only be finalised today. There is a great deal of other work to do, not just with the schedule itself, but to support implementation, and I want to come back to that theme when I address the amendments tabled by the Liberal Democrats.

I would like to begin with amendments Nos. 13 and 14. We touched on this point in Committee, but when I revisited the record, it did not appear to be fully dealt with. My concern is that the way in which proposed new section 809C(4) is drafted suggests that the claim is invalidated if an individual nominates foreign income or gains that result in a relevant tax increase that exceeds £30,000. That is a genuine and serious concern to taxpayers, and we ask that the amendments are accepted by the Government to provide comfort. On the possible ramifications with respect to a claim for foreign tax credit, we feel that a taxpayer who makes a mistake and nominates an excessive amount of foreign income or gains, or whose return is adjusted so that too much foreign income or too many gains have been nominated, should be informed that they have over-nominated and should be entitled to adjust their nomination.

[Mr. Hoban]

Amendment No. 15 is a probing one, which seeks to examine the issue of mixed funds. We want to be sure that proposed new section 809Q is fit for purpose and proportional to any mischief at which it is aimed. We understand the principle that proposed new section 809R seeks to enact—namely, that where there is a transfer from an offshore account containing mixed funds to another offshore account, the funds transferred should be treated as containing the same proportion of the different categories of income and capital as the original account from which the funds were transferred. We believe that to be the case, but the drafting is complex and the legislation is not sufficiently clear.

In that context, a far-reaching anti-avoidance rule, such as that set down in proposed new section 809Q, appears wholly inappropriate in the context of mixed-fund accounts. The provision appears to provide HMRC with excessive power to challenge transfers from mixed-fund accounts, such that taxpayers will not be confident of their ability to self-assess. As the Financial Secretary said on a number of occasions in Committee, this is a matter of self-assessment. We have expressed the concern throughout the debates on schedule 7 that, although well-advised taxpayers will understand how the rules operate, those who are not as well advised will find it difficult to understand how some of the issues can be dealt with.

What I am looking for from the Government in respect of proposed new section 809Q is some sense that they believe that the anti-avoidance provision is necessary. It might be helpful if examples of the mischief that it is designed to counter were provided. Obviously, we do not want to encourage mischief, but we should try to strike a balance in our debate.

It has been suggested that, if the Government are minded to retain proposed new section 809Q, thought should be given to copying the Inheritance Tax (Double Charges Relief) Regulations 1987. In that case, as well as other explanations on which the taxpayer could rely, secondary legislation was enacted, setting out examples so that primary provision could be understood. That gave taxpayers further guidance to help them comply with complex provisions. Although there was some discussion in a previous debate about whether secondary legislation was appropriate—the hon. Member for Stoke-on-Trent, Central (Mark Fisher) had some robust views—even I concede that there are times when it would be helpful. It would be preferable to relying on non-statutory guidance, which could be put in place without proper parliamentary scrutiny.

7.15 pm

I shall go through the amendments in the order in which they appear on the selection list, not necessarily in the order of their importance. In Committee, there was significant debate on a matter about which there remains uncertainty among tax advisers and a wider coalition of concern than was perhaps evident when we discussed it there. Amendments Nos. 20 and 21 would create the means for the Government to tackle the treatment of fees for professional services. "Professional services" covers not only accountants and lawyers—although the Financial Secretary will not be surprised to know that I have a problem with the position of accountants—but investment management services and others.

The Government took on board the concerns that the British Bankers Association expressed that, before amendment in Committee, the Bill put at risk extensive wealth management services in the UK. That is why the Government tabled an amendment to introduce proposed new section 809W, which grants an exemption from the remittance rules for services provided by UK-based firms with regard to property that is based wholly or mainly outside the UK. The bit about the location of the property is important because the Government have tried to look through the offshore trusts that might exist to the underlying property.

The provision about underlying property causes two concerns. First, it might discourage investment in UK equities. Secondly, it might have an impact on UK-based fund managers. A UK fund manager's fees for managing a portfolio of non-UK shares in an offshore trust would not be treated as a remittance. Indeed, fees charged by a non-UK manager managing a portfolio of UK shares in an offshore trust would not be treated as a remittance. However, a UK manager managing a portfolio of UK shares on behalf of an offshore trust would find his fees treated as a remittance. That puts us in a position whereby we either discourage investment in UK equities if the portfolio is managed by a UK manager or end up discouraging the use of UK fund managers. It is not in the interests of the country to permit that. We have a strong fund management sector in the UK, which provides services to a wide range of individuals. We appear to have created an artificial distinction in the sort of shares or property that they manage by providing relief for non-UK property. I believe that, having responded to the initial concern and met the BBA's approval, the Government need to think more carefully about how to deal with the current problem, which is partly due to the timing of the process.

I want to consider fees for professional services other than investment management. The Financial Secretary was helpful in Committee when I raised the matter. She said:

> "The hon. Gentleman asked whether the fees exemption would apply to individuals who used a UK-based firm to advise on completing US returns and that could be within the terms of the exemption. However, it would depend on the details of each individual case."—*[Official Report, Finance Public Bill Committee,* 19 June 2008; c. 846.]

The explanatory notes state:

> "Accountancy fees for preparing non-UK tax returns would also be covered providing the majority of the accountancy service relates to non UK property."

That is quite a clear statement, but would UK tax advice pertaining to a non-dom's UK tax exposure with respect to overseas property also be considered to fall within the exemption? This is a variation on a theme, but would a UK adviser advising on the UK tax implications of offshore property for a non-dom be covered within the exemption? That illustrates the complexity of the issue. I would ask the Financial Secretary to consider the position of all service providers in the UK and ensure that the exemption is worded in such a way that it enables UK-based accountants and investment managers to compete fairly with foreign

providers. We would therefore need to consider how the exemption could be worded.

As I acknowledged in Committee, the mischief that the Government seek to tackle is clear. They want to avoid a situation where people set up elaborate structures to pay domestic staff. I am fully on board with the Government's approach, but it is not easy to do that, as I found out when a number of people came forward with amendments and suggestions of how I might phrase the proposal. It was difficult to word the provisions in such a way that enabled us to support the UK financial and ancillary services sector, but at the same time did not allow people to pay their driver through an offshore company. That is difficult to do within the confines of the Bill. Furthermore, I do not have parliamentary draftsmen to help me. That is why I have gone down the route, which the hon. Member for Stoke-on-Trent, Central tried earlier to persuade us not to go down, of throwing myself at the mercy of the draftsmen, the Treasury and HMRC, by suggesting that fees should be dealt with through secondary legislation. That would give us the opportunity to consult a wider range of affected businesses that provide services in the UK to non-doms, which would overcome the problem of the narrow consultation that took place during Committee.

Our proposal would also enable a much fuller and, I hope, more watertight description, which would distinguish the mischief that we want to stop from the need to ensure a level playing field for banks, investment managers and so on. I hope that the Financial Secretary will look kindly on that, because it addresses one of the important issues that, because of its sensitivity, remains unresolved. The UK has a successful professional service sector that exports its services, but we are in danger of putting that sector at a disadvantage in relation to others.

Let me deal with amendment No. 110, which is again about our competitiveness. The purpose of the amendment is to ensure that UK companies are not disadvantaged as compared with non-UK companies when operating employee share schemes for non-ordinarily residents and non-domiciled employees. Without amendment No. 110, UK companies will automatically have to operate pay-as-you-earn schemes and pay national insurance contributions where there are perhaps no underlying UK duties, which seems unfair if their non-UK counterparts do not have to do so. Amendment No. 110 keeps to the spirit of the changes, in that PAYE and NICs would apply only where there is a real remittance, but it does not assume that all payments in UK shares automatically constitute remittances.

Since tabling amendment No. 110, I have received a number of representations from UK multinationals that compete in global labour markets. They believe that the Government's proposals represent a change in existing practice and a threat to their ability to recruit.

Let me deal with the change in practice. Historically, shares were still deemed to be offshore, despite having been issued by a UK company, if they were held by an offshore trust—usually in Jersey—either in the form of certificates or in a CREST account in respect of an offshore trust. Whether they were held electronically, on a dematerialised basis, or in the form of certificates, they were deemed to be offshore. In consequence, they were treated as being remitted only when they were brought onshore, by being either physically or electronically delivered to someone working in the UK.

The Bill as drafted will change that practice by looking at where the underlying securities were issued, rather than at where they were held. In a way, this harks back to our previous debate, in which we talked about looking through offshore trusts to see the underlying property. We have exactly the same situation here, in that the trust will be offshore but people will look through it to the underlying property. It is that ability to look through that is seen as the change of practice, and that is causing the problems.

The consequence of that change is that it could lead to a tax charge on a non-domiciled UK resident employee, but that would not apply to UK-based employees of non-UK companies. Let me give the House an example using, for the sake of argument, Lloyd's. A non-dom employee with shares in Lloyd's that were held in an offshore trust would pay NICs and PAYE on those share options. If such a person worked for Deutsche Bank in the UK, however, they would not have to make those payments so long as their shares remained offshore.

The Minister might tell me that there has been a misunderstanding and that both would be treated in the same way, but a number of people involved in this area are concerned that a distinction will arise between people working in the same categories but for UK and non-UK companies. Given that we are part of a global market for talent, and that many of the multinationals operate here and compete for the same people, there is a sense that UK-based companies might be at risk as a consequence of this provision.

The easy answer might be to say that the additional PAYE and NIC costs would fall to the employee, but that would soon become a problem for the employer. Non-dom employees in that situation would pay an additional tax charge, but they might expect the employer to meet that charge. Alternatively, employers might find that people would prefer to work for Deutsche Bank instead of Lloyd's, for example. This is an important issue in regard to the competitiveness of the UK economy.

Amendments Nos. 111 to 113 also relate to securities income. Their purpose is to ensure that the relevant income can be apportioned to UK and non-UK duties on the basis of days worked in the relevant period, and that the relevant period itself can be adjusted on a just and reasonable basis. The approach to the new legislation is to work out the relevant share scheme gain, then to apportion it between UK and non-UK duties. First, it will be necessary to identify the period to which the share scheme gain relates. This is the "relevant period" referred to in new section 41B, which sets down the relevant period for each of the share scheme changes on a prescriptive basis.

Flexibility is required, however. I want to give the Minister three examples of where flexibility might be needed. First, let us assume that an employee is granted an option in company A, which is then taken over by company B at a time when he has not worked for company A long enough to exercise his option. The option is then substituted by an option in company B, which becomes exercisable in due course. At the moment, the legislation would look only to the time worked for company B—or company A; I am afraid that it is not clear to which it applies—when clearly the period to be taken into account should be capable of including the time worked for both A and B. That would clearly give a longer period of time over which to apportion the gains.

In the second example, we might find that an employee had acquired a particular type of shares, known as forfeitable shares, and made an election to be taxed up front. As drafted, the legislation will take into account only duties undertaken on the day of acquisition itself, whereas the proper approach should surely be to apportion over the period in which the employee could lose the shares or the period in which they have been earned. There is a risk under this type of scheme that the proper apportionment is not open.

Thirdly, there is the example of where an employee receives an option that he can exercise immediately. Under currently proposed legislation, the relevant period would again take into account only the day of the award of the option, whereas the proper approach would be to look at the facts and work out whether it was awarded for work done or work to be done. The amendments are designed to bring about greater flexibility in working out the time period over which the gain from the shares and thus the PAYE and NIC can be apportioned.

The key point is that the flexibility is needed on the overall apportionment. The power to apportion once a relevant period is decided is already available, which goes some of the way towards addressing the problem, but there is currently no flexibility on calculating that relevant period. The provision will prevent the oddity I have set out from arising.

It is also worth bearing in mind the position of those who are not ordinarily resident in the UK, but still work here. Their employment income is apportioned between the time they work in the UK and the time they spend abroad. The point has been made to me that their participation in share option schemes is not treated on the same basis. Firms are increasingly moving the variable performance element of their remuneration packages away from cash to share option schemes. Treating that element as a source of remuneration in a different way from their salary could create an issue in terms of the apportionment of the charge.

On amendment No. 10, we understand that the Government feel it necessary to amend paragraph 86 of the transitional provisions to make it clear that the exemptions for property acquired by the relevant person before 12 March 2008 apply only to goods and not money. However, as a potential unintended consequence of the amending provisions, there is now concern that any money brought into the UK prior to 6 April 2008 that was not taxed when remitted could be deemed to be taxable in 2008-09. In view of the comments of the Government and, I understand, Treasury and HMRC officials, it is felt that this is not what the Government intended, but given the importance of the issue, we feel it is vital to amend the legislation to put that intention beyond any doubt.

The procedures on exporting and re-importing money after 6 April 2008 should be clarified. The amendments proceed on the basis that the Government do not intend individuals who have imported funds from successful source-ceasing exercises prior to 6 April 2008 to be taxed, should the funds be exported and then re-imported. The legislation prior to that date allowed the source-ceasing technique so individuals would have no reason to keep records. Given how mixed the funds could have become during their various transfers in and out of the UK, we feel that to seek to impose a tax charge in such situations would be completely impractical. I suspect that the Minister's response will be that amendment No. 62 is designed to tackle the same issue. I welcome that and on that basis I shall not press amendment No. 10. We are on the same page in trying to tackle the same issue.

Amendment No. 11 relates to the interaction between proposed sections 809N and 809L of the 2007 Act, which could unintentionally result in a tax liability arising when an individual has gifted foreign income on chargeable gains prior to 6 April 2008. The concern is that an individual can be a gift recipient prior to that date and that the use of the terms "used in" and "enjoyed by" in proposed section 809L(4)(a) is sufficient to apply to a situation where the gift occurred prior to 6 April 2008. For example, a gift of, say, employment income to a trust from which a settlor is excluded, which uses the funds to purchase a property for the wife before 6 April 2008 would be taxed as a remittance on the husband should he continue to use or enjoy the property by residing there with his wife after 5 April 2008. We believe that the intention is not to impose a tax charge with respect to gifts that occurred before 6 April 2008, even if the use or enjoyment occurred after 5 April 2008.

That, then, is the basis of amendment No. 11. To be helpful to the Minister, I tabled an alternative, amendment No. 12, which would apply if the Government wished the exemption to apply only when the property was brought to the United Kingdom before 6 April 2008 and any use or enjoyment occurred after 5 April 2008. In a spirit of co-operation, I have tried to give the Minister a variety of options.

I am pleased that the Government have chosen one of my amendments. It took me a while to work out that Government amendment No. 18 was my amendment, but I am grateful to the Chancellor for appropriating it. It is one of a long line of ideas that the Chancellor has appropriated from my party since the middle of last year—

Mr. Jeremy Browne: With mixed success.

Mr. Hoban: Indeed. I sometimes suspect that the Government found the draft rather than the final idea, but we will leave that to one side.

The three amendments that I tabled deal with offshore mortgages, which we debated in Committee. I appreciate that the Minister is not minded to extend the provisions to all pre-12 March 2008 offshore mortgages or to cases in which funds were used both to acquire an interest in the property and to finance enhancement work. We also know that she is not minded to remove or modify the conditions set out in paragraph 90(3). However, there is a lingering concern for the unrepresented taxpayer who may unwittingly take out a further loan and, by doing so, forfeit any entitlement to relief. I hope that the Minister will think again about the position of that unrepresented taxpayer, and consider whether it is fair that a minor variation in the loan terms—taking out additional loan funds secured on the property—should result in the loss of all relief.

The Minister did allow for relief when straightforward remortgaging took place before 12 March 2008, but one of the conditions is that the funds should have been received in the United Kingdom before 6 April 2008. We understand that in the case of at least two offshore mortgage providers it would be unlikely for the funds to

be received in the United Kingdom. It would be more likely for the new mortgage provider to transfer the funds straight to the original provider. It is on that basis that we tabled amendment No. 8, which the Government are minded to accept. That should ensure that the legislation works in those cases, but we are still concerned about the wording of line 6 of schedule 7. We feel that it should be made clear that the individual will benefit from the provisions when he or she directs a new offshore mortgage provider to use the funds to repay the original mortgage.

To my relief and, perhaps, that of others, amendment No. 16 is the last that I have tabled, although I will speak briefly about amendments tabled by the Liberal Democrats at the end of my speech. We are happy about that extensions have been made to re-basing as a result of the Government amendments. However, we have tabled an amendment to clarify the position when reorganisation has taken place under section 127 of the Taxation of Chargeable Gains Act 1992. Let me give an example.

Let us suppose that X offshore settlement has held 20 per cent. share in UK trading since 1990. The shares were worth £4 million immediately before 6 April 2008. On 17 May 2008, the company was acquired by Big plc in a share-for-share exchange, such that the provisions of section 127 of the Act applied and there was no disposal for chargeable gains tax purposes. The X offshore settlement sells its shares in Big plc on 25 October 2009 for £5 million. We would welcome the clarification that the provisions of section 127 of the 1992 Act mean that the holding of Big plc is identified with the original holding in UK Trading Ltd such that the terms of paragraph 127(10)(b) or (11)(b) and (c) of schedule 7 are deemed to have been met, and relief under that paragraph would be available, should the trust make a capital payment to a foreign domicile who remits funds to the UK.

Amendments Nos. 94 to 99 and 101 reflect the difficulty the Government have had in framing the legislation over the past few months. The problems have arisen not so much in respect of the charge—although that has created some amendments—but the steps the Government have taken to tackle various anomalies in the remittance rules, which has generated a series of concerns from, for example, trade bodies, the art market and investment management companies. They were triggered by the draft legislation, which led to an initial climbdown by the Government. The complexity of the Government's proposed changes has led to the raft of amendments tabled not only today, but in Committee. A fuller and better consultation process could have dealt with some of the problems created by the Government's desire to tackle the anomalies. Although we disagree with how the Government have developed their policy in this area, it is important to get this right, and I acknowledge that the Minister sought to do so and listened to the representations.

One of the drivers of our concerns throughout the process is that the proposed legislation will affect not only high net-worth individuals who have access to very good quality advice to help them comply, but migrant workers, Commonwealth soldiers serving in our armed forces and those working in our health care system—people who will need to understand the choices that they have made. The Minister made it clear in Committee that people had a choice about whether to apply the remittance basis or the arising basis, but that to apply that choice they needed information, guidance and support. I know that the Financial Secretary said that that guidance was being prepared, but we are asking people to comply with legislation from 6 April that is only today to be finalised. Effectively, this is the final shape of the Bill. That is why there is continuing concern about this.

The Institute of Chartered Accountants said in its Committee stage brief, "We wish to place on record our concern that there has been insufficient time to achieve legislation that is fit for purpose and to inform taxpayers adequately of the changes that take effect from 6 April 2008. We are very concerned that in places the legislation we have currently works in a capricious or unintended manner and/or is either so complicated or so impractical that taxpayers will not be able to adequately self assess."

I understand the thrust behind the Liberal amendments to defer the implementation of this, because I think there is a lot of work to be done. While the Government are right to say that that guidance will be available, it is not yet available and people are having to comply with the rules now. That is why interested bodies have consistently argued for a delay in commencement and that the remittance rules should be postponed to the start of the 2009-10 year. We argued about that in Committee. Some thought needs to be given to how these implementation issues will be debated and discussed in the future.

The Institute of Chartered Accountants has suggested a body to work in conjunction with HMRC and the Treasury, with representatives of stakeholder groups, to consider the issues that will be thrown up over the course of the next year. I would be glad if the Financial Secretary accepted that as a way forward—

The Financial Secretary to the Treasury (Jane Kennedy) *indicated assent.*

7.45 pm

Mr. Hoban: That is the spirit in which the Financial Secretary has approached our proceedings throughout.

The Government's approach to this legislation has not been great, and all parties will learn from it. In the interests of compliance with the tax system, we need to ensure that people know what they are meant to comply with, and future legislation should be subject to better and earlier consultation. We need to get that right as soon as possible, because I fear that come this time next year we will still be talking about amendments to the schedule.

Mr. Jeremy Browne: I had resolved not to take any interventions during my brief speech, but sadly all those hon. Members who intervened so many times in my previous speech have lost interest in the Bill and I am left to speak to a less populated Chamber. I shall not detain the House for long.

In Committee, my hon. Friends and I raised several concerns and tabled an amendment specifically about foreign nationals in low-paid employment, small businesses employing foreign nationals, and higher education institutions. We had some useful discussion of those topics and an appropriate de minimis level for this area of the legislation. I shall not revisit that discussion today.

[Mr. Jeremy Browne]

The purpose of the amendments that I have tabled, as the hon. Member for Fareham (Mr. Hoban) suggested, is to allow a longer period of time for those seeking to comply and thus to make it easier for them to do so. The drafting of schedule 7 runs to 55 pages or, I am told, 22,989 words. I have not counted them myself, so I cannot vouch for that statistic. It was supplied to me by the Low Incomes Tax Reform Group. The explanatory notes alone are 160 pages long and, given how many amendments the Government have tabled to it, this area of the legislation is clearly a work in progress, even at this late stage.

I have tabled eight amendments, but only two are substantial. Amendment No. 94 would prevent part 1 of schedule 7 from having effect until Royal Assent. The Institute of Chartered Accountants argues that taxpayers cannot be given guidance until Royal Assent, but the provisions in this part will apply before that happens. Taxpayers may therefore have acted in a way that, at the time, did not constitute a remittance, but will do so once the legislation is in force. The institute states:

"This uncertainty is likely to result in widespread confusion and non-compliance".

That is likely to damage the UK's investment reputation.

Amendment No. 95 would prevent changes in part 2 of schedule 7 having effect before 6 April next year. Again, the institute, to which I am indebted for its insights into this aspect of the legislation, states:

"We are concerned that there is insufficient time to scrutinise legislation of this complexity and that, despite the best efforts of all involved, complex legislation passed with such haste could contain errors."

That is a polite way of putting it. If I had written that, I would have put "will" instead of "could".

Amendments Nos. 96 to 102 are consequential amendments that follow on from amendments Nos. 94 and 95.

Let me conclude with a slightly broader point. A feature of this budgetary process and of the Finance Bill has been legislation undertaken in haste followed by long periods of revision in Committee and on the Floor of the House. I am thinking in particular about the 10p tax rate and the compensation mechanism, the changes to entrepreneurs relief in schedule 3 and the overhaul of HMRC powers. The best example of all is this schedule, which is still undergoing revisions and changes an hour after we were scheduled to have finished our debate on the legislation in totality. For that reason, amendments Nos. 94 and 95 seek to buy a bit more time and to give people who have an interest in such matters the opportunity to make the necessary adjustments.

Jane Kennedy: Since the pre-Budget report and throughout our proceedings on the Finance Bill, we have engaged actively with interested bodies. The amendments that we have tabled today—there are 48—reflect how we have listened and responded.

I accept what the hon. Member for Fareham (Mr. Hoban) said—namely, that the schedule might not yet be perfect. I want to make it clear that we will continue to listen. Given the technical nature of the proposals, I have asked HMRC officials to establish a joint committee in the way proposed by the Institute of Chartered Accountants in England and Wales. I pay tribute not just to the ICAEW but to a number of the representative bodies that have made suggestions and enabled me to be reassured that the final shape of the Bill is close to, if not exactly, what we sought to achieve. The joint committee will be led by HMRC. It seemed a sensible suggestion and I will be kept up to date on its work. It will be established following Royal Assent and will review the operation of the legislation in practice to ensure that it is working as intended by Parliament.

Amendments Nos. 40 to 45, 52 and 53, like many of the amendments that we are discussing today, clarify how the rules will work in practice. I shall try to answer as many of the points as possible—all of them, if I can—as I go through my speech, but not necessarily in the order in which they were made.

Amendments Nos. 20 and 21 effectively ask the Government to draw up a list of services that will fall within the exemption and to formalise them by order and statutory instrument. I am resisting the urge to have some fun at the idea that the hon. Member for Fareham is suggesting such a route. I understand why he has suggested that change. I pay tribute to him for the thoroughness and attention to detail that he has applied to this complex area and I appreciate the way he has brought forward his arguments and pointed out the deficiencies where he has seen them. I have acknowledged some of them and, as he has recognised today, we have brought forward further amendments to respond to others.

We cannot support amendments Nos. 20 and 21 because, with the best will in the world, we would be unable to arrive at a list of qualifying circumstances that would cover every service that we would want to include. The process would prolong any uncertainty. Our amendments Nos. 52 and 53 address the same issue from what we believe is a more pragmatic direction. They identify particular circumstances in which a remittance will always take place even if one or both of the conditions for the exemption would otherwise be met.

The second set of Government amendments, which are amendments Nos. 46 to 49, deal with mixed funds and have also been introduced for the purpose of clarification. They provide for changes to the rules on the treatment of mixed funds to ensure that they are clear and comprehensive. We touched on that in Committee.

Amendment No. 15 would remove the anti-avoidance provision in the way described by the hon. Member for Fareham. The provision, which we have introduced, is absolutely necessary to ensure that the rules are workable. The rules provide clarity and, crucially, they also protect the vast majority of taxpayers from those who might seek to abuse the provisions. He asked me whether I could give an example of a possible abuse without laying out suggestions as to how somebody might get around the provisions. I shall offer one.

A non-domiciled individual could obtain a loan at the beginning of the tax year, put the loan capital into a mixed fund and then remit moneys up to the amount of the loan before repaying it. Under the ordering rules, the remittance would be capital for the year, and the anti-avoidance rule would prevent that manipulation of the mixed fund. I have no doubt that many other examples could be given, but that one might help to clarify the matter.

I turn now to the amendments that concern the £30,000 remittance basis charge. Our amendments are minor and make a number of changes to the schedule. They make it clear that payments of the charge from overseas employment income is not a remittance. The hon. Gentleman will remember that in the Public Bill Committee I promised to return to this matter on Report to put it beyond doubt. His amendments Nos. 13 and 14 are important but, I believe, unnecessary. The self-assessment process will effectively add £30,000 to the tax bill of a remittance basis user, regardless of how much they nominate. HMRC will manually check nominated amounts, and if more has been nominated than is required, the taxpayer will be contacted and helped to correct their claim. Taxpayers will not be forced on to the arising basis.

I was interested to hear what the hon. Gentleman said about amendment No. 110. The new rules have been broadly welcomed, because they provide a simpler and clearer basis for the taxation of employees. However, I noted the representations that he has received suggesting that they pose a risk to UK firms' ability to recruit international talent. The underlying principle that applies to individuals who have elected for the remittance basis is that income that is remitted should be taxed. Unfortunately, the amendment would undermine that principle.

The hon. Gentleman gave an example of one employee working for Lloyds and another working for Deutsche Bank. He believes that the rules that we have established would work against the interests of Lloyds, and he gave the example of shares. It is a complicated matter, but shares are different assets. If the German bank's shares were listed on the German stock exchange, they would be German assets—which is stating the obvious, perhaps. A UK bank's shares listed on the UK stock exchange are UK assets, and there will be no change to how we treat such assets. The new rules reflect the fact that those are different assets, which has always been the case. If representations are being made to him that that will undermine the competitiveness of UK companies, I shall want to study them and follow up on them to ensure that that is not happening.

May I take this opportunity to clarify something that I said about employment-related securities in the Public Bill Committee? The hon. Gentleman asked me whether the phraseology of Government amendment No. 323, which was tabled in Committee, included the exercise of an option. The wording of that amendment did not include the exercise of an option, but it worked in conjunction with amendment No. 322, which did cover that. I am sorry if the answer that I gave in Committee was unclear on that point, and I hope that I have clarified the position.

Amendments Nos. 111 to 113 are intended to apply a "just and reasonable" test. I hope that the hon. Gentleman accepts that I realise that in some circumstances some discretion may be needed in calculating how much income is taxable, rather than rules being applied mechanistically. We listened to representations on the matter and introduced in Committee a new clause providing for a just and reasonable apportionment to be made when the strict rules do not give a reasonable result. That provision is capable of dealing with most situations in which the relevant period rules give rise to difficulty. Furthermore, the amendments would create uncertainty and introduce complexity, to the detriment of schedule 7 as a whole.

I turn now to the transitional rules for funds brought to the UK before 6 April. All the relevant Government amendments have been tabled in response to consultations with representative bodies. They provide clarity for remittance basis users who brought ceased-source income to the UK before April 2008.

8 pm

Amendment Nos. 11 and 13 would alter the transitional arrangements for the alienation provisions, where the qualifying property of a gift recipient was either given or brought to the UK before 6 April 2008. The amendments are not necessary, as Government amendments Nos. 62 and 63 address any risk of unintended liability that may arise.

Government amendments Nos. 65 to 71 deal with the grandfathering rules for offshore mortgages. They extend the original grandfathering provisions for offshore mortgages to cover cases where repayments of the offshore loan were guaranteed under the terms of a bank guarantee secured on the property. The various conditions for the reliefs that apply to conventional mortgages will also apply to these arrangements, subject to the necessary changes. Government amendments Nos. 65 and 66 provide that the arrangements must have been in place before 12 March this year. Government amendments Nos. 67 and 68 ensure that relief will cease if any term of the guarantee is varied or waived, or if payments under the guarantee cease to be secured on the interest in the property, or if the guarantee is extended to cover repayment of any other debt. I know that what I have said will be studied carefully.

Amendment No. 17 would allow relief for offshore mortgages to continue even if a further debt were secured on the interest in the property. As I made clear in Committee, the Bill provides a generous relief and I am not persuaded that there is a case for further relaxation. Amendment No. 19 would allow grandfathering for remortgages to apply where a person uses the money to repay the original loan. Again, I consider the amendment unnecessary as, according to the natural meaning of the statute, it is clear that the person involved would have used the money for the proper purpose if he had instructed the lenders to make the appropriate arrangements.

The hon. Member for Fareham asked about unrepresented taxpayers. An offshore mortgage is a complicated financial instrument. In HMRC's experience, unrepresented taxpayers tend not to have offshore mortgages. Extending the grandfathering to a wider range of mortgages would inevitably cost millions of pounds. In addition, payments out of gains and employment income have been treated previously as a remittance, so giving relief would be to untax things that are already taxed.

Government amendments Nos. 72, 73 and 85 clarify various elements of the rules covering offshore income gains and the transfer of assets abroad. Government amendments Nos. 74, 78, 79, 81, 86 and 87 make minor and consequential changes and are necessary for the proper working of the legislation.

Amendment No. 16 would provide for the rebasing rules for trusts to apply to shares acquired as a result of a share reorganisation, where the original shares were

held at 6 April 2008. We believe that the amendment is unnecessary. Where section 127 of the Taxation of Chargeable Gains Act 1992 applies, new shares are eligible for any reliefs to which they would have been entitled had they been acquired when the old shares were acquired. It follows that, if the original holdings were acquired before 6 April 2008, the new holding will be treated as having been acquired at the same date, and rebasing will be available on disposal of the new holding. I hope that that is clear and that I have been able to reassure the hon. Member for Fareham on a number of his amendments.

I have saved amendments Nos. 94 to 101 until last, although in no way do I imply that they are least. The hon. Member for Taunton (Mr. Browne) has tabled them in a bid to change the commencement provisions. Amendment No. 94 would delay the reform, and amendments Nos. 95 to 100 would apply a general commencement date of next year. Delaying implementation would increase the uncertainty for the taxpayer that we have been urged to remove, especially by the City of London. It would also cost the Exchequer at least £50 million in 2009-10.

In addition, the drafting of those amendments would mean that all transitional arrangements to protect remittance basis users during the move to the new rules would be lost—for example, successful alienations of income or gains and the grandfathering of mortgages. We cannot support any amendment that delays implementation and causes uncertainty or, as in this case, introduces retrospection into the legislation.

Throughout our consideration of the Bill, we have had detailed and considered debates, in which hon. Members have raised important issues and presented serious arguments. We have listened carefully to their arguments and those of representative bodies. We have tabled a number of amendments to address those concerns. I accept that this may not have been the most perfect route by which to have made these changes, but I put it to the House that, by doing so, we have brought to an end the review that had been running for a long time and that was in itself a cause of uncertainty.

I believe that this is now a good package that underpins the long-term base of the remittance basis rules. I thank hon. Members for their careful consideration of these issues and, as I have said repeatedly, the representative bodies for the time that they have given to HMRC and Treasury officials over the past few months. I commend the Government amendments and hope that, given the way we are taking these issues forward, the hon. Members for Fareham and for Taunton will feel that they need not press their amendments.

Mr. Hoban: I am pleased that the Financial Secretary has welcomed the initiative taken by the Institute of Chartered Accounts in England and Wales, of which I am a member, to create a joint committee to consider how the rules work in practice and ensure that the issues that will come out of the woodwork over the next year are properly addressed.

I am disappointed that the Financial Secretary did not give more consideration to amendments Nos. 20 and 21, which relate to fees and the important issue of competition. As the weeks and months progress, people will start to regard that as a much bigger issue. Notwithstanding the problems to which she referred, there will be a demand to define services, because the current exemptions can be seen as quite narrow. I also recognise that she has acknowledged that some situations will be kept under review, particularly in connection with the treatment of employment-related securities. I am sure that those who have made representations to me will have noted her remarks this evening and will make further representations to her, either directly or through the CBI, on this important issue.

On amendment No. 13, the Financial Secretary's comments on how the HMRC will consider the nomination of £30,000 and the interaction with the taxpayer—if that works—will provide the reassurance that people are looking for. The key phrase is "if it works". It will be HMRC's responsibility to ensure that it works, but I hope that it will receive the help and support of tax advisers committed to ensuring that their clients comply with the rules. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Amendments made: No. 40, page 162, line 15, after 'property,', insert 'service'.

No. 41, line 17, leave out from 'property' to end of line 21 and insert ', service or consideration—

(i) derives (wholly or in part, and directly or indirectly) from the income or chargeable gains, and

(ii) in the case of property or consideration, is property of or consideration given by a relevant person.'.

No. 42, page 163, leave out lines 14 to 16.

No. 43, page 166, line 16, after 'property', insert ', service'.

No. 44, line 19, after 'property', insert ', service'.

No. 45, line 21, after 'property', insert ', service'.

No. 46, page 169, line 2, at end insert—

'(8) References in this section and section 809R to anything deriving from income or capital within paragraph (i) of subsection (4) do not include—

(a) income or gains within any of paragraphs (a) to (h) of that subsection, or

(b) anything deriving from such income or gains.'.

No. 47, leave out lines 6 to 16 and insert—

'(2) Treat property which derives wholly or in part (and directly or indirectly) from an individual's income or capital for a tax year as consisting of or containing that income or capital.

(3) If a debt relating (wholly or in part, and directly or indirectly) to property is at any time satisfied (wholly or in part) by—

(a) an individual's income or capital for a tax year, or

(b) anything deriving (directly or indirectly) from such income or capital,

from that time treat the property as consisting of or containing the income or capital if and to the extent that it is just and reasonable to do so.'.

No. 48, leave out lines 23 and 24.

No. 49, line 34, at end insert—

'(7A) In this section 'mixed fund' means money or other property containing or deriving from—

(a) more than one of the kinds of income and capital mentioned in section 809Q(4), or

(b) income or capital for more than one tax year.

(7B) If section 809Q applies in relation to part of a transfer, apply that section in relation to that part before applying subsection (4) in relation to the rest of the transfer.'.

No. 50, page 170, line 22, leave out 'sections 809L to 809R' and insert 'this Chapter'.

No. 51, page 171, line 5, leave out 'taken to be' and insert 'regarded as'.

No. 52, line 15, after 'met', insert

', but this is subject to subsection (4A)'.

No. 53, line 21, at end insert—

'(4A) Subsection (2) does not apply if the relevant UK service relates (to any extent) to the provision in the United Kingdom of

(a) a benefit that is treated as deriving from the income by virtue of section 735, or

(b) a relevant benefit within the meaning of section 87B of TCGA 1992 that is treated as deriving from the chargeable gains by virtue of that section.'.

No. 54, page 179, line 29, leave out 'sections 809L to 809R' and insert 'Chapter A1 of Part 14'.

No. 55, page 180, line 18, leave out 'sections 809L to 809R' and insert 'Chapter A1 of Part 14'.

No. 56, page 181, line 34, leave out from 'purposes of' to 'treat' in line 35 and insert

'Chapter A1 of Part 14 of ITA 2007 (remittance basis),'.

No. 57, page 182, line 1, leave out 'those sections' and insert 'that Chapter'.

No. 58, line 11, at end insert—

'(11) See Chapter A1 of Part 14 of ITA 2007 for the meaning of "remitted to the United Kingdom" etc.'.

No. 59, page 188, line 37, leave out 'sections 809L to 809R' and insert 'Chapter A1 of Part 14'.

No. 60, page 191, line 4, leave out 'sections 809L to 809T' and insert 'Chapter A1 of Part 14'.

No. 61, line 19, leave out from 'in' to end of line 20 and insert '—

(a) the relevant tax year, or

(b) any subsequent tax year except one in which the individual is domiciled in the United Kingdom,

are not allowable losses.'.

No. 62, page 197, line 25, leave out sub-paragraphs (2) to (4) and insert—

'(2) If, before 6 April 2008, property (including money) consisting of or deriving from an individual's relevant foreign income was brought to or received or used in the United Kingdom by or for the benefit of a relevant person, treat the relevant foreign income as not remitted to the United Kingdom on or after that date (if it otherwise would be regarded as so remitted).

(3) If, before 12 March 2008, property (other than money) consisting of or deriving from an individual's relevant foreign income was acquired by a relevant person, treat the relevant foreign income as not remitted to the United Kingdom on or after 6 April 2008 (if it otherwise would be regarded as so remitted).'.

No. 63, line 40, leave out 'to (4)' and insert 'and (3)'.

No. 64, line 43, leave out sub-paragraph (6).

No. 65, page 198, line 28, after 'Kingdom', insert '("the interest")'.

No. 66, line 29, leave out 'was secured on that interest' and insert

', or of payments made under a guarantee of that repayment ("the guarantee"), was secured on the interest.'.

No. 67, line 35, after 'made', insert

', or any term of the guarantee,'.

No. 68, line 36, leave out paragraphs (b) and (c) and insert—

'(b) repayment of the debt, or of payments made under the guarantee, ceases to be secured on the interest,

(c) repayment of any other debt is secured on the interest or is guaranteed by the guarantee, or'.

No. 18, page 199, leave out line 5.

No. 70, line 8, leave out from 'loan' to end of line 9 and insert

', or of payments made under a guarantee of that repayment, was secured on the interest,'.

No. 71, line 14, at end insert—

'(6) In this paragraph "guarantee" includes an indemnity, and "guaranteed" is to be read accordingly.'.

No. 72, line 29, after 'gain)', insert '—

(a) '

No. 73, line 32, at end insert ', and

(b) after subsection (7) insert

"(8) Nothing in subsection (7) affects the application of this section in relation to an offshore income gain treated as arising by virtue of section 762(3).""

No. 74, page 200, line 30, leave out from 'Kingdom' to 'as' in line 31.

No. 75, page 201, line 18, leave out from 'purposes of' to end of line 19 and insert

'Chapter A1 of Part 14 of ITA 2007 (remittance basis)'.

No. 76, page 203, line 37, leave out from 'purposes of' to end of line 38 and insert

'Chapter A1 of Part 14 of ITA 2007 (remittance basis)'.

No. 77, page 206, line 20, leave out from 'purposes of' to 'treat' in line 21 and insert

'Chapter A1 of Part 14 of ITA 2007 (remittance basis),'.

No. 78, page 207, line 25, leave out from 'if' to 'transfer' in line 28 and insert

'the trustees of a settlement ("the transferor settlement")'.

No. 79, page 212, line 38, leave out paragraph 124.

No. 80, page 223, line 1, leave out from 'purposes of' to end of line 2 and insert

'Chapter A1 of Part 14 (remittance basis)'.

No. 81, line 7, after 'to', insert '(or exceeding)'.

No. 82, line 41, leave out from 'purposes of' to 'treat' in line 42 and insert

'Chapter A1 of Part 14 (remittance basis),'.

No. 83, page 224, line 18, leave out from 'purposes of' to 'treat' in line 19 and insert

'Chapter A1 of Part 14 (remittance basis),'.

No. 84, line 40, leave out from 'purposes of' to 'treat' in line 41 and insert

'Chapter A1 of Part 14 (remittance basis),'.

No. 85, page 225, line 9, after 'gains', insert 'or offshore income gains'.

No. 86, line 45, at end insert—

'(4A) For those purposes treat income for a period as arising immediately before the end of the period.'.

No. 87, page 226, line 2, at end insert—

'*General*

172 For the purposes of this Part of this Schedule the market value of any asset is its market value for the purposes of TCGA 1992.'.—*[Jane Kennedy.]*

Schedule 17

INSURANCE COMPANIES ETC

Amendment proposed: No. 30, page 270, line 35, leave out from beginning to 'and' in line 36.—*[Kitty Ussher.]*

Madam Deputy Speaker: With this it will be convenient to discuss Government amendments Nos. 31 to 33.

Mr. Hoban: Will the Minister clarify the interaction between the returns that insurance special purpose vehicles are required to supply under the Financial Services and Markets Act 2000 and the tax burden? The explanatory notes almost suggest that the taxation is driven by forms. I am sure that that is not meant to be the case, but I should be grateful if the Minister commented on it.

I am pleased to see that the Government have tabled amendment No. 33. The issue caused significant concern among all parties in Committee. By attempting to amend the Bill, the Government appeared to move to deal with a tax case that was in progress, so it is good that the Treasury has recognised the importance of the case continuing and working its way through. I know that that was welcomed by those concerned with the case.

Kitty Ussher: I thank the hon. Gentleman for those remarks. I am obviously sorry that we were not able to introduce the amendments in Committee, but we were able to engage fully with the company concerned only after Committee. That has led to the clarifying amendments before us, with which I understand the company is completely happy, so I hope that we are all square on that.

Amendment No. 32 would introduce the power to allow tax rules to be made by Treasury order for a small and specialised class of insurers in respect of insurance special purpose vehicles. I did not pick up the precise point that the hon. Gentleman made, so if he would like to intervene now, I shall try again.

Mr. Hoban: I was just concerned about the flavour of the explanatory notes regarding the interaction between the regulatory returns that life assurance companies make and the basis of taxation. The issue, which I think came up in the proceedings of the previous Finance Bill, or it may even have been during the Finance Bill before that, is the way in which reserves are classified in the Financial Services Authority's forms and so on. The explanatory notes were not entirely clear about how the FSA's returns interacted with the taxation of life assurance companies, and I just wanted confirmation that tax is not being driven by the FSA's regulatory returns.

Kitty Ussher: I can clarify that. That particular class of special purpose vehicles does not have to make returns to the FSA, which is why we need the set of rules that we will introduce through secondary legislation very soon.

Amendment agreed to.

Amendments made: No. 31, page 271, line 14, after 'period', insert

'and distributions received by the company in the accounting period from companies resident in the United Kingdom so far as referable (in accordance with section 432A of the Taxes Act 1988) to the company's basic life assurance and general annuity business'.

No. 32, page 272, line 8, at end insert—

'*Insurance special purpose vehicles*

19A In section 431A of ICTA (powers to amend), after subsection (2) insert—

"(2A) The Treasury may by order make provision as to the application of the Corporation Tax Acts in relation to insurance special purpose vehicles.

(2B) An order under subsection (2A) above may in particular contain provision—

(a) making amendments of any provision of the Corporation Tax Acts, or

(b) making provision for the life assurance provisions of the Corporation Tax Acts to have effect in relation to any specified description of insurance special purpose vehicles subject to specified modifications or exceptions.

(2C) An order under subsection (2A) above—

(a) may make provision having effect in relation to accounting periods current when it is made, and

(b) if it is made in consequence of, or otherwise in connection with, provision made by any enactment or instrument, may make provision having effect in relation to the same times as that enactment or instrument."'.

No. 33, page 275, line 31, at end insert—

'(3) But that amendment does not have effect (and is to be treated as never having had effect) in relation to a company if a relevant determination is made in proceedings commenced by the company before 15 May 2008 and is not reversed on an appeal or further appeal.

(4) A relevant determination is a determination that losses incurred in an accounting period earlier than that in which 31 December 2002 was included are to be taken into account for the purposes of section 89 of FA 1989 in arriving at Case I profits for accounting periods—

(a) beginning on or after 1 January 2003, and

(b) ending on or before 31 December 2006.'. *[Kitty Ussher.]*

Order for Third Reading read.

8.13 pm

Jane Kennedy: I beg to move, That the Bill be now read the Third time.

Will you pass on my thanks, Madam Deputy Speaker, to the Chairman of Ways and Means and to all the Chairmen who helped us in Committee? I should like to thank all Members who participated in Committee of the whole House, in Committee, and on Report over the past two days. They have closely scrutinised the major changes to our tax system that the Bill introduces. I also pay tribute to the Opposition parties' spokesmen and women, who have been extremely well briefed and meticulous in their pursuit of the detail. Although my hon. Friend the Member for Wolverhampton, South-West (Rob Marris) is not in his place, may I say that he was missed by Finance Bill regulars? However, we were grateful for his contributions on the Floor of the House.

The Bill supports our economy. Like the rest of the world, we are facing a tough time. The ongoing disruption to global financial markets and rising world food and fuel prices are international trends, but are having an impact in all areas of Britain. The rising price of oil is raising the cost of filling up the car and of gas and

electricity bills, which have risen by more than 15 per cent. and more than 12 per cent. respectively in the past 12 months. The price of some staple foods has gone up even more steeply.

However, our economy is well placed to respond to those challenges. Although inflation is rising, it is lower than in the USA or the eurozone and remains far lower than it was in the past; the same applies to interest rates. The UK has also benefited from more than 15 years of continuous growth and from 10 years in which income per head has risen faster than in any other country in the G7, taking us from the bottom of the table to second from the top. Crucially, there are now 3 million more people in work than there were in 1997. Employment is at a record high.

We need to support families and businesses at this time, so the Bill delays the introduction of the fuel duty rise that was due to have taken place in April, as was discussed earlier this evening. The Bill also raises personal allowances for this year. We continue to look at the best way to continue to support those on low incomes in the future. My right hon. Friend the Chancellor has said that he will introduce proposals to do that at the pre-Budget report. We will continue to support families, but we also have to support Britain's businesses and to ensure that Britain remains a competitive place in which to do business.

I need to mention a minor technical matter relating to the reduction in the rate of corporation tax. Owing to an unintended oversight, the rules for giving double taxation relief on foreign income did not get altered to reflect the reduction in the corporation tax rate. If that were uncorrected, some companies could face double taxation on a small part of a number of dividends received during this financial year. This technical matter obviously needs to be rectified. HMRC will discuss the solution with business representatives to find the best possible fix. We will then address the problem in next year's Finance Bill, with provisions backdated to 1 April 2008 to ensure that no income faces double taxation. In the meantime, HMRC will use its statutory discretion to give the necessary double taxation relief.

Capital gains tax is being restructured and made significantly simpler, with an internationally competitive main rate of 18 per cent.—less than half what it was 10 years ago. The entrepreneurs relief that the Bill introduces will benefit 80,000 business owners and investors this year alone. The Bill also maintains the competitiveness of the UK's tax system for non-domiciles; the system is being made more sustainable because we are ensuring that the principle of paying tax only on income remitted here is not exploited or undermined. We are responding to the challenges that our economy faces and we are supporting families and businesses.

The Bill addresses the challenges that the British economy faces. As I said, it supports British business and families, and I commend it to the House.

8.18 pm

Mr. Philip Hammond: May I say how disappointed we Conservatives are, not only because the Chief Secretary did not have time to join us in Committee, but because she has not, apparently, had time to make the Third Reading speech tonight? However, I congratulate the Financial Secretary and her spokeswomen—I do not have to say "spokesmen and spokeswomen" on this occasion—on how they handled the Bill through some complicated Committee sittings. They have always been well briefed and they have nearly always been good humoured. I congratulate the Financial Secretary on her performance.

I am afraid that I cannot say the same about the Bill itself. It all started with the pre-Budget report last October, and what a lot of water has passed under the bridge since then. We have had the cancelled election, "discgate", the credit crunch, the nationalisation of Northern Rock, the soaring cost of living and the stalling of economic growth. The Prime Minister's stock has hit record lows and the Chancellor's pre-Budget and Budget packages have fallen apart.

Britain is a less self-confident place than it was last October. What people want in these difficult times is a strong Government who are clear of purpose, united around a long-term strategy, and competent in delivery. What they have is a disunited, indecisive, incompetent Government, whose failures in managing the British economy during the good years are now being paid for by the British people. The Government have become so distracted by their own problems that they have missed the opportunities that the Bill offered. They are so busy fighting each other that they have not had time to fight for Britain.

There has never been an occasion on which a Government have had to surrender so comprehensively on their keynote financial legislation. Never in my memory has a Finance Bill grabbed the newspaper headlines in the way this one has done. First, there was the abolition of the 10p rate. We went from receiving a prime ministerial insistence that there were no losers to the announcement of a £2.7 billion compensation package for 4.2 million of them in just a few weeks. However, there is still no answer to the plight of the remaining 1.1 million people, and no confirmation of the treatment, next year and the year after, of personal allowances and additional winter fuel payments for the lucky 4.2 million. It was never clear to me why it is apparently possible to announce a solution for those 1.1 million people only in the pre-Budget report, but eminently possible to announce a solution for the other 4.2 million people in the middle of the Crewe and Nantwich by-election campaign. When short-term political interest demanded it, the Government re-opened the Budget that they said could not be re-opened, and found money that they said they did not have.

Next there was the humiliating climbdown on capital gains tax. Faced with a united outcry from the business community, and seeing his base of business support disintegrating, the Prime Minister ordered a U-turn, picking off the largest business lobby with a watered-down retirement relief for small businesses. However, that did not work, and the retirement relief that business really wants today is the relief that the Prime Minister's retirement will bring for all of us.

There was also the non-dom climbdown—the retreat from the proposals spelled out in the pre-Budget report. That retreat was executed with all the finesse that one would expect of a great, clunking fist, and the Government achieved the worst of all worlds. They have alienated the non-dom community and have undermined its confidence in the future and they have managed to raise £100 million less from the whole exercise than they said they would.

[Mr. Philip Hammond]

I could go on and mention the foreign profits tax regime and the income-splitting rules, both of which were cancelled. The common theme is of short-term political calculation overriding long-term principle. The man whose decision not to hold a general election was not at all influenced by the opinion polls has managed the tax agenda for short-term political advantage, not long-term fiscal stability. That is the very opposite of the long-term decisions about which the Prime Minister used to boast.

What we needed was a Finance Bill that would begin to repair the damage done to Britain's reputation and tax competitiveness over the past few months. Instead, the Government are focused on digging themselves out of their own difficulties and trying to save their skin. They never learn; instead of taking the lifelines that they have been offered on vehicle excise duty, they have insisted on enshrining "son of 10p" in the form of the delayed road tax rises for next April, which is probably a month or so before the county and European elections, and the following April, which will probably be a month or so before a general election. They will do another U-turn on vehicle excise duty, and they just have not had the guts to own up to it today. Labour Back Benchers have tasted blood, and fiscal policy is no longer under the control of the Chancellor. The question is not if, but when, they will force that change. Will it be at the pre-Budget report, or will they bide their time until next spring?

The Bill goes on to extend the powers of the tax authorities to enter premises and seize material on an unprecedented scale. It raises the tax rate on small companies and road tax on 80 per cent. of cars by 2010. It penalises responsible drinkers with unfair excise duty rises, clobbers businesses with £500 million of extra capital gains tax and scraps agricultural and industrial buildings allowances. But still, after all those measures, it fails to deliver relief to the 1.1 million losers from the 10p fiasco—among the lowest earners in our society. This will go down in history as the 10p Finance Bill, and those 1.1 million losers will be a lasting reminder of this Prime Minister's abandonment of principle and conviction to political calculation. I urge my hon. Friends to record our rejection of that approach and of the Bill by voting against its Third Reading.

8.25 pm

Mr. Jeremy Browne: Thank you, Mr. Deputy Speaker, for calling me to make a few closing remarks at the end of what has been a legislative marathon and, on many occasions, an oratorical feast, as we have just heard from the hon. Member for Runnymede and Weybridge (Mr. Hammond). According to him, not a single calculation that the Government have made has not been a cynical calculation, not a single principle that he holds is not a deeply held principle, not a single climb-down performed by the Government has not been a humiliating climb-down, and every single policy brought forward by Ministers has, at one stage or another, unravelled. An amazing array of oratorical treats has been laid before us. Most of all, we have heard on many occasions that the Government should have fixed the roof while the sun was shining—an entirely appropriate policy from the party of Thatcher, showing how much the Conservatives remain in hock to their heroine.

The process has been a bit like being in a "Big Brother" household. I pay tribute to the Ministers—the Financial Secretary, the Exchequer Secretary and the Economic Secretary—and, because one gets used to the character and strengths and weaknesses of all the others performing on the Committee, to the hon. Members for Runnymede and Weybridge, for Fareham (Mr. Hoban), for Putney (Justine Greening) and for South-West Hertfordshire (Mr. Gauke). Of course, I should not forget my hon. Friend the Member for South-East Cornwall (Mr. Breed), who was good enough to allow me to return for a constituency engagement on the final day of the Committee, when I told him that it was due to wrap up by about 4 o'clock and found out the next day that it had finished at 9.15 in the evening. I am still indebted to him, but perhaps the fact that I have been in the Chamber for the past eight hours has gone some way towards paying back that debt.

This Budget has represented an extraordinary series of difficulties and disasters for the Government, and the Finance Bill has impinged on the national consciousness and mainstream opinions in a way that I suspect most do not. My constituents, and I am sure those of all hon. Members, have taken an active interest in the 10p tax saga, vehicle excise duty retrospection, and even items that are slightly more obscure for some people, such as the confusion over non-dom taxation. What is extraordinary is that this has been a moving feast throughout the Bill's passage. The Government have been bringing in emergency announcements and new clauses, but these matters are still not resolved. It feels as though we are bringing the whole matter to a conclusion—that is the parliamentary ritual that we are performing—but the Government have still left open the issue of the 1.1 million outstanding net losers as a result of the doubling of the 10p tax rate. We also heard this afternoon that there is more ongoing unfinished business over non-doms, further deliberation about vehicle excise duty being retrospective, and the issue of the 2p on fuel duty has been postponed until the autumn. This is moving from one Finance Bill to another, one pre-Budget report to another, and one Budget statement to another—a rolling programme of confusion.

During this period, the Prime Minister has overseen a collapse in the Government's reputation, and I am afraid that the proposals that have been put before us in this Bill are unlikely to rescue the reputation of him personally or of his Government. On that basis, Liberal Democrat Members will also be in the Lobby voting against its Third Reading.

8.29 pm

Mr. Peter Bone (Wellingborough) (Con): I will not detain the House for long, but it would be wrong for me not to speak, as it was the first time that I had the honour of serving on the Committee considering the Finance Bill, where I saw democracy in action. I would like to praise my Front-Bench team, who did an extraordinary job, winning the argument time and time again, but when a Division was called, those on the Government side ran in from the corridor, asked which way they were supposed to vote and every amendment was voted down.

Jane Kennedy: Except for one.

Mr. Bone: Indeed, except for one.

My abiding memory was the important debate about air passenger duty, and discrimination against tall people on aeroplanes. We were told in all honesty that this measure would raise £5 million a year, but it was then explained to the Government that not a single business airline was covered, so exactly zero would be raised by the change in the law. It was an enjoyable experience. Those on the Government Front Bench answered all the questions put to them, and they were very helpful. We won the arguments, but unfortunately we lost the votes.

Question put, That the Bill be now read the Third time:—

The House divided: Ayes 266, Noes 184.

Division No. 249] **[8.30 pm**

AYES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Banks, Gordon
Barron, rh Mr. Kevin
Bayley, Hugh
Begg, Miss Anne
Bell, Sir Stuart
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Bryant, Chris
Burden, Richard
Burnham, rh Andy
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davies, Mr. Quentin
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Gapes, Mike
Gardiner, Barry
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoey, Kate
Hoon, rh Mr. Geoffrey
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Miliband, rh Edward
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Ruane, Chris
Ruddock, Joan
Russell, Christine
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don

Trickett, Jon
Turner, Dr. Desmond
Twigg, Derek
Ussher, Kitty
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, Mrs. Betty
Wills, Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Ayes:
Mr. Bob Blizzard and
Mr. Sadiq Khan

NOES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Barker, Gregory
Baron, Mr. John
Barrett, John
Bellingham, Mr. Henry
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Bone, Mr. Peter
Boswell, Mr. Tim
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Bruce, rh Malcolm
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Cable, Dr. Vincent
Campbell, rh Sir Menzies
Carswell, Mr. Douglas
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Davey, Mr. Edward
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Davies, Philip
Djanogly, Mr. Jonathan
Dorrell, rh Mr. Stephen
Duddridge, James
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Christopher
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Green, Damian
Greening, Justine
Greenway, Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Hosie, Stewart
Howarth, David
Howell, John
Hughes, Simon
Huhne, Chris
Hunter, Mark
Hurd, Mr. Nick
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Keetch, Mr. Paul
Key, Robert
Kirkbride, Miss Julie
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lancaster, Mr. Mark
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Mackay, rh Mr. Andrew
Maclean, rh David
MacNeil, Mr. Angus
Main, Anne
Malins, Mr. Humfrey
Maude, rh Mr. Francis
McCrea, Dr. William
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Milton, Anne
Mitchell, Mr. Andrew
Moss, Mr. Malcolm
Mundell, David
Murrison, Dr. Andrew
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Ottaway, Richard
Paice, Mr. James
Penning, Mike
Penrose, John
Price, Adam
Prisk, Mr. Mark
Pugh, Dr. John
Randall, Mr. John
Reid, Mr. Alan
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Russell, Bob
Salmond, rh Mr. Alex
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Simmonds, Mark
Simpson, Mr. Keith
Smith, Sir Robert
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Streeter, Mr. Gary
Stunell, Andrew
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Taylor, Matthew
Teather, Sarah
Timpson, Mr. Edward
Tredinnick, David
Tyrie, Mr. Andrew
Vara, Mr. Shailesh
Wallace, Mr. Ben
Webb, Steve
Weir, Mr. Mike
Wiggin, Bill
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Wishart, Pete
Wright, Jeremy
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Noes:
Mr. Crispin Blunt and
Mr. Richard Benyon

Question accordingly agreed to.
Bill read the Third time, and passed.

DELEGATED LEGISLATION

Mr. Deputy Speaker (Sir Alan Haselhurst): I propose to put together the Questions on motions 3 to 8.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Delegated Legislation Committees),

Capital Gains Tax

That the draft Double Taxation Relief and International Tax Enforcement (Taxes on Income and Capital) (Moldova) Order 2008, which was laid before this House on 15th May, be approved.

That the draft Double Taxation Relief and International Tax Enforcement (Taxes on Income and Capital) (New Zealand) Order 2008, which was laid before this House on 15th May, be approved.

That the draft Double Taxation Relief and International Tax Enforcement (Taxes on Income and Capital) (Slovenia) Order 2008, which was laid before this House on 15th May, be approved.

Energy

That the draft Climate Change and Sustainable Energy Act 2006 (Sources of Energy and Technologies) Order 2008, which was laid before this House on 15th May, be approved.

LEGAL SERVICES

That the draft Probate Services (Approved Bodies) Order 2008, which was laid before this House on 9th June, be approved.

REPRESENTATION OF THE PEOPLE (WALES)

That the draft Parliamentary Constituencies and Assembly Electoral Regions (Wales) (Amendment) Order 2008, which was laid before this House on 11th June, be approved.—*[Liz Blackman.]*

Question agreed to.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Delegated Legislation Committees),

IMMIGRATION

That the draft Immigration (Biometric Registration) Regulations 2008, which were laid before this House on 11th June, be approved.—*[Liz Blackman.]*

Mr. Deputy Speaker: I think the Ayes have it.

Hon. Members: No.

Division deferred till Wednesday 9 July, pursuant to Standing Order No. 41A (Deferred divisions).

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Delegated Legislation Committees),

That the draft Immigration (Biometric Registration) (Civil Penalty Code of Practice) Order 2008, which was laid before this House on 11th June, be approved.—*[Liz Blackman.]*

Mr. Deputy Speaker: I think the Ayes have it.

Hon. Members: No.

Division deferred till Wednesday 9 July, pursuant to Standing Order No. 41A (Deferred divisions).

ESTIMATES

Motion made, and Question put forthwith, pursuant to Standing Order No. 145 (Liaison Committee),

That this House agrees with the Report [30th June] of the Liaison Committee.—*[Liz Blackman.]*

Question agreed to.

BUSINESS OF THE HOUSE

Ordered,

That, at the sitting on Wednesday 9th July—

(1) paragraph (2) of Standing Order No. 31 (Questions on amendments) shall apply to the Motion in the name of Mr Peter Robinson as if the day were an Opposition Day; proceedings on the Motion may continue, though opposed, for three hours and shall then lapse if not previously disposed of; and Standing Order No. 41A (Deferred divisions) shall not apply; and

(2) notwithstanding the provisions of Standing Order No. 16 (Proceedings under an Act or on European Union documents), the Speaker shall put the Questions necessary to dispose of the Motion in the name of Secretary Hazel Blears relating to Council Tax not later than three hours after its commencement; proceedings may continue, though opposed, after the moment of interruption; and Standing Order No. 41A (Deferred divisions) shall not apply—*[Liz Blackman.]*

PETITIONS

Prison Sentences (Early Release)

8.44 pm

Steve Webb (Northavon) (LD): Three years ago, my constituent Mr. Bob Todd, a popular pub landlord in Pucklechurch, was killed outside his pub when he intervened to break up a violent incident. Mr. Todd's killer, Alexander Dix, was sentenced to six years, but Mr. Todd's widow and family have been told that he may be released in around three years, possibly because of pressure on prison places. The family are outraged by this and have collected the following petition:

The Humble Petition of Mrs D Todd and others of like disposition,

Sheweth

That having lost her husband through the wilfully despicable act of one man, this man Alexander Dix should not be considered for early release. Three years for the death of another person is not long enough. The consideration that space is needed in prisons should not impact on offenders' prison sentences by means of reducing them.

Wherefore your Petitioners pray that your Honourable House urges the Home Secretary to consider the plight of Mrs Todd and others in a similar situation and to endeavour to keep this person in prison for longer.

And your Petitioners, as in duty bound, will ever pray, &c.

[P000226]

Planning and Development (Essex)

8.45 pm

Bob Spink (Castle Point) (UKIP): I have received many complaints about the arrogance of Castle Point borough council and the SEEVIC college in misusing and planning to develop land and public assets, including through the demolition of publicly owned buildings. This is being done behind the backs of the public. I took up the SEEVIC principal's offer of a meeting to discuss this, but he then declined to meet me, as he also did with one of my residents. I congratulate and thank all the public-spirited people who have signed this important petition, which states:

To the House of Commons:

The Petition of J Everett, the residents of Castle Point and others,

Declares that they suspect that there is a hidden agenda in respect of the public open space bounded by the Chase Thundersley on the north side, and by Runneymede Chase on the east side. They have reached this conclusion firstly because a large area adjacent to the annex of the SEEVIC College has been fenced off and they challenge the legal right for this to have been done. Second, because Castle Point councillors have decided to no longer regularly cut the grass, allowing it to become largely overgrown, and they suspect this is an attempt by councillors to deter people from using the public open space so that the land can be developed. Third, because lately it appears that students of SEEVIC College have been allowed or encouraged to take over the area during breaks, making other users of this public open space feel like interlopers and leaving the space littered with food wrappers, drinks cans, bottles and other rubbish, adding to its dereliction. They further believe that this land, like all public assets, belongs to the people, not to the council or the councillors, and that councillors should respect that fact and keep the public fully informed of their and their officers' discussions and intentions regarding land use and the future of all our public assets. They

[Bob Spink]

therefore urge councillors to return this land to full and proper public use and to protect it in future, for many valid planning and community interest reasons, and to ensure that this matter is dealt with by councillors rather than officers, given its importance to the wider community and the need to protect their valuable public open spaces.

The Petitioners therefore request that the House of Commons urge the Government to press all Castle Point councillors, since they have direct responsibility for this matter, to ensure this public open space is retained for its ancient and established previous use and to immediately publish its discussions and intentions regarding land in this area and behind the Runnemede swimming pool, and to be transparent in future with the public on all planning and land use matters.

And the Petitioners remain, etc.

[P000227]

Duchenne Muscular Dystrophy

Motion made, and Question proposed, That this House do now adjourn.—*[Liz Blackman.]*

8.47 pm

Mr. Nigel Evans (Ribble Valley) (Con): Some Members have commiserated with me for having an Adjournment debate at the end of a relatively late-night sitting. I was first elected to the House in the early 1990s, and I once had an Adjournment debate that started at quarter to 6 in the morning, so I know what late-night sittings are all about. This is relatively early for me.

Duchenne muscular dystrophy is an important subject, and I am grateful to the hon. Member for Blaydon (Mr. Anderson), who is chairman of the all-party group on muscular dystrophy, for expressing a wish to contribute to this short debate. Duchenne muscular dystrophy is a severe and progressive muscle-wasting disease caused by variations in the dystrophin gene on the X chromosome, which results in the loss of the protein dystrophin in muscle cells. It primarily affects boys. The reason that I asked for this Adjournment debate is that, publicly and even inside the House of Commons, very little is known about the disease. I think that it would therefore be beneficial to give the House some short, practical information about it.

Duchenne muscular dystrophy occurs in one in every 3,500 male births worldwide, and 100 children in the United Kingdom are born with DMD every year. Two children in the UK die every week as a result of the condition, and it is the biggest genetic killer in the UK. By the age of 11, most boys with the condition are confined to a wheelchair. Degeneration of the lungs means that boys with DMD need a ventilator to breathe. The muscles of the heart degenerate by the late teens, and the condition is severe enough to affect life expectancy. The average life expectancy among boys treated for DMD is the mid to late-20s. Likely behavioural characteristics are limited social skills, attentional deficits and depression. There is no cure at present.

On 31 October 2007, the Prime Minister's office issued the following statement, also printed on the front page of the Action Duchenne booklet, which accompanied the lobby of Parliament just a few weeks ago:

> "The Government fully accepts that everything possible needs to be done to bring an end to the tragic impact Duchenne Muscular Dystrophy has on individuals and their families".

The work of the charity Action Duchenne has secured £2.2 million of Government funding for the MDEX project and its research. Of that amount, the Minister of State, Department of Health, the right hon. Member for Bristol, South (Dawn Primarolo), had this to say in a letter sent to an Action Duchenne parent on 7 January 2008:

> "The £2.2 million granted to the project represents a significant and appropriate investment in view of the fact that the research is still at a relatively early stage and there are competing demands for resources. We are therefore not in a position to commit further funding to this project at this time."

At this moment in time, there are only two research centres of excellence in the UK—one in London, the other in Newcastle.

I have long been aware of DMD as a condition, but I was not aware by any stretch of the imagination of the impact it has on families or of the severity of the

disease. At a recent lobby of Parliament by Action Duchenne, I met my constituent, Bernard Mooney, whose son Ben is seven years old and has DMD. Ben's prognosis is that he will be in a wheelchair by the end of primary school, becoming completely paralysed by his late teens, leading to a shortened life expectancy of around 20 years. Ben has been named as a suitable candidate for a trial of a new therapy at Newcastle's specialist DMD centre, which it is hoped will slow the wastage in his legs.

The chief executive officer of Action Duchenne, Nick Catlin, has also contacted my office, as did a number of other people when they knew that my Adjournment debate was happening. Doron Rosenfeld has a son called Gavriel who is six years old and was diagnosed two years ago with DMD; his family were told that he would live to his early 20s and that there was no cure. It is a harsh reality for any parent to face—that your child will degenerate in front of your very eyes—but the situation is not as definite as the Rosenfelds were told. Research is close to making a major breakthrough. As a consequence, Doron and Kerry, his wife, have set up the GM Trust.

I hope that everyone listening to the debate or who reads it in *Hansard* will take some time to visit the website www.thegmtrust.org, where they will find an amazing film. If they contact the site administrator for a password, they will gladly be supplied with it. I would like to take this opportunity to thank Lord Attenborough for his contribution to the video. The significant weight that he has put behind this project will ensure that those who are unaware of the particular condition will get a better understanding of what it is all about.

In part of that film a man called Mark Styler is interviewed about his life with DMD. He talks movingly about living a life of "reasonable quality", while being barely able to breathe and almost completely paralysed through muscle degeneration. Every breath is a struggle, aided by a respirator, but his positivity and attitude were amazing to behold. I was humbled by watching the video. He said that he decided that it was not the quantity but the quality of life that mattered. Sadly, he died recently at the age of 34, but he was able to live that relatively long life because of the advancement in his treatment.

DMD is an incredibly severe disease. The impact on the child is sadly there before our eyes and the impact on the parents is just as real and terribly painful. Doron Rosenfeld told me that it was "all consuming". We have a moral obligation to do whatever we can to advance the treatments for DMD. We cannot let the issue be brushed under the carpet—a phrase that my office has heard from a number of the people who contacted us.

DMD is, as I have said, the biggest genetic killer in the UK and £2.2 million is simply not enough to ensure that we are doing our utmost. The GM Trust alone has raised more than £1 million in the last year. Doron and Kerry Rosenfeld are an inspiration, but they would be the first to say that they have received tremendous support from the local community. Anyone who sees their son and knows of the story of DMD is only too happy to support the cause. One lady who contacted me about her grandson who has DMD has helped to raise £23,000 over the last few years just through local charity nights. I congratulate her and everyone else who has got involved in these campaigns.

Those who have loved ones suffering from DMD feel that the Government are simply not doing enough. I realise that there are competing demands for funds in all fields of medicine, but we are talking about children who, in many cases, are failing to live past the age of 20. It is unacceptable that, in 2008, we should turn around and tell them and their parents that there is no cure. We should be funding research in current projects and clinical trials. The 100 boys who will born with the disease in the United Kingdom in 2009 should not be told that nothing can be done. Words of sympathy from Ministers will simply not be sufficient. There needs to be a commitment to further funding, to increased funding, and to ensuring that the funding is ring-fenced for DMD.

There is always—rightly—an outcry when children are killed on the roads. However, a huge amount of money is available for road safety, and children are taught at an early age about the dangers of crossing the road. In 2007, 121 children were killed on the roads. We would not think of telling their parents that there was nothing we could do about road safety. It is also entirely unacceptable that there are only two centres of excellence devoted to DMD.

Ben Mooney lives in Clayton-le-Dale in my constituency. Every six months, his parents are faced with either a three-and-a-half-hour journey to Newcastle or a four-and-a-half-hour drive to London for his check-up. They are not alone, but the reason they need to undertake that journey is the lack of a translational network across the United Kingdom. I do not know how we can justify asking parents and children to travel those distances, particularly given the children's condition. Perhaps it is easier when the children are aged six or seven, with no noticeable signs of DMD, but when they become wheelchair-bound, transport for a family becomes even more difficult.

As the disease progresses, Ben will need constant care on the journey, which means that both parents must take time off work. I am amazed that families such as the Mooneys have no other option. I should like the Government to commit themselves to a workable, translational network of care. A centre in the new hospital that I believe is being built in Manchester would be a good start. The Department of Health must ensure, especially in the current climate, that local GPs know about DMD, and that information is available to them so that they are in the best possible position to offer advice to families. I fear that too many GPs are made aware of advances by parents after those parents visit Newcastle or London. That should not be the case.

This highlights the problem that there is no central push to tackle DMD and bring hope to families affected by it. We should not allow people to think that it is everyone for himself; the Government need to take a strong lead by making a commitment to helping those families. As Professor Muntoni, a professor of paediatric neurology, notes in a film on the GM Trust website, things have changed dramatically in the last few years. Scientists are close to a breakthrough, and we genuinely can make that breakthrough happen more quickly. However, only the Government can provide the catalyst for advancement. I know that simply throwing money at the problem is not the solution, but a proper and structured investment programme, coupled with a translational network across the UK, will make an enormous difference.

[Mr. Nigel Evans]

I should be grateful if, having heard what I have said, the Minister would agree to meet me, along with a small delegation, to discuss DMD, so that those people's concerns and hopes can be aired and we can make progress. It would be a small step, but a welcome one, although it would be just for the short term. In the longer term, I should like the Government to take some points away from the debate.

First, funding for DMD research and clinical trials must be increased and ring-fenced. Secondly, families must have better access to treatments and specialists, which means expanding the models of Newcastle and London to create a better translational network across the UK. Thirdly, the profile of DMD must be raised both publicly and in the NHS. Parents should not be forced to seek information; it should be readily available.

This is, of course, not a party political topic, or one on which to score points. I did not realise the severity of DMD until Bernard, Ben's father, came to see me. I applied for the debate because I felt that we ought to know about DMD. The House has now heard about its effects, what children who suffer from DMD and their loved ones are going through, and what could be done about it. These proposals need serious consideration. We have a moral obligation. I believe that not enough is being done now, and it would be shameful if we did not reassess the steps that we have taken so far and ensure that we do more. Parliament is realising what a serious issue this is. The right hon. Member for Manchester, Gorton (Sir Gerald Kaufman) approached me only yesterday and spoke very movingly of a constituent whom he has met and who suffers from DMD.

Ben Mooney and Gavriel Rosenfeld are adored by their parents, who would do anything for them. They are not alone. It is high time that we did more to help them.

8.59 pm

Mr. David Anderson (Blaydon) (Lab): I congratulate the hon. Member for Ribble Valley (Mr. Evans) on raising this subject. The debate is very timely. I had been in the House for only a month when I attended a lobby in 2005 at the invitation of some children at a local school whose teacher had a son who was suffering from DMD. I knew nothing about it, although I come from a family that has been devastated by myotonic muscular dystrophy.

However, the hon. Gentleman highlighted the big difference between myotonic and Duchenne: we are talking about young boys dying before they are out of their teens. I have a great deal of sympathy for the Minister because we have a debate almost every day of the week about specific diseases, but here we are talking about young boys dying, so this is a special case.

I do not wish to say anything further about the research and the drugs that are being developed as a result of the work being done by people such as Professor Muntoni, as that has been well rehearsed by the hon. Gentleman, except to say that more money is needed.

Let me explain what motivated me to attend and speak in this debate. For the last four years, we have met Ministers in both this House and the other place, and what we have stressed to them is that although it is clear that we need more research and more drugs, we are not sharing good practice on how to care for these boys. We are not sharing good practice on physiotherapy, on how to help them to breathe properly, or on how they can get access to wheelchairs, which can make a massive difference to their lives. A recent report by the Muscular Dystrophy Campaign highlights that. I ask the Minister to meet me—and perhaps the hon. Gentleman—and the representatives of the campaign to go through the report, because it is very clear that commitments that we have been given over the past three years that good practice on care would be shared have not been met, so things are not going as they should be.

The NHS national specialist commissioning group should now recognise neuromuscular services as being specialist. If it does not, the sharing of good practice will not be focused. I know there is a big ongoing debate in this House about how to focus on and target such things. Part of the reason for setting up the specialist commissioning group is to make targeting work. If muscular dystrophy is kept outside that, it will fall further behind.

I want to close by returning to the report that the hon. Gentleman mentioned. It says the system has failed; however, it is not the system but Members in this House who have failed. If we go back to a lobby next June to meet the boys we met a fortnight ago and more of them are no longer there because they have died, we will have failed them again. We must put this right.

9.2 pm

The Minister of State, Department of Health (Dawn Primarolo): I congratulate the hon. Member for Ribble Valley (Mr. Evans) on securing this important debate, and I also congratulate my hon. Friend the Member for Blaydon (Mr. Anderson). I know that public discussion is particularly important to parents coping with the realities of DMD, in order to raise awareness of the issues they and their children face, and I am grateful to the hon. Gentleman for having addressed them so eloquently in the House tonight and for providing the background and explaining the issues that need to be understood.

The case has been made that enhanced medical and clinical research, better support services and care closer to home can make a major difference to the quality of life of people with DMD, and, indeed, can help to extend their lives, and the Department is aware that neuromuscular services do not always adequately meet the demands of the 1,500 people living with DMD, their families and carers. Three hard-hitting reports published by the Muscular Dystrophy Campaign on the provision of neuromuscular services for all the dystrophies highlighted significant variations that exist across localities. The Action Duchenne Report "Bringing Duchenne Research into the Clinic" highlights the significance and potential of the research that is under way.

The United Kingdom is a world leader in health research. These advances could not have happened without the skills and commitment of scientists and clinicians and, of course, the unstinting support of the voluntary sector. I know that Action Duchenne is lobbying for ring-fenced funding for Duchenne research, and the hon. Gentleman referred to a letter I wrote. The Government position is that neither the National Institute

for Health Research nor the Medical Research Council can ring-fence funding for specific conditions or diseases. The reason is that each piece of research and each application should be assessed. Both organisations welcome applications for support for research into various aspects of human health. These are subject to peer review and judged in open competition, with funding awarded on the basis of the scientific quality of the proposals made.

The important point is that the Government are doing more than ever to try to support health research. The implementation of the research strategy "Best Research for Best Health" has resulted in an expansion of our research programmes and in significant new funding opportunities. That has been boosted by the Department's 2007 comprehensive spending review settlement, which gave substantial extra sums to the MRC and NIHR. By 2010-11, total Government investment in health research will top £1.7 billion.

So the funding is there. It must be right that the NIHR and MRC awards are made through an open, competitive and peer-reviewed process, so that we get the best research. We do not say that only certain types of projects should apply, and in that way we support the best science, get the best possible results, and reinforce our international standing.

As the hon. Gentleman and my hon. Friend said in their eloquent contributions this evening, we still fight against some dreadful diseases that lack treatment and cure and exert a dreadful cost on the individuals concerned and their families. All of us want the new discoveries and developments that hold out the hope of new treatments to benefit patients at the earliest possible point. That is why the Government place an emphasis on experimental and translational medicine—the very areas on which the hon. Gentleman touched.

Research means better patient care and a better future. It is this Government's aim to enable every patient in the NHS to have the right to take part in medical research that is appropriate for them, if they choose to do so. That is especially important given the points that the hon. Gentleman made about the funding of the trial that is under way now. He may be aware that my right hon. Friend the Secretary of State announced plans at last week's health research summit that will ensure that patients are made aware about ongoing research, and about opportunities for them to join clinical trials.

I know that a particular issue of concern to people with DMD and their families is timely access to new drugs and treatments. It is absolutely understandable that patients and their families want potential treatments to become available as soon as possible, but we need to ensure that the quality, safety and efficacy of any potential treatments is not in doubt. The process can sometimes seem frustratingly slow to those individuals and their families, but it is essential that the appropriate trial protocols are followed. That also relates specifically to the points that the hon. Gentleman made about the current funding of £2.2 million for trials.

I know that one issue Action Duchenne has lobbied hard on is access to highly specialised services closer to home, and both my hon. Friend and the hon. Gentleman touched on that. Although more than 60,000 people in the UK have a muscular disease or a related condition, that is not a large number compared to the total number who need access to specialist services. Sometimes it is simply not possible to ensure that services with the necessary specialised focus are available close to the patients. It is difficult to see at this time how the level of specialist services that is needed could be provided in every locality. I take the point made by my hon. Friend about the need to share experience and understanding in the service. We should look closely at that.

In any area, it is for NHS commissioners to commission services that reflect the needs of patients and to be informed by good practice in other health communities. The local involvement networks will play a key role. They will enable a range of people to influence the commissioning and provision of health and social care and to bring real accountability to the system, from commissioning to direct provision. It is important that as part of how we improve services we give a stronger collective voice to patients and local groups associated with specific conditions. They can influence the decision makers to ensure that services are more responsive to their needs.

The national service framework for long-term conditions sets out the standards of health and social care we expect people with long-term neurological conditions, including DMD, to receive from diagnosis to end-of-life care. The quality of care that people with neuromuscular conditions receive will be raised across the country as a result of the publication on Monday of "High Quality Care for All". Lord Darzi's report sets a new foundation for a health service that empowers staff and gives patients choice. It will ensure that health care is personalised and fair, that it includes the most effective treatments within a safe system, and that it helps patients to maintain a good quality of life.

The report will give patients more say through initiatives such as care plans for those with long-term conditions, a guarantee that the most effective drugs will be available to all and the provision of the right to chose care providers, including GPs. Personal budgets will be piloted for 5,000 patients with complex conditions.

I welcome the debate and I know that the hon. Member for Ribble Valley and my hon. Friend the Member for Blaydon understand the complexities and challenges. I share their desire to see that people living with DMD receive the services and treatment that they need and deserve and I can assure them that the Government will continue to provide support and encouragement to ensure that that happens. I would be more than delighted to meet the hon. Gentleman and my hon. Friend together with a delegation—they both referred to a small delegation—to continue the discussions on the issues that they have both so eloquently identified this evening. I congratulate them both on raising this important subject.

Question put and agreed to.

Adjourned accordingly at thirteen minutes past Nine o'clock.

House of Commons

Thursday 3 July 2008

The House met at half-past Ten o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

PRIVATE BUSINESS

LONDON LOCAL AUTHORITIES (SHOPPING BAGS) BILL *(BY ORDER)*

Order for Second Reading read.

To be read a Second time on Thursday 10 July.

MANCHESTER CITY COUNCIL BILL *[LORDS] (BY ORDER):*

Order read for resuming adjourned debate on Second Reading (12 June).

Debate to be resumed on Thursday 10 July.

BOURNEMOUTH BOROUGH COUNCIL BILL *[LORDS] (BY ORDER)*

CANTERBURY CITY COUNCIL BILL *(BY ORDER)*

LEEDS CITY COUNCIL BILL *(BY ORDER)*

NOTTINGHAM CITY COUNCIL BILL *(BY ORDER)*

READING BOROUGH COUNCIL BILL *(BY ORDER)*

Orders for Second Reading read.

To be read a Second time on Thursday 10 July.

CONTINGENCIES FUND

Resolved,

That there be laid before this House, Accounts of the Contingencies Fund, 2007-08, showing—

(1) a balance sheet;

(2) a cashflow statement; and

(3) notes to the account; together with the Report of the Comptroller and Auditor General thereon.—*[Alison Seabeck.]*

Oral Answers to Questions

BUSINESS, ENTERPRISE AND REGULATORY REFORM

The Secretary of State was asked—

National Minimum Wage

1. **Mr. Jim Cunningham** (Coventry, South) (Lab): What steps the Government have taken to increase awareness of the minimum wage since its introduction. [215941]

The Secretary of State for Business, Enterprise and Regulatory Reform (Mr. John Hutton): Last year, the Government ran a major advertising and awareness campaign to highlight entitlement to the national minimum wage. The campaign produced some very positive results, including a 400 per cent. increase in calls to our language and help lines, more than 170,000 hits on the online guidance, and an increased number of enforcement requests to Her Majesty's Revenue and Customs.

Mr. Cunningham: I thank my right hon. Friend for that answer, but further to it, what is he doing to enforce the minimum wage, in particular in respect of employers who exploit migrant workers by paying them below the minimum wage and apportioning unrealistic costs on them?

Mr. Hutton: We are taking two steps to address those concerns. First, the Employment Bill, which is currently going through the other place, will significantly change the way in which we recover arrears of unpaid wages and make it clear that it is the will of this House that every worker should be entitled to a proper national minimum wage that is properly enforced, and that there will be a consequence for employers who do not pay it. Secondly, we have provided significant additional resources to help enforcement of the national minimum wage. I hope that that addresses the concerns that my hon. Friend and many others have expressed to Ministers in recent weeks.

Mr. Brian Binley (Northampton, South) (Con): The national minimum wage has increased by 53.3 per cent., while average earnings have increased by only 39.9 per cent. The British Retail Consortium has stated that members' costs increased by £1.7 billion in 2006, which was 13 per cent. more than they expected. The strain on small businesses is ever growing and increasingly causing problems. Recognising the Chancellor's call for inflation-related pay increases, will the Government now ensure that the minimum wage will no longer increase at levels above inflation?

Mr. Hutton: As the hon. Gentleman will know, the latter point is a matter for the Low Pay Commission, which will make recommendations to Ministers. I know that he is a fair-minded man, and I would have thought that he would welcome the fact that the wages of the poorest workers in Britain have been rising at a faster rate than those of others; I would have thought that that would be welcomed in all parts of the House. On the point about small businesses, let me rehearse the following argument with him. Almost 0.75 million more small businesses are now trading in the United Kingdom than 10 years ago, so he cannot portray the national minimum wage as in any way inhibiting the growth of small businesses. That would be unreasonable, and it is not borne out by the evidence, which it is always important for us to keep in mind. Also, 3 million more people are now in work, going to work every day, than in 1997. If we had listened to the advice of the many Opposition Members who argued that the nationaf minimum wage would destroy jobs, we would not have seen the progress that we have seen so far.

Mr. Michael Clapham (Barnsley, West and Penistone) (Lab): My right hon. Friend may be aware of a case in Nottingham in which an immigrant worker was paid

£8.80 after a week's work. That is total abuse. Is he also aware that 42 per cent. of the construction labour force in London is immigrant labour? That labour needs protecting. I hear what he says about the Employment Bill that is currently in the other place, but does he agree that further protection is needed, and will he consider working with his colleagues in the Department for Work and Pensions in order to extend the gangmasters regulation to construction?

Mr. Hutton: Obviously, we look at a number of these issues, because it is important that proper protections are in place. I hear what my hon. Friend says about the Nottingham case and his concerns about what is happening in the construction industry. We have enacted legislation to protect workers and to ensure that they are entitled to a proper national minimum wage. It is our responsibility as Ministers to make sure that that legislation is properly and fully enforced. Our current focus is on improving enforcement. We are willing to listen to, and consider carefully, any further requests for additional legislation, but the case for such legislation has to be fully and squarely met.

Mr. Philip Hollobone (Kettering) (Con): What has been the regional variation in the number of complaints regarding non-payment of the minimum wage?

Mr. Hutton: I do not have the regional data, but I am quite happy to write to the hon. Gentleman.

Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): In a recent debate that I secured in Westminster Hall on the national minimum wage, my right hon. Friend the Member for Makerfield (Mr. McCartney), who has some knowledge of these matters, suggested that the legislation now going through Parliament could require wage slips to include details of the national minimum wage currently in force and of the national minimum wage hotline number. That simple measure could provide greater awareness of the minimum wage and of enforcement. Will my right hon. Friend the Secretary of State consider making such provision as that legislation goes through Parliament?

Mr. Hutton: I am a great admirer of my right hon. Friend the Member for Makerfield (Mr. McCartney), who did a sterling job in introducing the legislation. We will obviously look seriously at any such proposal, and I am happy to discuss in more detail later with my hon. Friend this and any other concerns that he has.

Post Office Network

2. **Miss Anne McIntosh** (Vale of York) (Con): What recent representations he has received on the future of the post office network in rural areas. [215942]

The Minister for Employment Relations and Postal Affairs (Mr. Pat McFadden): The Department receives representations on a wide range of issues relating to the post office network, including, of course, its future in rural areas. The access criteria for the post office network ensure that 95 per cent. of the total rural population across the UK are within 3 miles of their nearest post office outlet.

Miss McIntosh: More than 300 people from the Vale of York alone took the opportunity to respond to the consultation. Twenty-three branches have been earmarked for the outreach programme, which constitutes nothing less than post office branch closures. For sometimes only two hours each week, a man in a van is going to present himself at these villages. Does the Minister not accept that he is being less than honest with the public? People in the Vale of York feel that they are being taken for a complete ride. They have not been listened to, branches are closing, village shops—where they do exist—are even being threatened, and the level of service is being reduced to virtually nothing. Will he apologise to the people of the Vale of York?

Mr. McFadden: I accept that this is a difficult process, but I am afraid that I do not accept that I have been less than honest throughout it. The hon. Lady referred to outreach, which is not the same as a post office closing. She will in future find, I believe, that outreach can provide a very valuable service to her constituents. My understanding is that the number of outreach facilities planned for her constituency is six, not 23, as she stated.

Mr. Ian Cawsey (Brigg and Goole) (Lab): My hon. Friend will know that with the growth in the number of outreach branches, some sub-postmasters are taking on several branches. One sub-postmaster in my constituency is running three outreach facilities and another is running four, yet they get only the one piece of portable kit to enable them to go around the villages delivering this service. That reduces the number of hours that they can do and the flexibility of the service. Can my hon. Friend therefore make representations to the Post Office so that, where sub-postmasters are running several outreach branches, they have more than one piece of portable kit to enable them to offer a more extensive and flexible service?

Mr. McFadden: I thank my hon. Friend for making that point. He is right that the provision of outreach is dependent on a core sub-postmaster providing that service in two or three villages. I am very happy to convey to the Post Office his point about the equipment.

Mr. Mike Weir (Angus) (SNP): Two of the rural post offices in my constituency, Inverkeilor and Carmyllie, along with Arbroath's Cairnie street post office, are scheduled to close. The rationale, apparently, is that the business will transfer to the main Arbroath post office. However, in the middle of the consultation period the Post Office suddenly announced that the franchisee of the main Arbroath post office did not wish to renew their franchise in the early part of next year. I contacted the Post Office, and although it confirmed that the main office would have be relocated, it could not tell me who would run it, or where or what size it would be. Does the Minister not accept that even under this inadequate consultation process, such a material change in circumstances must mean that the proposed closures are put on hold, at the very least, until the future of the main post office is clarified?

Mr. McFadden: I certainly accept that where closures take place and there is an assumption of migration to a different branch, that branch should be capable of dealing with that business. I am very clear that that should happen in the hon. Gentleman's constituency and in others.

Jon Trickett (Hemsworth) (Lab): Many hon. Members have raised the question of post offices in the House, but is my hon. Friend aware that the Post Office proposes to start the consultation in my area on the day after the parliamentary recess begins? Dozens of MPs are in the same situation, and their constituencies contain about 5.5 million people. Will he reflect on that situation and discourage the Post Office from beginning and finishing the consultation during recess? Otherwise, millions of people will be disfranchised because Members of all parties will be unable to express their views.

Mr. Speaker: I call Mr. Hendry. Apologies: Mr. McFadden.

Mr. McFadden: I do believe that the consultation can proceed during a parliamentary recess. I believe that our constituents can still take part even if Parliament is not meeting. The timetable was set out in some detail about a year ago, so we would not recommend its suspension for a few months during the parliamentary recess.

Charles Hendry (Wealden) (Con): I very much look forward to the opportunity to answer questions rather than just ask them.

How can the Minister tolerate the restrictive practices being imposed by the Post Office on rural and other shops where post offices are being forced to close? Is he aware that sub-postmasters, who were not allowed to have a national lottery terminal, be a PayPoint outlet or work with carriers other than the Royal Mail simply because they had a post office are now being told that they may not offer those services simply because they no longer have a post office? Does he understand how angry postmasters are that they face losing compensation simply because they want to help what is left of their business to survive? Does he not think that it is utterly wrong that the policies of Post Office Ltd should lead to the closure not just of post offices but of many of the private businesses that house them?

Mr. McFadden: The compensation arrangements for sub-postmasters leaving the network were negotiated by Post Office Ltd and the National Federation of SubPostmasters. They are fair in relative terms, and quite rightly so. They amount to some 28 months' compensation for sub-postmasters leaving the network. People will not be banned from having a lottery terminal or entering into an arrangement that would put them into competition with the post office down the road, but their compensation will be adjusted. That was defended by the general secretary of the NFSP when he spoke to the Select Committee on Business, Enterprise and Regulatory Reform.

As for closures, I can only remind the hon. Gentleman of the words of his hon. Friend the Member for Rutland and Melton (Alan Duncan), who recently said in the House:

> "Let me make it clear that we fully expect the network to shrink in size. We have never given a guarantee that no post offices will close".—[*Official Report*, 19 March 2008; Vol. 473, c. 947.]

That is the position of the hon. Gentleman's party.

Post Office Closures

3. **John Barrett** (Edinburgh, West) (LD): What recent representations he has received on post office branch closures; and if he will make a statement. [215943]

The Minister for Employment Relations and Postal Affairs (Mr. Pat McFadden): Again, the Department regularly receives representations on a wide range of issues in relation to the network, including the current closure programme and the establishment of new outreach outlets under the Post Office's network change programme. To date, the Post Office has published and put out to local public consultation 34 of the 41 area plans in the current programme.

John Barrett: I thank the Minister for that answer. Previous post office closure plans decimated the post office network in Edinburgh, under both the previous Conservative Government and the present Labour Government. All the post office closures—we are expecting the next wave in August—have been done without any strategy or any plan in mind for the entire city. Why should it be any different this time, and what reassurances can he give the residents of Edinburgh that that will not happen again?

Mr. McFadden: One of the differences between the programme that we are in the middle of and previous programmes is that the previous one, for example, was entirely voluntary for sub-postmasters leaving the network. Perhaps that caused less local protest, but as a strategy to plan the network it may not have been the best option; such an approach could leave holes in the network in the hon. Gentleman's city. This time, access criteria will broadly mean that people in urban areas should be within a mile of a post office and people in rural areas within 3 miles. That will help with planning the future shape of the network. It means that some sub-postmasters who do not want to leave the network are being asked to leave, and I understand that that is difficult for them, but it also means that the network is being planned in both urban and rural areas.

Dr. Gavin Strang (Edinburgh, East) (Lab): Does my hon. Friend agree that a worrying aspect of the last closure programme was that, no doubt for business reasons, a disproportionate number of the closures were in working class areas, often in major cities and near former council schemes, some of which had a high proportion of elderly people? As the hon. Member for Edinburgh, West (John Barrett) said, we do not have the Edinburgh proposals yet, but is there any prospect that that will not happen this time around? We had quite a hammering last time, not least in Edinburgh, East.

Mr. McFadden: My right hon. Friend makes a fair point about the importance of the post office network to people on lower incomes, and that is why this Government have put so much public funding into supporting it. The network faces major changes in how people do business, but we are supporting it with up to £1.7 billion over the next few years. Without that public support and strong commitment from the Government, thousands more branches would be under threat. We have put that support in place precisely because we appreciate the value of the network to the constituents whom my right hon. Friend mentions.

Andrew Selous (South-West Bedfordshire) (Con): Is it not the case that we would not be in this sorry mess and having to close about a third of the network if the Government did two things? First, they should allow a much greater range of Government services to be provided through post offices, and secondly they should allow and indeed encourage the Post Office to be far more entrepreneurial in the range of services that it provides.

Mr. McFadden: I quite agree that the Post Office needs to be entrepreneurial in the range of services that it provides. It has successfully expanded into foreign currency and insurance, for example. In terms of Government work, I know that the Post Office is highly interested in biometric identity management for passports and driving licences and, possibly in the future, identity cards. Of course, if the hon. Gentleman's party has its way, the Post Office will not even get the chance to bid for that Government work.

Linda Gilroy (Plymouth, Sutton) (Lab/Co-op): A moment ago, the Minister said that this process was very difficult, and he will know from the Adjournment debate that I had last week that I understand that. However, may I commend for his further consideration the point that I set before him then? When we have a Devon cluster that includes one of the most sparsely populated counties in the country together with an urban area with some of the most deep-seated poverty, perverse proposals emerge, such as the closures of Pennycomequick, Beaumont road and St. Leven's valley post offices. Does he really think that he is getting value for money from the £1.7 billion when it produces such perverse proposals to close busy post offices?

Mr. McFadden: My hon. Friend has made her point, and it is clear that she believes that it is wrong for her city to be in the same closure plan as a major rural area such as the county of Devon. Of course, that has happened in several places around the country where urban and rural areas have been combined for this purpose. It is difficult, but the access criteria are intended to ensure that we have a stable network for the future in both rural and urban areas.

Sir Nicholas Winterton (Macclesfield) (Con): May I make a plea to the Minister to have a further discussion with the Post Office about these closures, bearing in mind the representations that he is receiving from both sides of the House? This is not a party issue: we are talking about an important public service. In my constituency, six post offices face closure and that is under consultation now, but they are profitable enterprises. Why should profitable enterprises be closed, and why should rural areas be put at a further disadvantage by the access criteria? I am deeply concerned: will he not have further talks with the Post Office about its proposals?

Mr. McFadden: My hon. Friend the Member for Plymouth, Sutton (Linda Gilroy) thinks that urban areas are being put at a disadvantage; the hon. Gentleman thinks that rural areas are being put at a disadvantage. He should perhaps be cautious about saying that the post offices that are closing are profitable. The post office network is losing £0.5 million a day. When we take into account not just the costs to sub-postmasters but the central costs borne by Post Office Ltd for services such as cash handling, IT and so on, we see that three out of four post offices in the country run at a cost to Post Office Ltd. That is why it is so important that we have stepped in with a large-scale public subsidy, which did not exist under the last Government.

Joan Walley (Stoke-on-Trent, North) (Lab): May I confirm that my hon. Friend is aware of my concern about the way in which the consultation has been done in deprived urban areas? Let me also tell him that the closure programme that we have seen so far will be as of nothing if something is not done about the Department for Work and Pensions issuing the Post Office card account to the Post Office. Will he do all that he can to ensure that the Post Office retains that card account?

Mr. McFadden: I fully understand the importance of the Post Office card account to the future of the network. The National Federation of SubPostmasters has made its views on that matter very clear to me and to right hon. and hon. Members from all parties. My hon. Friend will understand, too, that this is a commercial tendering process and the DWP will consider bids from around the country. I am sure that the Post Office has put in a very strong bid, but the decision will be announced later this year.

Fuel Poverty

5. **Danny Alexander** (Inverness, Nairn, Badenoch and Strathspey) (LD): What plans he has to tackle fuel poverty among users of fuel heating oil. [215945]

The Minister for Energy (Malcolm Wicks): The Government have a range of measures to help with fuel bills, including grants to improve energy efficiency and the winter fuel payment scheme. The Government are also exploring the role that alternative technologies can play in alleviating fuel poverty—I think that that will be directly relevant to the hon. Gentleman's constituency—and we are looking to provide connections to deprived communities off the gas network, as gas remains the cheapest form of heating.

Danny Alexander: I am grateful to the Minister for that answer. He will know that in constituencies such as mine, fuel heating oil is the principal source of heating in most communities. It is also used in older houses in remote areas, which are more expensive to make energy-efficient. Huge oil price rises and an already expensive source of heating have conspired to put fuel oil users even more into fuel poverty than they were before. Will the Minister easure that in his fuel poverty strategy heating oil users have top priority? Will he ensure that energy companies are encouraged to take the fuel poverty measures that they are being asked to take by the Government, with specific reference to fuel heating oil users—although, of course, they will not be customers of gas companies, in particular?

Malcolm Wicks: I understand the difficulties faced by those who are heavily reliant on oil for their heating, for example in rural and island communities. Of course, the price of a barrel of oil worldwide has doubled in just one year. I think that some of the work that we can do to connect people to the gas system, where appropriate, is helpful. The development of our microgeneration

strategy is very relevant, because technologies such as ground source heat pumps can offer some relief in future. That is why we have earmarked £3 million from the low-carbon building programme as a pilot to see how microgeneration can help to tackle fuel poverty.

David Taylor (North-West Leicestershire) (Lab/Co-op): As a former heating oil user in a rural area, I am aware of some of its advantages. At the moment, a typical 1,000-litre tank, when full, can contain oil that is valued at well over £600 and is quite attractive to would-be thieves. The loss of such oil, of course, would push rural people even further into poverty. What discussions might the Minister have with his fellow Ministers to alert people, and the police in particular, in such areas to the risks that are being run?

Malcolm Wicks: I certainly do understand the risk and, sadly, there have been well-reported cases in recent days, as the price of fuel has increased. Obviously, the police will take whatever action they can. If I feel it helpful to discuss the matter with Home Office colleagues, I will certainly do so.

Richard Ottaway (Croydon, South) (Con): I do not for a second dismiss the issue of poverty, but is not the problem the price of fuel oil? Will the Minister tell the Organisation of Petroleum Exporting Countries producers that they are killing the goose that lays the golden egg, and will he tell the House what research the Government are conducting and encouraging on alternative fuel sources, such as hydrogen, to replace oil?

Malcolm Wicks: I am happy to say to my MP—the ballot is always secret—that the Prime Minister is leading from the front on the issue. He attended the Jeddah meeting called by the King of Saudi Arabia, and a process is under way that will lead to a high-level London summit later this year. I assure the hon. Gentleman that we are active on many fronts on this difficult issue, but things are not easy. The Saudis have announced a significant increase in supply, but other countries do not have the capacity easily to do the same. I assure the hon. Gentleman that we are looking into the issue. Given that we published our renewable energy strategy consultation document last week, and given the announcement about nuclear, he knows that we are active on the issue of finding alternative energy sources to play a part in the diverse energy strategy that Britain requires.

Mr. Russell Brown (Dumfries and Galloway) (Lab): It is not only heating oil but liquefied petroleum gas that poses a significant financial problem for households in rural areas, although I accept that LPG is a much lesser cost. I applaud everything that my hon. Friend has said so far this morning, but there is deep concern in many households in remote rural areas. In particular, there are pensioner households that do not qualify for any support through, say, pension credit, but have to spend between 18 and 22 per cent. of their income on heating oil. That is not acceptable in 2008.

Malcolm Wicks: I do understand that concern, and of course all of us are concerned about the most vulnerable, elderly households. All pensioner households receive the winter fuel payment, which for the over-80s will be £400 this year. For the over-60s it will be £250—a significant increase. Insulating the homes of Britain's elderly, and improving the energy efficiency of those homes, is crucial. We are spending record amounts of money, through Warm Front and the carbon emissions reduction target, on energy efficiency programmes. That could be of particular relevance to my hon. Friend's constituency.

Christopher Fraser (South-West Norfolk) (Con): How many households does the Minister think will be helped by the £1 million grant recently given to the east of England under the low-carbon buildings programme, given that 1 million people in the region are thought to be in fuel poverty, and more than 50 per cent. of households in my constituency of South-West Norfolk have no access to mains gas?

Malcolm Wicks: I said that the programme is a pilot study. It is a new initiative from our low-carbon buildings programme. The number of households affected will be in the hundreds; I will give the hon. Gentleman the exact figure in writing. I would have thought that he might welcome the fact that we are trying to use new technologies to tackle the old social evils of fuel poverty, an issue that we are determined to pursue. We are spending record amounts of money on CERT and Warm Front; there is some misunderstanding about that. In the current spending period, the figures will increase by £680 million, compared with the previous spending period, and will reach about £2.3 billion. There is a lot of scope for improving the thermal efficiency of our housing, and as we move forward we need to, and will, complement our energy strategy with a strong energy efficiency programme. Our colleagues in the Department for Environment, Food and Rural Affairs are working on that.

Dr. Brian Iddon (Bolton, South-East) (Lab): What role does my hon. Friend think that speculators are playing in talking up the price of oil, and has he given any consideration to the paper that Dr. Richard Pike, chief executive of the Royal Society of Chemistry, published in Petroleum Review? It puts the proposition that oil companies have double the reserves that they claim to have.

Malcolm Wicks: I promise my hon. Friend that I will read the article. My copy has not yet arrived—it has obviously been delayed at *Petroleum News*—but I will read it. The important point is that a great debate is going on about what lies behind the rise in the price of a barrel of oil, which has doubled. We would emphasise the fundamentals: China, India and other countries are fuelling their growing economies with energy, and there is a mismatch between supply and demand, hence the earlier dialogue about the need to increase supply, which the Saudis are doing. Many OPEC nations emphasise speculation, and we would not entirely dismiss the speculative element. We are working with OPEC and the international energy bodies to try to produce a shared analysis of what lies behind that very grave problem, and I do promise to look at the article.

Steve Webb (Northavon) (LD): The Minister mentioned connecting households to the gas mains, but he will know that in many areas the capital cost of doing so is enormous. Are the Government planning any assistance schemes to help fuel-poor households that do not have gas connections simply to get connected?

Malcolm Wicks: Yes. In the Department earlier this week we were discussing with the relevant bodies plans to increase the numbers of households that are connected to the gas grid. There is significant scope for it, but I do not want to exaggerate the situation, because many such households will never be connected to the mainstream gas grid. We need to work hard at providing other options for those people, so that they have some of the choices that many of us in urban areas take for granted, hence my emphasis, in reply to the earlier question from the hon. Member for Inverness, Nairn, Badenoch and Strathspey (Danny Alexander), on using microgeneration imaginatively to try to provide choices for some households in isolated communities.

Mr. Mark Prisk (Hertford and Stortford) (Con): Every 1 per cent. rise in fuel prices pushes another 40,000 people into fuel poverty and if, as forecast, the cost of heating our homes rises by 40 per cent. this winter, that will mean another 1.6 million such people. What specifically will the Government do to help those people? Will the Minister confirm that the Government are still absolutely committed to their own target of eradicating fuel poverty which is now within less than two years?

Malcolm Wicks: We are going to do our utmost to tackle the problems of fuel poverty, but the hon. Gentleman is aware of the fundamentals. We are faced with extraordinary increases in prices—global prices. I have mentioned oil, but the wholesale prices of gas and of coal are going up to astronomical levels, and it is very difficult territory for business and for all our constituents. So since 2000, we have spent £20 billion on fuel poverty benefits and programmes—I know that the hon. Gentleman will not dismiss that figure; I have said already that the Chancellor has agreed to increase winter fuel payments quite significantly; we are increasing the amounts of money spent on energy efficiency payments through CERT and through Warm Front; and the Secretary of State has brokered an agreement with the six major supply companies to increase their social tariffs from £50 million now to £150 million in a year or two's time. That is a significant programme, but we are not complacent. We are worried about the situation's impact on vulnerable people, and we will do everything possible to protect those decent citizens of ours.

Cuba

6. **Mr. David Chaytor** (Bury, North) (Lab): What recent discussions he has had with his United States counterpart on the position of UK firms which trade with Cuba. [215946]

The Parliamentary Under-Secretary of State for Business, Enterprise and Regulatory Reform (Mr. Gareth Thomas): My Department has not received any formal complaint from UK-based firms affected by US trade sanctions against Cuba. The Foreign and Commonwealth Office makes the Government's position clear every year by voting against the US trade embargo on Cuba—including aspects of its extraterritorial legislation—at the United Nations General Assembly. The last such vote was on 30 October 2007.

Mr. Chaytor: Each year, thousands of British people visit Cuba as tourists, and the liberalisation process that has started in that country means that there are huge opportunities for British firms to do business. I welcome last month's decision by European Union Foreign Ministers to lift political sanctions against Cuba, but does my hon. Friend the Minister agree that more could be done to explain to British businesses the opportunities that there will be to expand their operations in Cuba in the years ahead?

Mr. Thomas: My hon. Friend may be interested to know that UK Trade and Investment has the equivalent of almost three full-time staff working on trade activities in Havana precisely to increase awareness of the trading opportunities with Cuba, as my hon. Friend suggests we should. We want those staff to continue to engage with the business community both in the UK and Cuba and to go on promoting increased trade between our two countries.

Sellafield

7. **Mr. Gordon Prentice** (Pendle) (Lab): When he expects the Nuclear Decommissioning Authority to make its recommendation to him for the preferred bidder for the new parent body organisation for the Sellafield Site Licence Company. [215948]

The Minister for Energy (Malcolm Wicks): The Nuclear Decommissioning Authority is running a competition to select a new parent body organisation for the Sellafield Site Licence Company. Ownership will enhance the company's performance. The NDA is evaluating the four bids received for this competition against agreed evaluation criteria. The results of the evaluation are expected later this month.

Mr. Prentice: It is a little known fact that only one nuclear power station anywhere in the world has been wholly dismantled; I am thinking of Three Mile Island. Even decommissioned structures are still hazardous. My question for the Minister is this: what factors will he take into account when deciding which company will be responsible for the clean-up of Sellafield, or is he simply going to rubber-stamp the recommendation of the Nuclear Decommissioning Authority?

Malcolm Wicks: I am pleased about—indeed, rather proud of—the fact that after several decades in which no action was taken, it is this Government who now have a clear strategy on decommissioning our existing nuclear sites. Whatever the arguments and controversies about future nuclear, we have an ethical duty to ensure adequate decommissioning and clean-up. We are looking to the competition to get companies to bring world-class management to the task so that we can spread best practice and innovation and drive forward efficiency. We have four strong bidders and that is what we need to do. We cannot duck this task. We may wish that we did not have to do it, but we are doing it and we will do it in the most competent and cost-effective way.

Agency Workers

8. **Mr. Stephen Hepburn** (Jarrow) (Lab): What plans he has to bring forward legislative proposals on employment rights for agency workers. [215949]

The Secretary of State for Business, Enterprise and Regulatory Reform (Mr. John Hutton): I am glad to say that at the EU Employment Council on 9 June, agreement was reached on the terms of a proposed directive on temporary agency workers. The terms of the directive will provide new and important protections against unfair treatment and maintain essential flexibility to meet the needs of the UK labour market.

The timing of legislation in the United Kingdom will depend on agreement between Parliament and Council as this is a matter for co-decision, as my hon. Friend knows. I hope to bring forward the necessary domestic legislation as soon as possible.

Mr. Hepburn: I thank the Secretary of State for that answer. One of the main proposals coming forward is to give agency workers the same protection as full-time workers after 12 weeks. What does he intend to do about employers who sidestep those protections by, say, employing somebody for 11 weeks and four days?

Mr. Hutton: The 12-week qualifying period to which my hon. Friend referred was recorded in the agreement reached between the Trades Union Congress and the CBI; that was the platform that allowed final agreement to be reached in the European Council. The directive also has strong anti-avoidance provisions. Obviously, the final details are still to be resolved in the process of co-decision making. However, the benchmark of proper protection has been established, and our view is that the directive must ensure that the obvious abuses to which my hon. Friend referred are dealt with fully and fairly.

Mr. Dennis Skinner (Bolsover) (Lab): When he is drawing up these proposals, will the Secretary of State bear in mind the fact that after the end of the second world war, large numbers of people from eastern Europe—"displaced persons" they were called—came to Britain and other countries looking for jobs? Literally thousands of them started working in the pits. There were no middlemen and no agencies—nobody had ever heard of such things. Nobody was taking a cut of their wages; they were paid exactly the same as the others of us who were down the pits and they were affiliated to the appropriate trade union. If we could do that post-1945, why do we need these middlemen now? Let us get rid of them and get on with the job. Let us get back to giving the people who work for the money all the money, rather than there being a cut for somebody else.

Mr. Hutton: I recognise what my hon. Friend has said about the mines and the immediate post-war period, but I am sure he will know, as he is very much in touch with the modern world, that the labour market today is a very different thing. Many workers in many industries have chosen and prefer agency working to other forms of employment. That is true in many sectors—in health, in teaching, in many of the managerial professions and in computing and technology. It would be quite wrong to take away from workers the opportunity of working in that way. I hope that he and I agree that where there is agency working, there should be proper and fair protection for agency workers so that they are on an equal footing with regular, full-time employees. I hope that that is what the directive that we have agreed in Europe will ensure.

Post Office Closures

9. **Simon Hughes** (North Southwark and Bermondsey) (LD): What assessment he has made of the effects of post office closures on local shopping centres. [215950]

The Minister for Employment Relations and Postal Affairs (Mr. Pat McFadden): The Government recognise the important social and economic role of post offices in the communities they serve. In developing the area plans that are going through at the moment, Post Office Ltd considers the impact on local communities among other factors such as the profitability of the branch, local demographics and the availability of public transport.

Simon Hughes: If Mr. Sale and his family, who ran the Ilderton Road post office in Rotherhithe for 30 years until it was closed yesterday afternoon against their will and that of the community, decide that they can no longer continue in business, and the effect of that is that the whole parade of shops goes downhill, what will the Government do to help?

Mr. McFadden: Mr. Sale, like all the sub-postmasters who are leaving the network as a result of this programme, will shortly receive, if he has not already received, the compensation that has been negotiated between the National Federation of SubPostmasters and Post Office Ltd in recognition of the important efforts that he and many others like him have made to the community over the years.

Mr. Speaker: I call Anne Begg.

Miss Anne Begg (Aberdeen, South) (Lab): I thought we were on topical questions, Mr. Speaker.

Mr. Speaker: I will see what I can do for you.

Mr. David Kidney (Stafford) (Lab): Marston road in Stafford is a local shopping centre in that it is a collection of small shops, including a post office. On Tuesday, Post Office Ltd announced the closure of that post office, which serves the local population, including many elderly disabled people in sheltered housing. Obviously we cannot transfer the post office to another shop locally, but would there be the possibility of an outreach service to one of the sheltered housing schemes so that at least people can stay in their locality instead of having to go somewhere else for their post office?

Mr. McFadden: It is difficult to comment on the immediate circumstances that my hon. Friend raises. However, he should be aware that on 9 April Post Office Ltd announced that it was going to pilot the outreach concept, which had previously been geared towards rural areas, in urban areas as well. My advice to him would be to contact Post Office Ltd to see whether his constituency might have such a pilot, although I cannot guarantee that that will happen.

Mr. John Baron (Billericay) (Con): May I press the Minister on a specific issue that the Government could implement to help the post office network? The National Federation of SubPostmasters has said it fears that a further 3,000 post offices will close if the post office network does not win the Post Office card account. In

view of the Government's handling of this issue so far, what representations is the Minister going to make in order to help it to win that vital account?

Mr. McFadden: I do not think anyone is in any doubt about my view on this issue, which will be decided in a proper and legal way by the Department for Work and Pensions. I am sure that the last thing the hon. Gentleman would want is for me or another Minister to do something that would place the proper tendering process in jeopardy so that if the result that he wants happens, it is then challenged in the courts. That is why it is important that this is carried out properly according to the legal tendering rules. As I have said, the post office network is in a strong position to bid, and I am sure that it will bid strongly, but this has to be decided in a proper way by my colleagues at the DWP and announced in the normal fashion later this year.

Topical Questions

T1. [215931] **Simon Hughes** (North Southwark and Bermondsey) (LD): If he will make a statement on his departmental responsibilities.

The Secretary of State for Business, Enterprise and Regulatory Reform (Mr. John Hutton): The central purpose of my Department is to help to ensure the success of UK business. We promote business growth and a strong enterprise economy, lead the better regulation agenda and champion free and fair markets, benefiting workers, consumers and companies. We are also the shareholder in a number of Government-owned assets, such as Royal Mail, and we work to secure clean and competitively priced energy supplies.

Simon Hughes: Given that answer, what is the Secretary of State's Department going to do about the Financial Services Authority? I appreciate that it is a Treasury responsibility too, but it is also a matter of business regulation. In the last few months, we have learned that the outgoing chairman was paid more than £250,000 after he stopped working, that the new chairman got a pay rise of 37 per cent., which took him to a salary of £662,000 after a £114,000 bonus, and that the man who was effectively sacked because of the Northern Rock debacle got a £612,000 golden pay-off, plus a £30,000 performance-related bonus. What is a Labour Government going to do to stop such absolutely scandalous pay for people at the top end, when our constituents can hardly scrape enough together to pay the household bills?

Mr. Hutton: I hear what the hon. Gentleman says, but it is important that the FSA is able to recruit the right people and the best people. *[Interruption.]* That is a matter for the hon. Gentleman to reflect on. The one thing that I have learned from doing this job is that it is usually a good idea to leave matters to do with the Treasury to be dealt with by Treasury Ministers in this House.

T2. [215932] **Alun Michael** (Cardiff, South and Penarth) (Lab/Co-op): Does my right hon. Friend agree that it is essential for our economic future to make the UK the safest place to do business online? Does he also agree that preventing internet-related crime is crucial to public and business confidence? Will he support initiatives to get industry to take the lead on this matter, in partnership with Parliament, the Government and civil society, to make the internet the safest place to undertake activities, and to ensure that confidence?

Mr. Hutton: Yes, I agree strongly with my right hon. Friend, and I pay tribute to what he has done in the past year or so, leading on some important work, which I hope will come to fruition. I agree that we need to discuss such matters carefully and closely with the industry. He referred to the importance of self-regulation in this regard, and I agree about that, but the Government have the responsibility to ensure that people and businesses in the UK who use the internet and do business online can do so safely, free from the fear of crime. I assure my right hon. Friend that active discussion is taking place between Ministers in a number of Departments to address the concerns that he and others have raised.

Mr. Alistair Carmichael (Orkney and Shetland) (LD): May I tell the Minister for Employment Relations and Postal Affairs that there is substantial and growing concern in the northern isles about the consequences for post offices if the post office network does not get the next generation of the Post Office card account? At present, just about every inhabited island in my constituency has a post office where people can use their card account. Will the Minister assure me that when the new contract is awarded, that will remain the case, and that questions of geography, as well as just bald population statistics, will be taken into account so that the matter is properly implemented?

The Minister for Employment Relations and Postal Affairs (Mr. Pat McFadden): There is not a lot I can add to what I have already said about the card account, other than to repeat that I understand how important it is to the post office network. I am glad that the hon. Gentleman acknowledges that his constituency, which is a special part of the country, has good post office provision. We want to maintain that, and the large amount of public subsidy that we put into the network is partly in recognition of the special circumstances of constituencies such as his. I am sure that the Department for Work and Pensions will take into account all relevant factors in deciding the future of the contract.

Mr. Speaker: I call Anne Begg.

Miss Anne Begg (Aberdeen, South) (Lab): I thank you for your indulgence, Mr. Speaker.

In the debate about the negative effects of the high oil price, the crucial part that the North sea oil and gas industry plays in the UK's economy sometimes gets lost. However, that contribution has been made at some cost to human life. This weekend marks the 20th anniversary of the Piper Alpha disaster, in which 169 men died. I would welcome my right hon. Friend's reflections on the lessons that have been learned and need to continue to be learned as a result of the tragedy.

Mr. Hutton: I am grateful to my hon. Friend for mentioning Piper Alpha. All hon. Members know the scale of the tragedy on that day 20 years ago. Since then, significant improvements in health and safety have been made across the UK continental shelf, and

that is a tribute to the trade unions and employers who worked together to achieve that better result to improve the safety and security of workers, on whom we all fundamentally depend for our long-term national self-interest. I pay tribute to that work. We all continue to regret the tragic loss of life on that terrible day, but we stand ready to work with both sides of the industry always to push forward the barrier of safety and do more to protect workers who work in incredibly dangerous situations. The UK Government remain committed to achieving that result.

Alan Duncan (Rutland and Melton) (Con): On the day that the price of crude oil has burst through $145 a barrel, and further to the earlier comments of the Minister for Energy, how much extra have the Saudis produced since the Prime Minister's visit to Jeddah? Will the Secretary of State explain how any extra production of heavy oil, when the world needs, if anything, light oil, would have any beneficial impact on global prices?

Mr. Hutton: The kingdom of Saudi Arabia has indicated its willingness to provide an extra 500,000 barrels a day of crude oil, and that is welcome. I accept that most of that is heavy crude, and that there is an issue about the world's refining capacity to use that. However, the short-term problem cannot be fixed with the flick of a switch. It is important to deal with supply issues in the way my hon. Friend the Minister for Energy stated. My right hon. Friend the Prime Minister is addressing that in a way that gives the UK global leadership, and that is welcome. However, we must do more on the demand side, and what the G8 Energy Ministers agreed in Japan is important and will, I think, be confirmed at the G8 summit in Japan next week.

We can do more about energy efficiency, developing new technologies, having an open view about trade and making it a win-win situation for oil-producing countries to invest in some of the new technologies. I hope the hon. Gentleman will acknowledge our work to try to get stability in oil prices—hopefully a climate in which they can come down—and that the Jeddah process and the work of my right hon. Friend the Prime Minister are the right response to the problems that we face.

Alan Duncan: I hear what the Secretary of State says and he is right about the importance of the demand side, but is not the problem for Britain the fact that the Prime Minister simply does not understand global oil markets and that his so-called new deal, which was much vaunted when he visited Saudi Arabia, was in fact a deeply humiliating begging mission, which has led neither to any additional oil production that is of any use nor to any reduction in the pain that consumers face?

Mr. Hutton: It is easy to sneer and be cynical about such matters and it is regrettable that the hon. Gentleman has taken that approach. The exercise is far from humiliating, as he described it. There is now a process and a discussion, which has never happened before, between the producing and consuming nations. That will be an essential way to try to resolve and find a way through the problems. What is the alternative? Not to talk and not to have a dialogue? That is completely ridiculous.

Kerry McCarthy (Bristol, East) (Lab): The Minister for Energy and I both visited Bristol port authority a couple of weeks ago on Friday to discuss the potential impact of the Severn barrage on the port's future business. Sadly, we did not quite meet on that occasion. Will either my right hon. Friend or the Minister for Energy tell the House whether the representations that were made to the Minister on that occasion about the potential impact of the barrage on the port's future will be fed into the Severn barrage feasibility study?

Mr. Hutton: Yes, they certainly will. It is important to consider all the potential impacts, not only environmental but economic, of a barrage across the Severn. They must be taken into account in the consideration of all the various options. However, I am sure my hon. Friend agrees that, given the enormous potential of generating significant amounts of clean energy from such a barrage, we should proceed with the work, have everything on the table, be clear about the way forward and, when we are ready, make an informed, proper decision. However, as I said earlier, we must take into account both the economic and environmental impacts of such a proposal.

Sarah Teather (Brent, East) (LD): Does the Secretary of State think it was wise for the Prime Minister to reappoint the chief executive of Anglo American as one of the Government's most senior business advisers this week, in the light of recent controversies over the company's investments in Zimbabwe? Did the Secretary of State discuss the appointment with the Foreign Secretary?

Mr. Hutton: It is a good and sensible appointment. All such matters are properly looked into before any such appointment is made.

T5. [215935] **John Barrett** (Edinburgh, West) (LD): The next wave of post office closures will be announced for Edinburgh in August. Is the Minister concerned about the precedent set in Greater Glasgow, where the post offices saved were in marginal Labour seats, given that Edinburgh, South and Edinburgh, North and Leith are highly marginal against the Liberal Democrats and that the Chancellor of the Exchequer's seat is marginal against the Conservatives? Where does the Minister think the most marginal seats are in Edinburgh, and will the post offices be saved there?

Mr. McFadden: One of the beauties of topical questions is that we can do the whole thing twice. There is absolutely no political interference or consideration in the process at all. I therefore wholeheartedly and totally refute any inference that there is such.

T6. [215936] **Mr. Edward Timpson** (Crewe and Nantwich) (Con): I am grateful to the Minister for Employment Relations and Postal Affairs for his answer to my written question concerning the future of the sorting office in Crewe. Although that closure is an operational matter for Royal Mail, he must surely have a view, as the Minister for Postal Affairs and a portfolio-holding representative of the sole shareholder in Royal Mail—that is, the Government—on whether the closure of that sorting office is bad for the people of Crewe and bad for those who work there, who have been both long serving and hard working.

Mr. McFadden: Let me welcome the hon. Member for Crewe and Nantwich (Mr. Timpson) on his first time at these questions—I do not know whether this is his first question in toto. My understanding is that no announcement has been made on the mail centre at Crewe. Royal Mail will of course be engaged in a process of modernisation and automation over the coming years, and it will have to take operational decisions about that. However, the hon. Gentleman's party cannot say that decisions about Royal Mail, along with a number of other difficult decisions, including about transport infrastructure, nuclear power, planning and so on, must all be put into a box marked "too difficult to decide".

T7. [215937] **Mr. Mike Weir** (Angus) (SNP): Does the Minister agree that one of the problems faced by those who are reliant on home fuel oil and propane gas is that there appears to be no regulator and no consumer body responsible for that market? Is he prepared to consider whether that market can be brought into the ambit of Ofgem, perhaps through the Energy Bill which is currently in the other place? That would at least allow the possibility of the same sort of help for that market, by way of social tariffs, for example, as for gas and electricity markets.

The Minister for Energy (Malcolm Wicks): The Office of Fair Trading has responsibility if there is evidence of anti-competitive behaviour. If the hon. Gentleman has such evidence, that is the authority to which it should go. I made it clear earlier that we need to find and develop the alternatives for those rural communities and rural households. Microgeneration—I have mentioned heat pumps as an example—has a great deal of scope in helping to bring more diversity and choice to some of the hon. Gentleman's constituents.

T8. [215938] **Miss Anne McIntosh** (Vale of York) (Con): The Minister keeps perpetuating the myth that 99.7 per cent. of people living in North Yorkshire will remain within 1 mile by road of an alternative branch. However, I could take him to villages that will be 3, 5 or even 7 miles away from the nearest branch. When there are poor roads, when not everyone has a car and when there is insufficient public transport, because of the rural nature of the county, how does he propose that people will get to those branches?

Mr. McFadden: I understand that anyone affected by post office closures is in a difficult position, because closures of course have consequences for post office customers. However, it is precisely because of that that we have put in place access criteria, in both urban and rural areas. In the face of losses of £500,000 a day, to which the hon. Lady did not refer, and a loss of custom amounting to 4 million customers a week in recent years, we have put in place the level of subsidy that will ensure a network of around 11,500 post offices, even after the closure programme is completed. Without the subsidy put in place by this Government, the Post Office would be in a much more difficult position than it is now.

T10. [215940] **Mr. Andrew Robathan** (Blaby) (Con): I am afraid that I want to take Ministers back to the Post Office card account. In 2003, I was the shadow Minister responsible for the Post Office, and I well remember the way the Government, using a list of 30 questions, tried to deter people from taking up a card account. It reached the position where they seemed to be saying, "Get your own bank account." What faith can we have in the Government's determination to keep the card account going, when in January 2006 they actually suggested that they did not wish to have another extension of the contract? Will the Minister assure me that the Government will definitely go for the best contract, not the cheapest contract, when the Post Office card account tender comes in?

Mr. McFadden: The suggestion that the Government are somehow to blame for the changes in the way people choose to live their lives is one that I reject. Nine out of 10 new pensioners choose to have their pension paid directly into a bank account. I cannot add anything further on the decision on the contract. As I have said, that will be decided by the Department for Work and Pensions. I am sure that the Post Office is extremely keen to win it, and I am sure it has put in a strong bid, but that must be decided in a proper, legally robust manner.

Business of the House

11.36 am

Mrs. Theresa May (Maidenhead) (Con): May I ask the Leader of the House to give us the forthcoming business?

The Leader of the House of Commons (Ms Harriet Harman): The business next week will be as follows:

MONDAY 7 JULY—Estimates [3rd allotted day]. There will be a debate on ticketing and concessionary travel on public transport, followed by a debate on science budget allocations. Details will be given in the *Official Report*.

At 10 pm the House will be asked to agree all outstanding estimates.

TUESDAY 8 JULY—Proceedings on the Consolidated Fund (Appropriation) (No. 2) Bill, followed by consideration of an allocation of time motion, followed by all stages of the Criminal Evidence (Witness Anonymity) Bill.

WEDNESDAY 9 JULY—Opposition day [unallotted day] [first part]. There will be a debate on the cost of living on a motion in the name of the Democratic Unionist party, followed by motion to approve the draft Council Tax Limitation (Maximum Amounts) (England) Order 2008, followed by all stages of the Statute Law (Repeals) Bill *[Lords]*.

THURSDAY 10 JULY—Remaining stages of the Regulatory Enforcement and Sanctions Bill *[Lords]*.

The provisional business for the week commencing 14 July will include:

MONDAY 14 JULY—Remaining stages of the Human Fertilisation and Embryology Bill *[Lords]*.

TUESDAY 15 JULY—Consideration of Lords Amendments to the Health and Social Care Bill, followed by motion to approve the draft Terrorism Act 2000 (Proscribed Organisations) (Amendment) (No.2) Order 2008.

WEDNESDAY 16 JULY—Opposition day [18th allotted day]. There will be a debate on an Opposition motion, subject to be announced, followed if necessary by consideration of Lords amendments

THURSDAY 17 JULY—The House will be asked to approve resolutions relating to the Intelligence and Security Committee, followed by a general debate on the Intelligence and Security Committee Annual Report 2007-08.

The information is as follows:

Ticketing and Concessionary Travel on Public Transport (Fifth Report from the Transport Committee, HC 84); and Science Budget Allocations (Fourth report from the Innovation, Universities, Science and Skills Committee, HC 215).

Mrs. May: I thank the right hon. and learned Lady for giving us the forthcoming business. This week, the Home Affairs Committee took evidence from Cherie Blair on crime on our streets. I am sure that the Prime Minister will have welcomed her intervention on the issue. In her evidence, she called for a more highly visible police presence on our streets. Today, a report from Her Majesty's inspectorate of constabulary has said that front-line police sergeants spend half their day on paperwork, rather than on the beat. Indeed, one officer has said:

"Click, click, tap, tap best describes my job; mainly recording performance figures".

When can we have a debate in Government time on policing and bureaucracy?

A report this week heavily criticised the Government's 24-hour licensing laws, saying that alcohol-related incidents have sharply increased. Indeed, one senior police chief constable has said that gang life is replacing family life and that in the last year the number of children admitted to hospital with stab wounds has doubled, so can we have a debate in Government time on mending our broken society?

This week, it was revealed that the then Chancellor, now Prime Minister, was told in 2003 of security flaws in the Government's handling of child benefit records. An internal report said that

"fraudulent... activity was not being detected",

that civil servants could

"do anything without being detected",

and that "the risks were serious". Four years later, those risks became real when the Government lost the personal details of 25 million people, so will the Chancellor make a statement to the House explaining why the Prime Minister, despite being told of these problems, did nothing?

This week's Darzi review on the NHS was particularly flattering to my hon. Friends in the shadow Health team, as they appear to have written many of the proposals. Patient choice, for example, was announced by the Conservatives in September 2007; budgets linked to quality of care was announced by the Conservatives in June 2007; and the NHS constitution was announced by the Conservatives a year ago. Labour has clearly run out of its own ideas and has to resort to using ours, so may we have a debate on original thinking in government?

May we also have a debate on communication by political parties? I would like to congratulate the right hon. and learned Lady on having recently appeared on the front page of the *Henley Standard*. I agree with her that Labour did not come fifth in the Henley by-election because she launched the Equality Bill on polling day, as there are many other reasons why people do not want to vote for this Government at the moment. A debate on communication, however, would allow us to discuss the tactics used by the Liberal Democrats in the Henley by-election. The worst example of their negative campaigning and cynical approach was a leaflet that led to the following headline in the *Thame Gazette*: "'Don't use us as a pawn', school tells Lib Dems". At a time when trust in politicians is so low, does the right hon. and learned Lady agree that such campaigning methods are irresponsible and that the Liberal Democrat party should be ashamed of itself?

Several hon. Members *rose—*

Mr. Speaker: Order. I let the right hon. Lady finish, but let me say that I would not expect a response to the tactic of using the business announced today as a means of attacking a political party in this way. The comments have been put on the record, but I would not expect the Leader of the House to respond to them.

Ms Harman: The right hon. Lady raised the question of crime, particularly youth crime, and I would like to take the opportunity this morning to offer my condolences to the families of two people in the London borough of Southwark who lost their lives through violent knife crime in my constituency over the last four days. I pay tribute to the local police in Southwark under the leadership of Commander Malcolm Tillyer, and to all the police in our cities for their work in trying to tackle the menace of knife crime. They are working as part of a team with the Government, and we will shortly produce our youth crime action plan, which will be put before the House by the Home Secretary. The policing Green Paper will follow shortly. I remind the right hon. Lady that we are only too well aware that, although violent crime has fallen by 30 per cent. over the past 10 years, there remains the particular problem of young people carrying knives. The age at which people are carrying knives and becoming victims of knife crime is falling. That is a worrying trend which we are working on tackling.

The right hon. Lady asked about the security of data. We all want data to be gathered accurately, shared in the interests of good public services and to work as proof against fraud. She will know that the Poynter review outcome has been reported and is now being acted on.

The right hon. Lady also mentioned the Darzi review, which was the subject of a statement on Monday in this House and the other place—on the 60th anniversary of the NHS. Our view, set out on Monday, is that the Darzi review brought forward by the Secretary of State for Health is the next stage in building on and then improving the quality of care in the NHS, so that we can move on from having had to rescue the NHS when it was on its knees. The big question when we came into government was whether we would have an NHS in the future—would it even survive? Now, the question is how we improve the quality of care in the NHS. If the Opposition have joined us in that approach, we welcome them.

Mr. Gordon Prentice (Pendle) (Lab): Identity fraud costs the UK £1.7 billion every year and I am its latest victim. Last month, in a card skimming scam, £3,500 was taken from my bank account and subsequently reinstated with a note on the statement, "Smile—reimbursement", as if I had something to be happy about. When I contacted the bank, it refused to tell me about the progress of the fraud investigation—the shutters came down. This is a huge problem that is touching thousands of people every day, and we need an urgent debate on this issue of great concern.

Ms Harman: I take my hon. Friend's comments as a suggestion for a topical debate. We all want the convenience of credit card transactions, but we must ensure that we work with banks and through the Serious Fraud Office and the police, as well as with Departments such as the Department for Business, Enterprise and Regulatory Reform, to bring it all together. Fraud is not a victimless crime and we need to work together.

Simon Hughes (North Southwark and Bermondsey) (LD): The Leader of the House has announced that we will have a full day to debate the Criminal Evidence (Witness Anonymity) Bill, which is an urgent measure that has widespread general support throughout the House. Can we ensure that before we break for the summer recess we have all the time we need for the Bill to pass between both Houses? It would be far better to get agreement in a conciliatory way on the important balance between liberty and victims' rights, rather than force a measure up and down the corridors of this building. I hope she agrees to give us the time that we need next week and thereafter.

In that context, may I thank the Leader of the House for what she said in reflecting the question asked by the right hon. Member for Maidenhead (Mrs. May) about young people and crime? The House is getting increasingly worried—not only were two adults in our borough of Southwark stabbed to death, but last week in north London, a young man, Ben Kinsella, was stabbed, and in New Cross in the past few days, two people have been found brutally stabbed—that it is beginning to feel as if there is a real evil in our society. Although the numbers are not enormous, they are horrifying and each incident is an absolute tragedy.

We had a debate on knife crime, which was welcome, but before we break for the summer can we have another debate on responsibility towards and of young people? I include in that the opportunity to debate the fact that high street banks are offering Visa cards to 11-year-olds, which must be scandalous and must not add to anybody's parental sense of being able to control their young people.

I have just two other requests to make. This week, we have rightly been celebrating the 60th anniversary of the NHS, which we all rejoice in. We had a big statement on the Darzi report this week. Before we break for the summer, can we have a debate on NHS accountability to the public—not what the service is, but how people can influence what it is locally?

Can we also have a debate on the linked great public service of which we are about to celebrate the anniversary? Next month is the anniversary of the passing into law of the Old Age Pensions Act 1908. This week, Southwark pensioners came here to start their celebrations, and there will be other events because the campaign began in Southwark. Can we have a debate on what has gone wrong with our society, when pensioners still have to apply for a top-up to make up a minimum income and people are given golden farewells from the Financial Services Authority of £600,000 and more yet they presided over a completely incompetent job of managing Northern Rock?

Mr. Ken Purchase (Wolverhampton, North-East) (Lab/Co-op): That is the nature of capitalism.

Simon Hughes: The hon. Gentleman says that that is the nature of capitalism, but we have a Labour Government who are presiding over pensioners underpaid and people hugely overpaid.

Finally, although it is right that we are to debate Zimbabwe today, I have asked several times for a debate on relations between the United Kingdom and China. May we have such a debate before the end of term and before the Olympic Games?

Ms Harman: The hon. Gentleman asked about the process for the Criminal Evidence (Witness Anonymity) Bill. I can tell him and the House that we have no

intention of forcing the Bill through. It simply constitutes a recognition that we need to react to a court judgment that would have had the effect of allowing offenders out on appeal and requiring the Crown prosecution services, having reviewed cases in the pipeline, to drop them because the anonymity of witnesses could not have been protected when the cases came to trial.

My right hon. Friend the Lord Chancellor has been discussing the issues and giving full briefings to Members in all parts of the House. Any Member who wants a briefing from him or his ministerial team should let him know; he would be happy to provide it before next week's debate. The Bill will be published today, so Members will be able to see it. My right hon. Friend has also been having extensive discussions with peers in all parties, and with Cross Benchers. There is a great deal of expertise and interest in the matter in the House of Lords. The idea is to secure as much agreement as possible, along with recognition that we need to act quickly because of the cases that are in the pipeline.

One of the fail-safes is the undertaking given by the ministerial team that the Bill is expected to last for a year at the most. It will either fold into the victims and witnesses Bill announced in the Queen's Speech, or contain a sunset clause. We want to get it as right as we possibly can, but that fail-safe is there. Members are encouraged to talk to the ministerial team.

The hon. Gentleman mentioned youth crime. I send my condolences to the bereaved family of Ben Kinsella, and I agree with the hon. Gentleman that we all feel a sense of shock and horror after discovering that the deaths that we thought had resulted from a fire in New Cross now appear to have resulted from stabbings. Each of those deaths is a great tragedy, and each, as the hon. Gentleman said, instils a sense of fear and dismay that we must work together to tackle.

In mentioning the high street banks and the Visa cards, the hon. Gentleman put his finger on the fact that this is not just a question for the police. All agencies, local authorities and organisations in the voluntary and the private sector must work together to deal with it. We are drawing up a youth crime action plan and a policing Green Paper, but I shall ensure that the House has the opportunity that it clearly wants to focus on these issues.

The hon. Gentleman referred to the accountability of the national health service to the public. There is to be an Adjournment debate on health today, and no doubt there will be further discussion during consultation on the NHS constitution. The draft consultation document was launched on Monday.

The hon. Gentleman also referred to pensioners. There are two issues at stake—pensioners' income levels and standards of living. I work closely with the Southwark pensioners action group, of which he and I are patrons and supporters. He should bear in mind that, of all the groups who are better off since we came to Government, pensioners—especially women pensioners—have benefited most, but we are not complacent and we want to do more.

I have a great deal of sympathy with what the hon. Gentleman said about pay at the top. We must show responsibility over pay, not only in the public sector but in the private sector, and it must be connected to performance. High pay must be connected to good performance, not bad performance.

Mr. David Clelland (Tyne Bridge) (Lab): When can we have a debate on support for carers and the carer's allowance? Although the increase in the earnings threshold to £95 was welcome, it remains the case that for every £1 increase above the threshold carers lose the whole allowance. That means that they can end up more than £40 a week worse off. They also lose the allowance when they retire, although they have to continue their caring role. Surely it is not beyond the wit of Government to come up with a more sensible system to ensure that carers continue to be supported when their circumstances change.

Ms Harman: In raising the question of financial support for those who do the important work of caring for older and disabled relatives, my hon. Friend puts the spotlight on the element of that support that remains unsatisfactory. It is being kept under review by the Department for Work and Pensions, and, in particular, by the Carers Commission. We want people who are caring for family members not to suffer financially as a result, and not to have to give up their jobs because they are worse off if they stay at work.

We are proceeding with a range of activities following consultation on the carers review. The carer's allowance is being specifically reviewed, and I shall bring my hon. Friend's comments to the attention of those who are conducting the review.

Mr. Andrew Mackay (Bracknell) (Con): The Leader of the House will have noted the grave concern about the future of Post Office card accounts during topical questions today, and will be aware of it from experience in her constituency. It is important for the House to have a chance to express its view in a proper debate before a final decision is made. I appreciate that it may well not happen next week, but will the right hon. and learned Lady guarantee that before the decision is made we have a full debate on the Floor of the House?

Ms Harman: The House has taken the opportunity to discuss post offices on many occasions, not least on Opposition days, during topical questions and in numerous Adjournment debates.

The right hon. Gentleman raised the important question of the contract for the Post Office card accounts. As I explained during last week's business questions, a procurement process is under way and it would not be right for me, as a Minister, to comment on it. All I can do is report to the right hon. Gentleman, as I did last week, that the Post Office says it is making a vigorous bid for the contract. I do not think that a debate in the House would necessarily facilitate the process of awarding that contract; I think that everyone concerned is well aware of Members' views.

Dr. Nick Palmer (Broxtowe) (Lab): The BBC is launching a streaming service whereby BBC 1 will be available on the internet. Although the technological advance is entirely welcome, does the Leader of the House agree that there is a fear in the internet community that institutions and individuals with internet access but no television sets will suddenly be forced to buy television licences even though they have no interest in watching television? Will she draw the matter to the attention of ministerial colleagues, so that either we can have a debate or a clear statement can be made by the BBC or the Department for Culture, Media and Sport?

Ms Harman: I think that through his question my hon. Friend has shown himself to a member of the internet community. I know of his long-standing interest in the internet. He has raised an important point about what might be an unintended consequence, and I shall bring it to the attention of the Department for Culture, Media and Sport. I shall also ask the Department to write to him, and to place a copy of the letter in the House of Commons Library.

Sir George Young (North-West Hampshire) (Con): May we have a debate on the economy? The Leader of the House will recall that we used to have regular debates on the subject in Government time, one of which used to take place in July. However, they have died away. We had no debate on the Chancellor's pre-Budget report last November, for instance. Given the widespread concern about the direction and performance of the United Kingdom economy, is it not time that we revived the tradition of debating it in Government time?

Ms Harman: As the House will know, we have debated economic issues during the passage of the Finance Bill, but I am aware that that is not the point that the right hon. Gentleman is making. I am also aware of the concern that although days of debate routinely follow the Budget, no such days of debate follow the innovation of the pre-Budget report.

Bearing in mind that we have provided a day's debate for the draft legislative programme but have not reduced the number of days of debate that follow the Queen's Speech, we are considering whether it might be possible to find time to debate the pre-Budget report by adjusting the number of days available for debating the Queen's Speech. We need to discuss the issue through the usual channels and with the shadow Leader of the House and other Members, and I shall be happy to do that. If we are to add extra days of debate on the economy, we shall have to take them away from somewhere else. We therefore need to discuss the way in which we order our priorities, and I am happy to share that discussion with Members.

Julie Morgan (Cardiff, North) (Lab): My right hon. and learned Friend will be aware that this June was the first Gypsy Roma Traveller history month, which was supported by the Government and which had the aim of educating the public about the long history of Gypsies and Travellers in this country. Is she aware of the success of that month? I attended several events, which were very lively and full of people—the public, Gypsies and Travellers together. Will she arrange a debate to consider that history month's effectiveness in reducing prejudice?

Ms Harman: The Government have been pleased to support that history month, and I thank my hon. Friend for telling us about the success of the events in her constituency and more widely in Wales. I will draw those matters to the attention of the Secretary of State for Wales.

Sarah Teather (Brent, East) (LD): Will the Leader of the House make parliamentary time available to discuss the proposal to establish a national bioethics commission? Many Members had hoped that we would be able to raise that issue during the discussions on the Human Fertilisation and Embryology Bill a week on Monday, but it seems that the Bill is too tightly drawn for us to be able to force a discussion or amend it in that way. The UK is unique in western Europe in not having such a standing committee, and it would help us as legislators to have independent advice from an expert committee that looks at these issues in the round.

Ms Harman: Responsibility for the important question of bioethics crosses the Select Committees that deal with the Department for Innovation, Universities and Skills, the Department for Business, Enterprise and Regulatory Reform and the Department of Health. We are keeping the matter under review. We must have a proper focus in the House for the important scrutiny and consideration of bioethics, and I know that a number of Members have raised the question of how we can ensure that. I do not have anything specific to announce to the hon. Lady on this, but I will take into account that it is an issue of concern to her and let her know if there is any progress.

Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): I was recently contacted by a constituent who wanted to get a copy of her birth certificate online. She visited a website called govcertificates.co.uk which she assumed was a Government website. It was not, however; it was a scam, where official information that people can get hold of fairly cheaply from Government websites is resold at a much increased price. Will my right hon. and learned Friend investigate, and hopefully close down, that operation, and may we also investigate more generally how such scams involving Government information work? I join with my hon. Friend the Member for Pendle (Mr. Prentice) in calling for a debate on these issues, to see what progress we can make in tackling this type of scam and attempt to rip off consumers.

Ms Harman: Once again, my hon. Friend has reminded us that fraud is not a victimless crime and people lose out as a result of it. I will draw his point to the attention of the Chancellor of the Duchy of Lancaster, and I will ensure that the Home Office establishes that the Serious Fraud Office and local police know about this and are able to take action swiftly, if it has not already been taken.

Mr. Douglas Hogg (Sleaford and North Hykeham) (Con): The right hon. and learned Lady has announced the business for Tuesday, which includes consideration of the Criminal Evidence (Witness Anonymity) Bill and the allocation of time motion. Does she understand that I do not belong to the cosy consensus? I am extremely worried about this matter. It is quite wrong that the Bill has not yet been published, and that it will pass through all its parliamentary stages on Tuesday. Does she not recognise that that is a case of a Bill being pushed through the House? That is wrong in principle. The public will not have an opportunity to make representations, and we will find it very difficult to amend the Bill. Surely this is government by decree and legislation by officials, not by parliamentary government?

Ms Harman: I do not think any Member of this House is under the impression that the right hon. and learned Gentleman is anything to do with anything cosy at all, and he is often nothing to do with anything

to do with consensus either. I said in my initial remarks that all Members who have an interest in this—not just those involved in the usual channels—should contact the Ministry of Justice. I will tell the Secretary of State for Justice that the right hon. and learned Gentleman—who is extremely learned in matters of law and knowledgeable about these issues, and who has no doubt read and understood the judgment—would like to talk to him about how the Bill's proposals will work. I understand that the Bill has just been published, so the right hon. and learned Gentleman will have a chance to look at it. However, let me remind him and other Members that this situation is not of our choosing. It is never a good thing to have to take decisions that affect the criminal justice system in a hurry. We are doing this expeditiously because of the court decision; otherwise, certain prisoners might be allowed to be released on appeal, or prosecutors reviewing cases might be required to drop those cases and it will not be possible to bring offenders who have committed crimes to justice—crimes will go unpunished and victims will be left in the lurch.

Jon Trickett (Hemsworth) (Lab): During the debates on the Lisbon treaty, I warned the House that the European Commission had a clandestine plan that would undermine the clinical priorities of the NHS by promoting what has become known as health tourism. I also predicted that the plan would not see the light of day until after the House had ratified the treaty, and so it proved. However, even I was surprised that it decided to announce that on the 60th anniversary of the NHS. May we now have a topical debate on the unelected Commission's meddling in political affairs in this country and in NHS matters?

Ms Harman: I thank my hon. Friend for his question. The Government remain committed to ensuring that where UK patients choose to travel abroad for care, the NHS retains the ability to decide what care it will fund. We have to make sure that the NHS makes the decisions, rather than their simply being made by people who have enough money to go abroad doing so to get treatment that otherwise would not be acceptable on the NHS. The current proposal is an initial text. It will be subject to change during future negotiations at EU level. The UK will be an important player in those negotiations, and we will work to ensure that the right legislative framework is developed. I will bring my hon. Friend's comments to the attention of my right hon. Friend the Secretary of State for Health.

Sir Michael Spicer (West Worcestershire) (Con): With reference to this afternoon's business, how can the Government set up an independent review body on Members' pay and then totally fail to back its recommendations?

Ms Harman: If the hon. Gentleman attends the debate this afternoon, he will hear me explaining to the House why we have tabled a resolution setting out the Government position, part of which is the same as Sir John Baker's proposals, but part of which is different.

Jim Sheridan (Paisley and Renfrewshire, North) (Lab): May we have a debate on the Law Lords' decision to deny victims of pleural plaques the appropriate compensation? My right hon. and learned Friend will be aware that we are rapidly approaching the first anniversary of that decision, and despite assurances from the Justice Secretary and other senior Ministers, there is no tangible evidence that progress is being made. My right hon. and learned Friend will be aware that this is a disease that affects white, working-class, middle-aged men and women. The Justice Secretary must be reminded that this needs to be given some priority, in order to make sure that they get the compensation they are entitled to.

Ms Harman: I thank my hon. Friend for bringing this matter to the attention of the House. Those who during the course of their working life—working hard—contract a horrible and devastating disease deserve, at the very least, the appropriate compensation. He has drawn to the House's attention how long ago the Law Lords' decision was handed down. He will know that the Government have undertaken to consult on how we should respond to the Law Lords' decision, but I very much take on board his point that he wants us to get on with it, and I will make sure that ministerial colleagues in the relevant Departments understand that message loud and clear.

Mr. James Clappison (Hertsmere) (Con): May we find time to debate early-day motion 1930?

[That this House expresses concern at reports of the closure of churches and the detention of Christians in Algeria; expresses particular concern at the case of Hanina Konider, a 37 year old Algerian woman facing prosecution as a result of being in possession of copies of the Bible; and urges the Government to raise this case and other cases of persecution of Christians in Algeria in the course of the discussions on the proposed Union for the Mediterranean due to commence in Paris on 13th July.]

This early-day motion has been signed by 58 Members. On 13 July there is to be a meeting in Paris to discuss the proposed EU union of the Mediterranean. Will the Leader of the House specifically request the UK representation at that meeting to raise the question of the persecution of Christians in Algeria and the case of this unfortunate woman, and also to promote the case for freedom of religion generally in Mediterranean countries? Surely we do not want to be in any sort of union where it is an offence to possess a copy of the Bible.

Ms Harman: The hon. Gentleman has made forcefully the point that is attracting support from Members in all parts of the House, in the form of his early-day motion 1930. There is no opportunity for Foreign Office questions before the House rises for the summer, so I will make sure that this issue is brought to the attention of my right hon. and hon. Friends in the Foreign Office. I will ask them to write to him explaining about the forthcoming international meetings, at which they will find the opportunity to raise this issue.

David Taylor (North-West Leicestershire) (Lab/Co-op): The successes of the 60th anniversary of the NHS at the weekend have rather overshadowed the first anniversary, on 1 July, of the end of second-hand smoke in enclosed public places and workplaces in England. Some 400,000 people have quit, there is 80 per cent. public support for the measure, and 40 per cent. of premises are recording

[David Taylor]

an increase in business. As the chair of the all-party group on smoking and health, may I ask for a debate on tobacco control, perhaps based on my own early-day motion 1835?

[That this House welcomes the publication of the Department of Health's consultation document on the future of tobacco control; believes that there is an urgent need for action to ensure that a new generation of young people do not become smokers; and calls for legislation to be included in the 2008 Queen's Speech to end all displays of tobacco products at the point of sale, to end the sale of tobacco products from vending machines and to require all tobacco products in the UK to be sold in plain packaging.]

We should review the various measures proposed in the early-day motion in the run-up to the Queen's Speech, which, as we know, will take place in exactly five months' time.

Ms Harman: I welcome the fact that my hon. Friend has raised the issue of the effect on public health of ending smoking in public places. We need to make further progress on this important public health issue. This is definitely a job for the nanny state.

Dr. Julian Lewis (New Forest, East) (Con): The Leader of the House has done a great service to Members' personal security by tabling the motion that will be debated later today on the non-disclosure of private home addresses. May I urge her to resist strongly any amendment that seeks to make an exception for Members' home addresses in their constituencies, just on the basis that these occasionally have to be published locally? Returning to wider business, may I also request a statement from a Home Office Minister about the strange case of the suspected terrorist who went on the run last week and who was believed to have been involved in a major suicide plot, and yet whose identity could not be disclosed while he was on the run, for legal reasons? Some of us find it very strange that dangerous people could be on the run without our having a chance of catching them, because no one would know who they were or what they looked like.

Ms Harman: At first sight, the case of the person who had gone on the run but could not be named does sound a bit baffling, so I will ask a Home Office Minister to write to the hon. Gentleman, and to see whether the matter is not too secret for some light to be shed on it.

The hon. Gentleman's first point brings to the House's attention the J. Lewis list. This is not the John Lewis list but the list of Members throughout the House who have signed his early-day motion. We have to base this issue on the security advice given to this House, which says that we should not publish our addresses, travel patterns or any information that could lead to Members being insecure and therefore unable to speak freely in this House. There will be an opportunity to debate this issue in the second of this afternoon's debates. I know that the hon. Member for North Southwark and Bermondsey (Simon Hughes) has tabled an amendment, but I hope that he will not press it to a vote. We simply have to act—*[Interruption.]* I can now reassure the hon. Member for New Forest, East (Dr. Lewis) that the amendment in the name of the hon. Member for North Southwark and Bermondsey has not been selected, so I will not have to do what I would have done, which is to resist it and make sure that we get this issue sorted out once and for all.

Bob Spink (Castle Point) (UKIP): I know that the Leader of the House cares about the 9 million people in the UK who are deaf or hard of hearing, for whom lip-reading is an absolutely essential life skill. Could we have a debate on the Government's guidance to local authorities on the cost of lip-reading classes? Uncaring councils such as Conservative-controlled Essex county council are pricing vulnerable groups out of lip-reading classes, and I am sure that no one in this House wants to see that practice.

Ms Harman: The hon. Gentleman raises a very important point, and this is one of the reasons why we have placed a specific duty on all organisations in the public sector, including local authorities, not to discriminate against people on grounds of disability, and to promote equality of opportunity and inclusion. The kind of services that he has described as being put at risk by Essex county council are exactly those that allow people to play a full part in the economy, by going out to work, and in the life of the community. I will raise this issue with the Equality and Human Rights Commission, and see what it has to say about it.

Tony Baldry (Banbury) (Con): May we have a debate next week on the ministerial code? If a Minister were to make a statement that the Government were not going to allow the building of housing on the green belt in eco-town proposals, but it later transpired that at the time of making that statement, the Minister was minded to allow commercial development to be built on the green belt in eco-town proposals, would the Leader of the House feel that the earlier statement was consistent with the principles of transparency and openness in the ministerial code?

Ms Harman: We chose to have a topical debate on eco-towns because many Members in all parts of the House had asked for the topic to be eco-towns. All these issues were fully debated, and if a new one has arisen since then, I suggest that the hon. Gentleman write to the Minister for Housing, my right hon. Friend the Member for Don Valley (Caroline Flint). If the issue involves the ministerial code, perhaps he should copy in the Chancellor of the Duchy of Lancaster.

Christopher Fraser (South-West Norfolk) (Con): I raised concerns about the new NHS dental contract with the Health Secretary this time last year. In the light of the Health Committee's damning report, which confirms that access has not been improved and that dentists have no financial incentive to carry out complicated treatments, will the Leader of the House make time for a specific debate on NHS dentistry under the reforms, given that in this afternoon's Adjournment debate on the NHS in general, this issue may well be lost?

Ms Harman: In fact, the Health Committee acknowledged that there has been a big increase in the number of dentists being trained, and the World Health Organisation says that child dental health in this country

is the best in Europe. I know that that might seem a surprising statistic, but I offer it, for what it is worth. The fact that we intend to approach dental health by giving primary care trusts the power to commission dental services in their area was also welcomed. There has been a big investment in dental health in the last 10 years. More people than ever before have access to NHS dentistry, but we know that we have still not gone far enough. We intend to make further progress, and that will be part of the consultation under the NHS constitution.

Mr. John Baron (Billericay) (Con): Will the Leader of the House grant a debate in Government time on Iran? She will be aware of recent and worrying developments, including talk about the Israelis preparing to strike, yet there is also a real concern that not enough is being done to explore the peaceful alternatives to military action, including reports that the Iranians would be prepared for an international consortium to enrich uranium for civilian use on Iranian soil.

Ms Harman: The hon. Gentleman raises an important issue. The Foreign Secretary, who is here on the Front Bench with me because he is about to lead on the debate on Zimbabwe, tells me that there is 100 per cent. focus on diplomatic efforts in relation to Iran. No stone is being left unturned in that respect, and a package of measures to create a form of agreement to move forward has today been sent to the Iranians for their response.

Mr. Philip Hollobone (Kettering) (Con): With the recent expansion of the European Union, there is a growing number of EU-registered vehicles in the UK. The law is quite specific, stating that as long as those cars are taxed in their country of origin, they can be used in the UK for six months in any 12-month period. However, there does not seem to be any effective enforcement mechanism to ensure that that rule is adhered to. May we have a joint statement by the Secretary of State for Transport and the Minister for Security, Counter-Terrorism, Crime and Policing about what Her Majesty's Government intend to do about that worrying situation?

Ms Harman: I will draw the hon. Gentleman's point to the attention of the relevant Ministers and ask them to write to him.

May I correct what I said in answer to the previous question? It was not today that the package was sent by the Government to Iran about what negotiations there could be and how we could move forward peacefully, purposefully and diplomatically; it was two weeks ago.

BILL PRESENTED

Criminal Evidence (witness Anonymity)

Mr. Secretary Straw, supported by the Prime Minister, Secretary Jacqui Smith, Secretary Des Browne, Mr. Secretary Woodward, the Solicitor-General and Maria Eagle, presented a Bill to make provision for the making of orders for securing the anonymity of witnesses in criminal proceedings: And the same was read the First time; and ordered to be read a Second time on Monday 7 July, and to be printed. Explanatory notes to be printed. [Bill 134].

TOPICAL DEBATE

Zimbabwe

12.20 pm

The Secretary of State for Foreign and Commonwealth Affairs (David Miliband): I beg to move,

That this House has considered the matter of Zimbabwe.

I do not think that there could be a more appropriate topic for today's debate than the situation in Zimbabwe. Yesterday, the Prime Minister and the Leader of the Opposition expressed their complete agreement about the crisis in Zimbabwe and the British response, echoing the approach of the right hon. Member for Richmond, Yorks (Mr. Hague), who speaks for the Opposition on foreign affairs, and the hon. Member for Kingston and Surbiton (Mr. Davey), who speaks for the Liberal Democrats. I hope that we can build on that consensus and send a united message not just about our repugnance at the actions of the regime in Zimbabwe but about our call for all those in the region to fulfil their responsibilities to the people of Zimbabwe, and for the whole world to prepare for the rescue operation that will be necessary when there is a Government in Zimbabwe worthy of that name.

It is also important to say by way of introduction that I am sure that the thoughts of the whole House are in support of the President of Zambia, President Mwanawasa, who is currently ill in hospital. He is the chair of the Southern African Development Community and a man who has shown real tenacity in raising the Zimbabwe issue. We very much hope that he is able to make a recovery from his current illness.

It is well known that over the past decade, Robert Mugabe has brought Zimbabwe to its knees. Its economy lies in crisis and now, as a result of the failure to establish a proper second round of the election, it is in limbo politically. Zimbabwe's people suffer from violence, intimidation and hunger, and the Mugabe Government have destroyed the basic infrastructure of the country—schools and hospitals are barely functioning.

Mr. Philip Hollobone (Kettering) (Con): Will the Secretary of State give way?

David Miliband: I am conscious that many hon. Members will want to intervene. I shall try to let the hon. Gentleman come in later, but I shall see how I get on and how much time I have.

In his determination to cling to power, Mugabe has turned on his own people. The opposition have been quelled, the judiciary corrupted and the press suppressed. At least 90 people have been killed in the violence in recent months and more than 3,000 injured. The prospects for Zimbabwe's people are economically bleak. Mugabe has ordered non-governmental organisations to stop delivering humanitarian aid, on which 5 million people depend.

I spoke this morning to our ambassador in Harare, who confirmed that the economic situation remains dire and the political situation stuck in limbo. He explained that the regime wanted time to lick its wounds, but that the anger of the Zimbabwean people is being sustained by the waves of international condemnation that are being heard there. It is very important that they continue to be heard.

[David Miliband]

I think that we agree that the elections of 27 June were a sham. The United Nations Secretary-General has said that the outcome did not reflect the true and genuine will of the Zimbabwean people. The G8 expressed its disgust at the Foreign Ministers' meeting that I attended in Japan last week. Many African voices are now speaking out against Mugabe, too—not just President Mandela but representatives of Botswana and Kenya. Many of us will believe that the recent AU summit did not meet the aspirations and hopes of the Zimbabwean people for a strong statement, but it is relevant to point out that the AU stated that the elections were not free and fair, and were scarred by violence. Sad as it is to say, that is an unprecedented judgment by the AU.

James Duddridge (Rochford and Southend, East) (Con): What discussion has the Foreign Secretary had with Botswana, specifically in relation to rumours of the build-up of Botswana defence force troops on the border of Zimbabwe?

David Miliband: Obviously our high commission is in close contact with the Government of Botswana. I have not had a read-out on the matter in the past 48 or 72 hours, and even if I had, I would probably not want to go into it in great detail in such a public forum. I hope that the hon. Gentleman will have seen the call by the Tanzanian Foreign Minister for preparations for a peacekeeping force that might be needed in Zimbabwe at some point. I am not able to give him more information on the Botswana issue immediately.

John Bercow (Buckingham) (Con): Although it is indeed welcome that the AU, and to an extent SADC, have pronounced robustly on the situation, including the manner of the conduct of the election, would the Foreign Secretary accept that precisely because the will of the people was not allowed to be expressed, it is important that the AU and SADC speak up for the right of the people of Zimbabwe to have the genuine result respected? They should not be looking for ways to bypass or circumvent that result by talking about a Government of national unity. The people have spoken.

David Miliband: Yes, I agree with that, as I shall explain.

Mr. Hollobone *rose—*

David Miliband: I promise that I shall let the hon. Gentleman intervene before I conclude.

Our goal is simple: to ensure that the Government of Zimbabwe reflect the will of the people of Zimbabwe. This is not about Britain versus Zimbabwe, still less about establishing a new British Government in Zimbabwe, but about having a Zimbabwean Government who deliver for their own people. The opposition have recognised the need for a broad-based Government and called for the formation of a transitional Government, recognising the unique political circumstances that now exist. For that Government to be credible, it must be based on the outcome of the 29 March election. To address directly the point made by the hon. Member for Buckingham (John Bercow), whatever the final composition of that transitional Government, Robert Mugabe cannot be in control of it.

Our work, and that of the international community, must be focused on four matters. First, we must support and protect the people in Zimbabwe working for democratic change. Election observers and NGOs witnessed the appalling violence and abuses before the election, and we support the calls for the UN to send at least one human rights envoy to Zimbabwe to investigate those abuses. We also urge the AU and SADC to keep some observers on the ground to continue to monitor, and if possible prevent, further violence.

Secondly, we support further efforts by the AU, SADC and the UN to find a way forward. Whatever they feel obliged to say in public, most African leaders are now sick and tired of having to apologise for Robert Mugabe's abuses. He is an embarrassment to them. Morgan Tsvangirai has said that he is looking to the AU to play a key role in any "mediation" effort—I put that in inverted commas because it is not mediation between two equivalent parties. Senior members of the AU, particularly South Africa, have a massive interest in, and responsibility for, bringing Mugabe and ZANU-PF to the negotiating table and securing a democratic resolution to the crisis. The Prime Minister will discuss that with President Mbeki at the G8 meeting later this week.

Mr. Henry Bellingham (North-West Norfolk) (Con): Will the Foreign Secretary give way?

Mr. Hollobone *rose—*

David Miliband: I promised the hon. Member for Kettering (Mr. Hollobone) that he could come in, so I do not think that the hon. Member for North-West Norfolk (Mr. Bellingham) should jump the queue.

Mr. Hollobone: The Foreign Secretary rightly paints a grim economic picture of Zimbabwe. Is the country in a state of total economic collapse, with the world's highest rate of inflation and one of the lowest life expectancies? If not, how close is it to complete economic collapse?

David Miliband: I think that any of us would say that 100 per cent. inflation was pretty close to economic collapse, 1,000 per cent. inflation was a pretty advanced state of collapse and 1 million per cent. inflation was an unimaginable level of collapse. Zimbabwe is a country with between 4 million and 8 million per cent. inflation. I know that the hon. Member for Mid-Norfolk (Mr. Simpson), who is in his place, is a keen historian, and those figures make Weimar look like a prudent regime in its economic management. Zimbabwe is an advanced state of chaos, which is causing real hurt and harm to the people of Zimbabwe, who in many cases are surviving on the back of remittances that are being sent to them.

Thirdly, through the UN and the EU and bilaterally, we must step up the pressure on Mugabe and his cohorts, including through targeted sanctions. In our view, those sanctions must be focused on punishing those within, or associated with, the regime, and if at all possible not on hurting ordinary Zimbabweans. Building on the statement by the UN Security Council on 23 June, we will continue to push for a UN Security Council resolution calling for further sanctions, including an arms embargo, a travel ban and an assets freeze on key

regime figures, as well as a strong role for the UN in a substantive political dialogue. A draft resolution is now circulating and I can confirm that it is strong and clear. I hope that there will be a vote on it early next week.

Within the EU, at our meeting later this month, Foreign Ministers will decide how to widen and deepen existing EU-targeted measures. We will push for an extension of the EU assets freeze to cover further individuals whose actions are contrary to a political settlement. We will also push for an extension of targeted measures to include farms and businesses owned by those individuals already the subject of targeted sanctions. We will support measures that prevent regime members from attending international events within the EU.

It is important to be honest about the fact that we need to strike a delicate balance. We have no evidence of breaches of the current sanctions regime by British or other businesses. I reckon that it is a relatively easy choice to try to prevent direct succour and support from being given to members of the regime. It is an easy choice to try to keep employment and sustenance being provided to the people of Zimbabwe. But where both the regime and the people are benefiting from economic engagement, difficult choices must be made on a case-by-case basis.

Rev. Ian Paisley (North Antrim) (DUP): Will the Foreign Secretary bear in mind the serious attacks on church buildings, leaders and elders? A friend of mine who was a pastor there was murdered during this time. Can any influence be brought to bear to safeguard those people who are being attacked because of their religious principles under a cloak of other reasons?

David Miliband: The right hon. Gentleman makes an important point. If he has any particular cases to raise, I would be keen to ensure that my office follows them up and deals with them as best we can. He makes a general point about abuse that is sometimes targeted and sometimes anarchic and random. We want to try to do everything that we can in all such cases.

Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): My right hon. Friend mentioned the work being done at European level. Can he say a bit more about our efforts to ensure that all our European partners put as much pressure as possible on Zimbabwe and assist our work with the AU and other organisations?

David Miliband: I can confirm that our renewed friendship with the French Government is leading to an entente formidable on this issue. The French Government are driving the issue forward as part of their presidency of the EU, and we are feeding in all our ideas, as are other Governments. I hope that the Foreign Ministers' meeting on 22 July will be able to take the issue forward.

The third set of elements that is important includes sanctions and other measures against the regime. In respect of bilateral action, Robert Mugabe no longer holds a knighthood in this country and the bilateral cricket tour scheduled for 2009 has rightly been cancelled because of the clear links between the Zimbabwean cricket authorities and the Mugabe regime. With regard to the Twenty20 world cup due to be held in this country next year, we have asked the England and Wales Cricket Board to request the International Cricket Council to annul Zimbabwe's inclusion. The meeting taking place in Dubai has not yet concluded, but I very much hope that it will reach the clear conclusion that Zimbabwe should not be allowed to participate in the event, given the circumstances.

We will also consider whether action can be taken to exclude regime members or their associates from the UK and to freeze their assets.

Mr. Hugo Swire (East Devon) (Con): What discussions are ongoing with overseas Governments, especially Switzerland and the like, about the sequestration of assets belonging to Mugabe and his regime?

David Miliband: This is critically dependent on the UN resolution and its strength. If we can get a strong UN resolution, we will be in a good position to try to clamp down on the assets of the regime, whether in Switzerland or elsewhere.

Mr. Bellingham: We do need a powerful UN resolution, because the Foreign Secretary will recall that the Smith regime was subject to such a resolution and the only countries to which members of that regime could travel were Paraguay, Taiwan and South Africa. Most people find it utterly galling that Mugabe and his henchmen are still allowed to travel around the world under UN auspices, especially to the recent AU conference in Egypt.

David Miliband: I think that we have covered the importance of isolating the regime as far as possible.

The fourth point is the vital need to ensure that despite the focus on the politics we do not lose sight of the humanitarian crisis in Zimbabwe. We expect 5.1 million Zimbabwean people to be dependent on aid by the end of the year. Unless Mugabe lifts his ban on NGOs delivering aid and removes all obstacles to co-operation so that people can access food and basic medicines again, the situation will obviously get much worse. The UK remains committed to the people of Zimbabwe, as we are the second largest bilateral donor, giving some £45 million in 2001 and more than £200 million since 2000.

The Prime Minister has already publicly declared our willingness to play a major role in supporting the international rescue and recovery package for Zimbabwe when the time is right. That will cost at least $1 billion a year for the next five years—more than three times current aid levels. That is the bill for Mugabe's inhumanity.

Around the world, Governments and people are asking themselves how they can shift the position of a Zimbabwean Government who have proved deaf to the views of their people and to the international community. We owe it to the people of Zimbabwe to support and protect the forces of democracy inside the country, to step up our mediation efforts to ensure a peaceful and democratic resolution to this crisis, and to back this with targeted pressure and sanctions on the regime. This is a responsibility for the whole of the international community, but the greatest responsibility will be borne—certainly for political isolation—by African countries, especially Zimbabwe's neighbours.

[David Miliband]

The Movement for Democratic Change yesterday warned that

"The crisis in Zimbabwe requires urgent action. The violence, intimidation, hunger and suffering must be addressed as soon as possible. Zimbabweans cannot afford any more confusion or delays. Zimbabweans can no longer afford to listen to words that are not reinforced by action."

I am sure that the whole House will join with me in echoing those words.

12.37 pm

Mr. William Hague (Richmond, Yorks) (Con): There will be much common ground on many of the matters that the Foreign Secretary has mentioned, not least the thoughts and good wishes that he extended to the President of Zambia. We are united in this House in our horror that over the last decade the world has witnessed the Mugabe regime's relentless abuse of the Zimbabwean people and the systematic destruction of their country.

The humanitarian crisis in Zimbabwe is probably the worst anywhere in the world outside a war zone. One in four Zimbabweans have become refugees, and those who remain are at the mercy of a regime that beats, kills and tortures with impunity. Allowing Mugabe to cling to power is to consign the people of Zimbabwe to years, possibly, of further depredation and hopelessness. That is why the international community's response to the situation matters so much and why today's all-too-short debate is so important.

There will be general agreement in the House about much of the response, although I wish to press the Foreign Secretary on some points. I expect that we all agree that the European Union should widen its sanctions, as he mentioned; that it was right to issue a presidential statement to the UN and to seek a strong Security Council resolution now; and that African countries should join in not recognising the legitimacy of the Mugabe Government, although regrettably some have.

The Minister with responsibility for Africa, Lord Malloch-Brown, has spoken of a knot tightening around the regime, and stated unequivocally that Mugabe cannot be a part of any Zimbabwean Government. We very much support such sentiments. The issue now is how that can be achieved. The Foreign Secretary spoke about the AU summit in terms with which I agree. It was very good that countries such as Botswana called for the suspension of Zimbabwe from African regional bodies, because its participation would

"give unqualified legitimacy to a process that cannot be considered legitimate".

It is disappointing, however, that the summit resolution was less critical of Zimbabwe than we would have wished. It seems clear that a credible mediation—to use that word again—requires a new or additional mediator, such as Kofi Annan or the Nigerian President, as Morgan Tsvangirai has said.

The Foreign Secretary said that he would travel shortly to South Africa. I hope that he will take that opportunity to deliver a united message from this country that, following the violence and the sham elections, the regime of Mugabe cannot be recognised as legitimate. I hope that he will be able to go a little further and say that in the absence of any agreement to the contrary, we regard Morgan Tsvangirai as the democratically elected leader of Zimbabwe subject, of course, to the subsequent decisions of the Zimbabwean people when at long last they have the freedom to make their own choices in the future.

Mr. Bellingham: On the subject of a transitional Government, does my right hon. Friend agree that it is extremely important for that to be followed by a free, fair and properly monitored election very soon afterwards?

Mr. Hague: Of course, the whole House and the whole civilised world hopes that that will happen, and that the people of Zimbabwe will be able then to express their views in an election that meets international standards. We cannot lay down what will be agreed in the future, but in my view that certainly ought to be part of it.

The same message should be reflected in the conclusions of the G8 summit next week, at which South Africa, of course, will be present. That will be an opportunity not to bully South Africa but to challenge its Government to live up to their moral regional responsibilities. It will be an opportunity to leave South Africa and the South African Government in no doubt that there is huge disappointment in this country about the stance that they have taken.

Mr. Denis MacShane (Rotherham) (Lab): Is the right hon. Gentleman aware that the African National Congress, at this week's conference of the Socialist International, sought to block the MDC from affiliating to the Socialist International? Sadly, the ANC is not seen internationally to be siding with the MDC and the G8 meeting is very important to maximise the pressure on South Africa.

Mr. Hague: That is a good point, and I agree with it very much. Of course, the ANC has separated itself from ZANU-PF to some extent in its statements. Many of us have had conversations with Mr. Zuma about all this and have urged a stronger line from South Africa in the future. I met him last month—

David Miliband: At the Socialist International meeting?

Mr. Hague: Not at the Socialist International, but we meet in other forums. We all have to use all the relationships that we have with South Africa to urge a stronger line. South Africa is a country under huge pressure from the number of Zimbabwean refugees who are entering, and that is having a destabilising effect. That must be placing a strain on the infrastructure of a country that is planning, among other things, to host the 2010 World cup.

I am pleased that the Foreign Secretary has raised today the supply of food in Zimbabwe, which he said would be needed by 5.1 million people by the end of the year. Given that aid agencies have been prevented from operating, it is vital that humanitarian assistance reaches those who most need it. We urge the Foreign Secretary to raise that matter with South African Ministers and his other African counterparts.

I was pleased, too, that he talked about the international assistance that would be provided after Mugabe, whenever the people of Zimbabwe have the freedom to choose their own Government. It ought to be possible to lay out that programme of assistance in greater detail than has so far been done by our Government and other Governments of the world. A clear programme of assistance

should backed by a donor conference; a contact group should provide diplomatic support and engage with regional countries; and support should be provided for the reform of the police and security sector in Zimbabwe as well as for the orderly return of refugees. In the event of a major deterioration in security post-Mugabe, an international observer mission or over-the-horizon humanitarian force under the auspices of the African Union and backed by the major powers could be ready. All that could be set out in more detail and would give great hope to the people of Zimbabwe in this desperate situation.

John Bercow: Does my right hon. Friend agree that providing carrots of the kind that he has just rightly described needs to be accompanied by the threat of the use of the stick? To put it bluntly, the longer this nonsense goes on and the more fatalities under the mass-murderer Mugabe there are, the greater the likelihood that he and others will be referred to the International Criminal Court.

Mr. Hague: My hon. Friend brings me right on to the point that I was about to make. The carrots can be made somewhat clearer, but of course the stick needs to be made bigger. We all welcome the initiative to introduce a draft resolution in the Security Council that places an arms embargo on Zimbabwe and imposes a travel ban and asset freeze on regime officials. We certainly support the call for a UN human rights commission and a special envoy to Zimbabwe. Those are steps that the Security Council ought to be able to agree.

If that criminal Government manage to cling to power and the situation in Zimbabwe continues to deteriorate, millions of people across the world will wonder why the UN did not do more. In our view, if the UN was living up to its responsibilities—particularly the responsibility to protect, which all nations signed up to in recent years—it would agree all the measures that I have outlined and the referral of the Mugabe regime to the ICC. Clearly, it is difficult to achieve that in the UN Security Council, given the balance of opinion. However, the Minister responsible for Africa has said that he anticipates human rights action against the regime that, in his words,

"will quickly make it impossible for them to travel anywhere for fear of arrest from human rights warrants put up by different judges".

We would welcome clarification from the Government about what the Minister responsible for Africa was referring to. We strongly support such action, but it is not clear how it will be put into effect.

The Foreign Secretary said that he expected European sanctions on Zimbabwe to be enhanced at the next meeting of EU Foreign Ministers. Of course, we support that too. Perhaps the Government will be able to tell us, if they have the chance to respond to the debate or in the future, how many family members or relatives of regime members reside in Britain or attend British universities.

We hope that it will be made clear that the EU should not invite Mugabe to any further summits of any kind. I asked the Foreign Secretary about that a couple of weeks ago and he said that no such summit was in prospect, which is in itself welcome. It should be possible to make a stronger statement than that if the EU means business on those matters.

There is wide agreement that businesses should be responsible in their approach to investment in Zimbabwe. Some people have called for a trade embargo, and I do not believe that that or anything else should be ruled out for the future. In the absence of any prospect of Security Council agreement, that proposal would obviously have some severe deficiencies. However, there might be a need for greater clarity in the guidance to businesses on how to approach matters.

We welcome the announcements by Tesco and the German company that has printed banknotes for the regime that they have withdrawn their business from Zimbabwe. There appears to be some confusion, however. One businessman was quoted in the newspapers this week as having said:

"The politicians appear to be saying one thing and the Foreign Office another."

We ought to be able to set out that those not engaged in the country should not seek to become engaged there and that those countries with assets and employees in Zimbabwe should make no new investments and do nothing that provides hard currency to members of the regime, feeds its corruption or prolongs the tenure of a Government who have lost all legitimacy.

I must ask the Government about a point that might seem detailed but is symbolically important. It is about Northern Rock, now a state-owned bank in the UK. Its Guernsey subsidiary is specifically asking for deposits from three African countries, of which Zimbabwe is one. Treasury Ministers who have been asked about it have not yet been able definitively to state that Northern Rock complies with the EU financial sanctions regime. Given that the bank is owned by the British taxpayer, Ministers should be able to state that. An explanation of why that subsidiary is asking for deposits from Zimbabwe would be welcome.

It is a tragedy that, after all the high hopes of the 1980s and the introduction of democracy, the people of Zimbabwe have suffered such appalling misrule. There is now a choice, which, as the Foreign Secretary has said, is largely before the African nations, about the way in which the regime will come to an end. It will either be a slow, agonising end with inflation reaching infinity, life expectancy falling even lower and food becoming even scarcer as Mugabe and those around him try to eke out their power, or it can be a quicker end that allows the country and its people to recover more quickly in a democratic and open society. Now is the time for all nations to send the unequivocal message to the regime in Harare and the people of Zimbabwe that there is a future for the country after Mugabe, and to send the message to the African continent that its Governments cannot sit on their hands and avoid taking sides in a crisis that blights the lives of millions.

Several hon. Members *rose—*

Madam Deputy Speaker (Sylvia Heal): Order. I remind all right hon. and hon. Members that Mr. Speaker has imposed an eight-minute limit on Back-Bench speeches.

12.49 pm

Hugh Bayley (City of York) (Lab): I begin by reminding myself and the House that Morgan Tsvangirai clearly won the March election. The so-called run-off election

[Hugh Bayley]

on Friday was a sham and a betrayal of the Zimbabwean people. Marwick Khumalo, the leader of the Pan-African Parliament's election observer mission, said that it was

"an electoral campaign marred by high levels of intimidation, violence, displacement of people, abductions, and loss of life".

He went on to say that it was

"difficult to dismiss claims of state-sponsored violence".

The mission concluded that the elections were not free, fair or credible, and called for new elections.

Members of Parliament in Africa have found their voice, and we in this Parliament should congratulate and stand by them. There is a lot of anger and frustration, but anger and frustration will not change things. We need to ask what the UK can do to change the situation in Zimbabwe. First, we need to increase humanitarian aid. As the Foreign Secretary said, we are the second largest bilateral donor, and provided £45 million in aid last year. There are 300,000 people receiving food aid, but the Department for International Development expects that figure to rise to more than 4 million come the hungry season in January. We and other donors must step up to the mark and increase our aid.

Mr. MacShane: The shadow Foreign Secretary, the right hon. Member for Richmond, Yorks (Mr. Hague), complained about hard currency going into Zimbabwe. Is it not a dilemma that our hard currency, from DFID and other aid donors, is propping things up there? I do not ask my hon. Friend the Member for City of York (Hugh Bayley) to condemn that aid, but we are in a dilemma that we are not facing honestly.

Hugh Bayley: It is necessary for us to channel our aid money through UN agencies, and to circumvent the Zimbabwean Government, but what my right hon. Friend says is right. When foreign currency is exchanged in Zimbabwe, their Government take a cut, and some 20 or 25 per cent. ends up in Government coffers. We need to face that dilemma in relation to economic sanctions, but I will say more about that later.

The UN Office for the Co-ordination of Humanitarian Affairs says that 1.5 million people in Zimbabwe have been directly affected by the Zimbabwean Government's suspension of the activities of non-governmental organisations. That activity was suspended because the Government falsely claimed that the NGOs were taking sides in the election. The election has passed, and there can be no possible argument for the continued suspension of the activities of NGOs. We should be pressing the Government of Zimbabwe, and pressing our friends in Africa to press that Government, to enable those humanitarian organisations to get back to doing their work.

Our Government are the biggest donor to the replenishment of the World Bank's International Development Association, so we should take a lead in the construction of an international economic rescue package for Zimbabwe. That package should be conditional on the re-establishment of an accountable Government in Zimbabwe. That would give the Zimbabwean players real encouragement to re-establish legitimate Government, so that the disastrous economic situation in Zimbabwe can be addressed.

Members of this House need to take account of our own history. Mugabe is a tyrant, but where did he learn his tactics? He spent the first 50 years of his life growing up under white minority rule. When Cecil Rhodes's pioneers moved into Mashonaland in 1890, they simply seized the land. The Matabele lands were taken by the British South Africa Company because their leader, Lobengula, was double-crossed.

Dr. Julian Lewis (New Forest, East) (Con): I find this history lesson fascinating, but before the hon. Gentleman gets too carried away in an anti-colonialist reverie, or even rant, may I remind him that Robert Mugabe was a Marxist dictator, and that it is no coincidence that a communist country, China, is his biggest supporter to this day?

Hugh Bayley: The hon. Gentleman is right that during the liberation struggle, ZANU, as it was then, received a lot of aid and support from China. I certainly would not make the case that Britain's colonial history is solely responsible for the situation. I make these points because we in the House need to be aware of why people in Africa sometimes regard our statements on Zimbabwe as prejudiced, and as being based on double standards. That is why it is so important for Africa to rise to the challenge of solving the problem itself.

If we are looking for leadership, we and others in Africa should look first to the Zimbabwean Parliament. Parliaments are meant to hold the Executive to account, and a majority of the Members of Parliament elected on 29 March were Opposition MPs. There were 99 from the Tsvangirai faction of the Movement for Democratic Change, nine from Mutambara's MDC, and 97 from ZANU-PF. We should clearly say that the Zimbabwean Parliament should be convened, and that the contesting of the election results, which ZANU-PF is still pursuing, should not prevent the Parliament from being convened. We should provide finance and support for the Parliament, perhaps through the Pan-African Parliament, to enable it to meet and to develop its capacity to hold the Government to account.

The UK's smart sanctions have not been smart enough. It is time for Europe to look seriously at wider economic sanctions. We certainly need to consult those whom we can consult in Zimbabwe—the MDC, NGOs and Members of Parliament—about how the sanctions packet should be fashioned, but as my right hon. Friend the Member for Rotherham (Mr. MacShane) said, whenever there is any business transaction in Zimbabwe, the Mugabe regime takes its cut. If the UK denounces the ZANU-PF junta but permits Anglo American, Rio Tinto, Shell or Tesco to invest or trade in Zimbabwe, and to take profit out, many will again accuse us of double standards.

During the 1970s and '80s, I was a member of the executive of the Anti-Apartheid Movement, and I stood outside Rhodesia House demanding political change. The illegal Smith regime had no legitimacy, and the Mugabe junta has no legitimacy. Thirty years ago, I demanded the right of the Zimbabwean people to be freed from tyranny and to control their own political destiny through free and fair elections, and I do the same today. Our Government, and Governments in Africa who care about the future of Zimbabwe, must not recognise the elections, and must insist that new, free and fair elections be held.

12.58 pm

Mr. Edward Davey (Kingston and Surbiton) (LD): The Foreign Secretary was right to say that there was cross-party support on almost all the issues to do with Zimbabwe, and I agree with many of the remarks made by the right hon. Member for Richmond, Yorks (Mr. Hague), including on the need to put more pressure on South Africa, and on the need to support those African nations that are speaking out, such as Botswana; that clearly is the route forward. I am pleased that the Foreign Secretary recommended that Her Majesty take up our proposal to withdraw Mugabe's knighthood. I want to use the small amount of time that I have to make three constructive suggestions to the Government. The first has to do with how we can help Zimbabweans living in this country prepare for their future role in rebuilding Zimbabwe. The second is to propose that the Government push for a stronger legal threat on Mugabe through the UN, and the third involves some comments about sanctions.

The key development objective for a post-Mugabe Zimbabwe must be to help as many Zimbabweans living in this country prepare for their task of rebuilding their country, through education, training and work experience. The Government have taken some action in that respect, but I have spoken to representatives of the Movement for Democratic Change and of many of the organisations that work with Zimbabweans living in this country, and they are quietly critical of the Government for not doing much more. Their criticisms come down to two things—that huge uncertainties remain for failed asylum seekers, and that the thousands of Zimbabweans still waiting for their original asylum cases to be heard are unable to work. Those people have been left virtually destitute, with their skills and talents untapped by this country and withering away when it comes to any future use in Zimbabwe.

On failed Zimbabwean asylum seekers, the Court of Appeal yesterday decided to adjourn its hearing in the so-called "HS" case. That means that there should be no removals of such people for at least a few more months, but what about the longer term? We have heard some warm words from some Foreign Office Ministers, most recently on Monday in the other place, when Lord Bach said:

"we have no current plans to enforce returns to Zimbabwe and will not do so until the current political situation is resolved."—[*Official Report, House of Lords*, 30 June 2008; Vol. 703, c. 3.]

Yet colleagues will readily see that even that statement has a degree of uncertainty and ambiguity about it, even before one adds the ambiguity that is the hallmark of the Home Office's position on this matter.

The policy issue involved is totally in the Government's control. No quiet diplomacy or negotiation with any other country is needed; Ministers could take a decision and act. Why cannot all Zimbabwean failed asylum seekers be given special discretionary leave to remain lasting, say, for two years from today? That would give them the certainty that they need to get their lives together so that they can prepare for their eventual return to Zimbabwe. Ministers could also allow those people the right to work, and give the same right to work to the thousand of Zimbabweans who have been waiting for their asylum cases to be heard. Those people are seeking sanctuary in this country from the evil of Mugabe, but why do we allow them to suffer here? They have to rely on charity hand-outs and Red Cross parcels, but why can we not allow them the dignity of work?

On Monday in the other place, Lord Bach repeated the pledge that his colleague Lord Malloch-Brown had made the previous week. Lord Malloch-Brown had said that the Government were

"looking at the support that we may need to give Zimbabweans in this country, particularly at the ban on refugees taking up work".—[*Official Report*, 23 June 2008; vol. 702, col. 1258.]

I hope that the Government will say more about that. Technically, Lord Malloch-Brown was wrong. Refugees have the right to work here, but asylum seekers and failed asylum seekers do not. I am pleased that the Government are looking at the matter, but we need action and some details now.

Simon Hughes (North Southwark and Bermondsey) (LD): I endorse enthusiastically what my hon. Friend is saying, and commend his request to the Government. Those of us who represent many people from Zimbabwe know that they want to be able to work now so that they can live and work in Zimbabwe later. Does my hon. Friend agree with the plea made to the Government by the hon. Member for City of York (Hugh Bayley) that we work to make sure that those elected to Zimbabwe's Parliament can take up their places? In that way, and by working with the AU, the Southern African Development Community and others, we can be sure that a Parliament with an Opposition majority is in place to hold the Government to account. That is a hugely important and immediate requirement.

Mr. Davey: I agree totally with my hon. Friend and the hon. Member for City of York (Hugh Bayley).

My second point, about the UN and the International Criminal Court, has been touched on by Liberal Democrat and Conservative Members in recent days. However, the point that I want to make is more precise and immediate, and I believe that it will help focus the minds of those in the inner circle of ZANU-PF. The UN should resolve that, if Robert Mugabe does not leave office within six months, the jurisdiction of the ICC will apply in Zimbabwe.

Currently, Zimbabwe is not a signatory to the ICC, and that puts Mugabe and his henchmen outside the reach of international police and prosecutors. However, the UN Security Council can, by a resolution, bring any country within the locus of the ICC. That would mean that Mugabe and any other named individuals—wherever they went in the world and at any time until their dying day—could face lawful arrest, and subsequent prosecution in the Hague. That would surely focus the minds of the ZANU-PF inner circle.

Ministers should mount a diplomatic offensive to that end in the UN. I accept that it would be difficult, but trying to win international support for that powerful legal threat—the ultimate eviction notice—would surely be worth the effort.

My final point has to do with the vexed question of sanctions. There has inevitably been a debate over smart or targeted sanctions as opposed to dumb or blanket sanctions. Should we toughen the current targeted regime—for example, by including the families of the ZANU-PF leadership—or should we consider more intermediate measures, such as a UN arms embargo, or specific bans on things like financial remittances, electricity and petrol?

[Mr. Davey]

Wider measures could include commercial disinvestment to a full-scale economic and trade embargo.

There are questions about the efficacy of such sanctions and who would suffer, but we need to do far more than we have done so far. It is the ordinary Zimbabweans who are suffering tremendously from malnutrition, unemployment and inflation. Many of the tougher sanctions that are available would not hurt them, but they would hurt the elite and those in Mugabe's Government.

1.5 pm

Kate Hoey (Vauxhall) (Lab): I very much welcome the cross-party nature of this debate, and especially the work done by the Foreign Secretary and the shadow Foreign Secretary. However, I also want to pay tribute to the Prime Minister for his personal commitment to this matter and the huge amount of time and effort that he has devoted to it over the past few months. There has been some progress at the UN recently, and I honestly believe that that has resulted from the extra efforts that he has made, and from the work that has gone on generally in this House.

I am pleased that some of the things for which various hon. Members have called for some time have been accepted by the Government. For example, sanctions are to be tightened, and the problems with the Zimbabwe cricket tour have been cleared up. We called for that a year ago, but we were told that sport and politics do not mix. I hope that no one is dreaming of giving a visa to any Zimbabwean cricketer even if the International Cricket Council were to say that the team could carry on in Twenty20 cricket.

I do not want to go into too much detail, but does the international community really want Mugabe to attend the Beijing Olympic games? Should a Zimbabwean team be able to compete? If we can get South Africa out of the Olympics, we should be able to do the same for Zimbabwe.

I want to talk about humanitarian protection. What is the UN's role in that? What has it said that it can do, and how little does it actually do? It utters grand-sounding words and resolutions, but how can we take that seriously if there are no mechanisms that allow it to intervene and give the real help needed to save people from the violent frenzy of Zimbabwe's illegal Government? We should not even talk about President Mugabe—he is not a president, and he has not been legally elected. The Zimbabwean Government are an illegal, pariah Government.

The UN has a special adviser on the prevention of genocide. That sounds very laudable, but what has he done to prevent the slide towards genocide in Zimbabwe? It is not too extreme to use the word "genocide", as some extremely dreadful things are happening in that country. Those events are not seen by cameras, and they happen out of the sight of the many brave reporters and journalists who have managed to get into the country. Has the adviser given any assessment to the UN of the genocide that is taking place in Zimbabwe?

I could spend a lot of time making critical comments about the AU, but we do not have that time. I welcome the fact that some African leaders have finally gone public with the criticism of Mugabe that they had hitherto made quietly behind the scenes. The AU monitors said that the first election was completely free and fair, but we knew that some terrible things were going on. They condemned the second round of elections, so how come Mugabe was allowed even to think of being able to attend the summit in Egypt? Zimbabwe must be suspended from the AU until an end is put to Mugabe's Government and a new Government put in their place. The AU must be pushed by us. It has no credibility while it allows Zimbabwe to remain a member.

Malcolm Bruce (Gordon) (LD): The hon. Lady is making an important point, but does she agree that it is important for members of the African Union to understand that if the international community is committed to massive transfers of aid and development funding to Africa, Africa must solve the political and economic problems at its heart? Otherwise, it will be very difficult to maintain public support for that transfer of funds.

Kate Hoey: Absolutely; I shall come on to that issue if I have time.

What is the point of negotiation and mediation if they are simply used as a tactic to prolong Mugabe's rule and allow him to wear down the MDC by intimidation and violence? ZANU-PF is working on the basis that, if it can string out the mediation process for long enough, there will not be any coherent opposition left to confront. There is a systematic taking-out of duly elected Members of Parliament at this very moment. They continue to be abducted and beaten up and to disappear. Although there may be an MDC parliamentary majority, Members of Parliament who are kept in prison or in police cells for more than 21 days can be removed from their seats. The idea is that, by the end of the process, Mugabe will get his parliamentary majority by killing and torturing the Members who already sit in Parliament.

Ms Sally Keeble (Northampton, North) (Lab): Does my hon. Friend agree that, unless clear standards are set for the proper governance for Zimbabwe, there is a real risk that mediation and compromise will simply result in a fudge that allows the present atrocities to continue, albeit under a slightly different banner?

Kate Hoey: Any fudge that involves Mugabe or any of his closest Government allies staying in power must be opposed.

John Bercow: If talks and sanctions fail, surely there is a logical corollary of that state of affairs, in that the only way to remove a genocidal regime is by virtue of a military deployment with an obligation to enforce peace.

Kate Hoey: We may have to consider a peacekeeping force, but I am very keen to ensure that we do what the MDC—the official Government, as far as I am concerned—asks for, rather than sit around here and decide what is best.

If this is an African problem, as we are told it is, and it needs an African solution, the AU and SADC must call for an end to the intimidation of African lawyers when carrying out their professional duties. The draft communiqués that emerge from the AU still manage to parrot ZANU-PF's version of events.

I cannot even begin to say what I think of the South African President. I said last week in Parliament that we have been far too nice for far too long to President Mbeki, and I am glad that we are beginning to think that it is time to stop. When he and many others rallied people in this country on the issues of apartheid, we were not told that we should not get involved because we were ex-colonialists, or that we should not struggle to rid South Africa of oppression. Many South Africans came to the UK to seek refuge from terror; today, many Zimbabweans are coming here, and we need to give them the same support that we gave to the African National Congress exiles all those years ago.

I want to mention some people who have been to this Parliament, who have been involved with all of us and who are still being held in prison. Tendai Biti is of course now out of prison, but he was released not because of Mbeki's protestations, but because of the very brave lawyers who continue in that country to ensure that, occasionally, judges rule on some elements of law and order. I want to mention also some of the women from Women of Zimbabwe Arise, whom I met many years ago on my first visit, and indeed, on my second and third visits. Those women, who were working throughout Zimbabwe, were not partisan and did not even think of themselves as politicised; they wanted their lives and those of the people in their communities to get better. Many were widows, and they knew that their children would soon be orphans, but they looked out for each other and vowed to care for each other when they were no longer able to look after themselves. That is what human rights should mean in practice, and that is what the responsibility to protect means at grass-roots level.

Today, many of those women are still in prison. People such as Jenni Williams and Magadonga Mahlangu were arrested on 28 May. They are still being held in custody in harsh and sub-human conditions, and they are subject to torture and other degrading treatment. Those women were detained purely because they attempted to exercise their rights to freedom of association and assembly.

In the trade union movement, Lovemore Matombo, president of the Zimbabwe Congress of Trade Unions and one of the most impressive men I have ever met, is fighting valiantly against all the odds to uphold the rights of workers in Zimbabwe. He has been imprisoned many times—under Ian Smith as well as under Mugabe—and is now on trial for inciting rebellion as a result of a speech that he made on May day. I welcome the role of the trade unions in trying to confront Mugabe, and I welcome also the changed and very strong views of the Congress of South African Trade Unions. If only the South African President would listen to them.

The UK Prime Minister recently challenged the G8 members to live up to their promises at Gleneagles to increase development aid, but so far they have not kept them. I hope also that he will issue a strong challenge to Thabo Mbeki and the AU representatives to live up to their promises. It is quite amazing that we continue to think about pouring in millions of pounds of aid. I am not necessarily talking about Zimbabwe, but there are real problems with the way in which aid is used there. We have to be very careful, because when I was in Zimbabwe, and more recently, many people said to me, "We're suffering anyway. Is it not better to get the suffering over as quickly as possible, rather than dragging things out and keeping Mugabe in power by paying to feed the people who Mugabe is trying to kill and oppress?" It is us—my constituents—who are paying. We have to say to the rest of the African Union, "We are aiding you, we are giving you things, we are helping you. You cannot expect continually to have it both ways—to take what we give and then condemn us for interfering in Africa."

It is time for Governments throughout the world to recognise that we have been too slow to get involved in Zimbabwe. If we do not now undertake proper international involvement, get in there and make Mugabe go, there will be a genocide unlike anything we have seen—certainly not since Rwanda.

1.16 pm

Sir Nicholas Winterton (Macclesfield) (Con): I am very pleased to follow the hon. Member for Vauxhall (Kate Hoey). As she knows, I have taken an interest in Zimbabwe ever since I entered the House, and the country and its people are very close to my heart.

Three months on from 29 March, when the presidential and parliamentary election results that were posted at polling stations seemed to bring change within the grasp of the long-suffering people of Zimbabwe, their lives have become worse. With every day that passes, there are examples of brutality, killings, beatings and imprisonment. You name it, they have experienced it. It is important to remember that Zimbabwe has a democratically elected Parliament, as the hon. Lady said. While discussions over transitional arrangements continue among South African Development Community and African Union leaders, we must bear in mind the Zimbabwean people's democratic will, which was expressed in the mandate given to the members of the House of Assembly on 29 March. The voices of those parliamentarians must be listened to as an expression of the sovereign will of the people of Zimbabwe.

We in this House want democracy in Zimbabwe, not a stitch-up engineered from outside to protect the interests of ZANU-PF, its elite and its associates. Mugabe is reported to be planning to undermine the MDC majority in Parliament by bringing trumped-up charges against Movement for Democratic Change MPs. It is also said that he will use imprisonment and abduction to make them forfeit their seats, because as the hon. Lady said, under Zimbabwean law, MPs who do not attend Parliament for 21 consecutive days lose their seats.

Understandably, I advise the House, many newly elected MDC MPs are already in hiding and at least 10 have been arrested on spurious charges. I hope that this House will do all it can to alert parliamentarians throughout the world to the threats faced by those Zimbabweans who have put their lives on the line by offering themselves up for election.

Peter Bottomley (Worthing, West) (Con): Will my hon. Friend give way?

Sir Nicholas Winterton: No, I shall not give way. Time in the debate is limited and others want to speak.

Measures which time and again were dismissed as unacceptable and unhelpful are now being adopted as it becomes clear that Mugabe and his ZANU-PF thugs

[Sir Nicholas Winterton]

will not respond to conventional pressure of any sort—political or diplomatic. Strong and unequivocal action, which isolates his regime and cuts off the sources of payment, patronage, privilege, travel, fuel and energy, is needed to reduce the benefits that he receives and which fuel the machinery of oppression. It is heartening to see the growing international mood towards serious engagement to bring an end to Mugabe's madness and the tragedy of Zimbabwe. I pay tribute to the voices of two archbishops—John Sentamu and Desmond Tutu. Their passion for the welfare of the people of Zimbabwe stands in stark contrast to the silence and inaction of so many political leaders in Africa.

The hon. Member for City of York (Hugh Bayley), who chairs the UK branch of the Commonwealth Parliamentary Association, has already spoken. I say with regret that, sadly, the Commonwealth has failed to live up to the challenge that Mugabe presented when he withdrew Zimbabwe from membership. Many of us feel huge good will towards the Commonwealth and feel that it can still play a valuable role in international affairs. It is not too late for the Commonwealth to fulfil its potential and protect the citizens of Zimbabwe, who should surely still be considered to be members of the Commonwealth. They have an even greater need for support since Mugabe petulantly abducted them rather than fulfil his obligations to uphold democracy and decent behaviour.

I should like to refer briefly to the G8, which meets in a matter of hours. It should not only issue a stinging rebuke to Mugabe, but ask pertinent, searching questions of President Mbeki of South Africa and perhaps deliver to him a slightly less stinging rebuke. He has failed miserably to live up to his side of the bargain with the G8. The House may not know this, but the whole basis on which he attends the annual G8 summits as an observer is the understanding that he will take a lead in Africa on upholding good governance and respect for human rights. He has failed to do that.

This weekend, Morgan Tsvangirai told a South African newspaper:

> "I have received information that President Mbeki is lobbying at the African Union to have that position taken"—

that is, the position that Mugabe is president. He went on:

> "For President Mbeki to promote Mugabe in these circumstances flies against the grain of international opinion, disregards the feelings of Zimbabweans and undermines again his credibility in the mediation effort."

We must resist the voices of those who tell us that we have no right to involve ourselves with what they claim is a purely African matter. That surely overlooks the massive financial contribution that we in this country make towards the humanitarian effort in Zimbabwe and in other SADC countries. I say sincerely to the Foreign Secretary that SADC leaders and the African Union must be reminded that our continuing commitment to the development of all the countries in the region makes it incumbent on them to join us as partners in protecting the development that we are promoting. A failure to confront Mugabe's wanton destruction of Zimbabwe is hostile to any genuine commitment to ongoing development in the area.

Much help will be needed in establishing the rule of law again in Zimbabwe. The House will know that its traditions of professionalism in the armed services and the police were drawn largely from our own tradition. Similarly, the links between the education systems, legal professions and judiciaries in Zimbabwe and this country are strong. I hope that we will do much to nurture a revival of those professions. The bonds between the people of the country and the United Kingdom are strong. They have remained strong despite the viciousness of Mugabe's actions and his vitriol. I look forward to visiting Zimbabwe again one day soon and celebrating rebirth, stability, peace and economic progress in that wonderful country.

1.24 pm

Mr. Andrew Mackay (Bracknell) (Con): It gives me particular pleasure to follow my hon. Friend the Member for Macclesfield (Sir Nicholas Winterton) and the hon. Member for Vauxhall (Kate Hoey), both of whom, from different sides of the House, have relentlessly and unstintingly raised the plight of Zimbabwe and ordinary Zimbabwean people. We owe them a great debt of gratitude.

It was absolutely right for the Foreign Secretary to open by saying that the House will and must show total unity today. There have been moments of slight disagreement in the past, because we were all pushing for action at a different pace. I readily acknowledge that the Government had a difficult hand to play. However, I suggest to the Foreign Secretary that now that last week's sham election is over, the pace has changed completely. People can no longer say, "Oh well, the ex-colonial power should not look as if it is interfering in Zimbabwe. It is counter-productive to speak out, as it might give succour to Mugabe." I put it to the Foreign Secretary that a brief topical debate such as this is inadequate, although better than nothing. It is important that there should be a full-scale debate on the Floor of the House. It is also important that the Foreign Secretary and the Secretary of State for International Development return to the Dispatch Box regularly to update us on developments as events unfold.

We all know what horrors have been happening in Zimbabwe; we do not need to rehearse them again in the short time available. However, I wish to make two specific points, which I have raised before in Westminster Hall debates. The first is about smart sanctions, which, as the hon. Member for Kingston and Surbiton (Mr. Davey) said, have not really worked. There has not been the necessary professionalism and desire to make them work.

I hope that the Foreign Secretary will soon be able to answer the pertinent question posed by my right hon. Friend the Member for Richmond, Yorks (Mr. Hague). Many believe that a significant number of children of members of the Mugabe regime are at private boarding school or university in this country. Every single one should be slung out, because they have absolutely no right to benefit from being in this country. If sharp sanctions are to mean what they say and are not to affect the ordinary people of Zimbabwe, we should go for what I have suggested.

Mr. MacShane *rose—*

Mr. Mackay: I shall not give way; as my hon. Friend the Member for Macclesfield said, many others who want to speak have been waiting patiently. Giving way would eat into their time.

The second issue that I wish to raise is that it is clear that very little progress will be made at the United Nations. Deep down, the Foreign Secretary knows that. The reason is simple: China will veto again and again. Yes, we can play our part within the European Union and the G8, but we all know that the final solution has to be in the hands of Africa. Some progress was made at Sharm el-Sheikh, although the summit was deeply disappointing in many ways. However, more and more African countries are speaking out—Nigeria and Kenya, as well as SADC countries. Progress has also been made at SADC. The role of the President of Zambia has already been mentioned, but Botswana and Tanzania have also been important.

The real problem, however, is South Africa. South Africa holds the key; it is the economic and political giant of southern Africa. If South Africa were to lead, the rest would fall into place. We have seen the courage of ex-President Mandela in speaking out, we have heard the wise words of Archbishop Tutu, we have seen some movement from Mr. Zuma on behalf of the African National Congress, and we were delighted by the stance of the South African trade union movement in refusing to allow—*[Interruption.]* The Foreign Secretary seems to think that this is funny. I do not think that it is at all funny that trade unionists—dockers—in South Africa rightly did not allow the Chinese ship to dock with its arms and munitions for Zimbabwe. That lead should have come from the South African Government, but it did not—it was taken by trade unionists.

As the hon. Member for Vauxhall said, the real culprit is President Mbeki. He could do more but does nothing whatsoever. Huge pressure must be put on him and huge condemnation must be made of him. It is vital that he is shamed into taking greater action. One can perfectly well understand why Mr. Tsvangirai does not feel that this man can be a mediator. I hope that the Foreign Secretary will assure us that when he visits South Africa he is very plain-speaking with President Mbeki, who is letting down the people of South Africa and affecting the reputation of that democracy.

1.31 pm

Mr. Hugo Swire (East Devon) (Con): It is a pleasure almost to follow the hon. Member for Vauxhall (Kate Hoey), who gave an extremely well balanced and thoughtful speech, in stark contrast to some other Labour Members who are always under the shadow of the post-colonial guilt that has led to virtual paralysis in dealing with Zimbabwe over the past decade.

Last time we had a full debate on Zimbabwe in this Chamber, the Foreign Secretary urged us to be temperate with our language, on the grounds that Mugabe was listening to us. I sincerely hope that Mugabe will get a report of today's proceedings. I welcome the fact that, belatedly, the Foreign Secretary's language has got tougher. It is clear that the African solution that was envisaged as being the answer for so many years is not working. Why? Because while President Mbeki is around, nothing is going to happen. We must rest our hopes on Jacob Zuma and other African leaders who genuinely want to move matters forward.

There are several things that we can do, and I am sure that the Foreign Secretary will do them. At the forthcoming G8 summit in Japan next week, he should urge all states to refuse to recognise the legitimacy of Mugabe's regime and call on the Southern African Development Community and African Union countries not to recognise the legitimacy of the regime; at the European Union, he should call for wider EU sanctions on Mugabe's regime members; at the United Nations, he should call for a UN commission of inquiry into human rights abuses in China; and he should urge British businesses and individuals not to make any investments that prop up Mugabe's regime. We have addressed many of those issues during the debate.

At Prime Minister's questions recently, when I asked the Prime Minister whether he would summon the Chinese ambassador and tell her that the eyes of the world were on China in the run-up to the Beijing Olympics, he gave me the brush-off. I urge the Foreign Secretary to use every possible pressure that he can to persuade the Chinese that they must desist immediately from financially shoring up this evil, criminal regime. Without China, we will not get the resolution that we need at the UN, and that needs to be spelled out to China in very bleak terms. It is possible to intervene in Zimbabwe under the UN responsibility to protect, or R2P. Equally, it is possible to refer some of these criminals to the International Criminal Court, but that would also need to be supported by China.

I support the idea that sanctions should be extended—they have clearly been violated by some members of the Mugabe regime—and, yes, I believe that they should extend to members of the families of those associated with what has been called Mugabe's criminal cartel. It is perhaps worth doing a roll of dishonour of some of the people who I believe have questions to answer in due course: Constantine Chiwenga, the commander of the Zimbabwean army; Augustine Chihuri, the police chief; Perence Shiri, the air force chief; Gideon Gono, the central bank governor; Patrick Chinamasa, laughably called the Justice Minister; George Charamba, Mugabe's spokesman; Emmerson Mnangagwa, the Rural Housing Minister; and Happyton Bonyongwe, chief of the Central Intelligence Organisation. All those people should be aware that this House and other democratic Parliaments around the world have their eyes on them and will want them to be called to account for their deeds, in Mugabe's case going back to the Matabeleland massacres and since.

I want to ask the Foreign Secretary about our moral obligation in two fields: first, to the people who are still UK citizens or British passport holders in Zimbabwe; and secondly, to pensioners. I refer him to the recent case of Ben and Laura Freeth, who were violently beaten up by Mugabe's henchmen, as were their in-laws, Mike and Angela Campbell. Ben Freeth is the holder of a British passport. He, or his parents-in-law, acquired their land after independence. The Zimbabwean Government were offered the farm but chose not to buy it. It was bought in good faith under the law, yet there have been attempts to run them off it. It is a remarkable testament to them that they are intending to stay and defend what is rightfully theirs. On 16 July, the case is coming up at SADC, and that will be a litmus test on land reform in Zimbabwe. So far, the Zimbabwean Government have repeatedly put it off by saying that they do not have the paperwork. I urge the Foreign Secretary to look into this case and to raise it in Japan, because we need to see that justice can still be done.

[Mr. Hugo Swire]

I want to turn briefly to our moral obligation to pensioners. The Overseas Service Pensioners Association has been working on this issue for many years. I urge the Foreign Secretary to listen, because it is quite important and quite complicated. At the time of Lancaster House, it was clear what the British Government would or would not do in terms of their obligation to pensioners. They have responsibility for a huge number of pensioners living in this country and a significant number of pensioners living in Zimbabwe, many of whom have not had their pensions paid for many years. Many of the people who have had their pensions transferred into a local currency are in the same situation as all Zimbabweans.

I urge the Foreign Secretary to continue as best he can in next week's negotiations in trying to bring this evil regime to a close. In the meantime, now that he has discovered a sense of urgency, I ask him to look urgently at how we can protect UK passport holders in Zimbabwe and protect all those to whom we have a moral obligation in ensuring that they have the decent wage that they are entitled to live off, whether they be in Zimbabwe or in the UK.

1.37 pm

Mr. Richard Benyon (Newbury) (Con): Casting aside much of what I wanted to say, I want to draw the House's attention to a couple of quick points.

This week we have had a small success, as Back Benchers sometimes can, in the campaign on Zimbabwe. I do not pretend to believe that early-day motions are anything more than, in effect, parliamentary graffiti. However, following the tabling of EDM 1753 to draw the House's attention to the actions of a company called Giesecke and Devrient, which was printing banknotes for the Reserve Bank of Zimbabwe, the company has withdrawn from that contract. I do not pretend that that action was a result of the EDM. There has also been pressure from the media and political pressure—I give all credit to the Minister for Africa for his involvement, and to the Government of Germany. This is, to an extent, people power, or shareholder power, and shareholders in other companies can learn from it. If I were a shareholder in Anglo-American, I would be looking seriously at that company's corporate responsibility policy and asking it seriously about investments that it announced last week it is carrying out in Zimbabwe. A company of that size cannot invest in Zimbabwe without dealing with Gideon Gono, at the very least, whom my hon. Friend the Member for East Devon (Mr. Swire) just mentioned. Gideon Gono is Robert Mugabe's personal banker and he is right at the centre of the illegal criminal cartel that has brought so much misery to that country.

I do not believe that we should let off companies such as Giesecke and Devrient as lightly as we have. We need to look at the other contracts that they have with the British Government, and I have submitted a freedom of information request. Those companies have to be held to account because, year after year, they have been actively conniving with the regime. There is a sense of real frustration among the newer breed of African leaders who have a more enlightened approach to governance in Africa. We in the west have to provide whatever assistance we can, be it overt or covert, to the enlightened leadership of such countries.

I was particularly pleased to read the words of Raila Odinga, the new Prime Minister of Kenya. His wholehearted condemnation of Mugabe was echoed by brave comments from other Southern African Development Community leaders, such as the leadership in Botswana. We need to work with these people to encourage them; they must be so frustrated with the lumpen rump of Mugabe apologists, led, as was so ably articulated by the hon. Member for Vauxhall (Kate Hoey), by Thabo Mbeki. There are few words that one can summon up to denounce him further. The sense of disappointment among those who campaigned so hard for change in South Africa, and the sense of revulsion that he has propped up this regime, is almost tangible.

The hon. Lady made another good point. What about our constituents? Where do they fit into this argument? They fork out substantial amounts of money, through their own taxation, in aid to countries in Africa. It is exactly right to say that if we are involved in Africa in such a way, we have every right to comment on regimes such as Mugabe's. They cannot take with one hand, while saying, "We do not want your comments on or involvement in Africa in any other way."

The eyes of the world will very much be on China in the coming weeks, and I hope that the Foreign Secretary will take every opportunity to raise with the Chinese Government the appalling fact that they were prepared, in the first instance, to allow arms to be sent to such a country—as they continue to do to other countries such as Sudan. They then connived with other countries to find an alternative way to do so, after a brave move by elements of the Congress of South African Trade Unions prevented the unloading of an arms shipment. Too often we say that the credibility of the United Nations is at stake, and that can be an overused cliché, but it really will be at stake if the Security Council cannot get its act together and put some robust wording into a resolution dealing with the Government of Zimbabwe

In the dying seconds of the time left to me, I would just say the following. I had the privilege of attending a meeting last week that was addressed by a brave journalist called Peter Oborne, who described with moving clarity what he witnessed in hospitals in Bulawayo and Harare just a few weeks ago. The courage of individuals such as Peter Oborne was not matched, unfortunately, by a group of people in the room, including a former high commissioner to Zimbabwe, who spoke as much unutterable rubbish then as he did to me and other Members of this House on the Terrace when he was high commissioner in 2001. Those people do no credit to the argument. London is infested with intellectuals, organisations and institutes full of people who want to fight yesterday's battles on Africa. We must focus on today's problems, which are urgent, real and dangerous to millions of people. I cannot emphasise enough the need for the Foreign Secretary and all his colleagues in Government to focus with brutal clarity on what is happening today, and on what needs to be done to resolve the problems in Zimbabwe. We need to put in hand the means to bring about change and prosperity for that wonderful country.

1.44 pm

Mr. Denis MacShane (Rotherham) (Lab): I very much agree with the hon. Member for Newbury (Mr. Benyon), who has just spoken. This is the 21st century, and it is time to hold Zimbabwe to the same criteria and standards

as we did South Africa, fascist Germany, fascist Italy and other hideous regimes. Why, therefore, are we unable to take stronger action?

Mr. Swire: China.

Mr. MacShane: The hon. Gentleman says "China" from a sedentary position—all well and good. We must put pressure on China. But why, for example, are Virgin Atlantic and British Airways using Harare as a stopover on flights to South Africa? Why are KLM and Lufthansa flying to South Africa through Zimbabwe? Why are we talking about putting more money into Zimbabwe via the Department for International Development? Why are we not looking at the companies that prop up the Mugabe regime, such as Shell and Rio Tinto, and asking their shareholders whether they should not be divesting—rather than complaining, as the hon. Member for Scarborough and Whitby (Mr. Goodwill) did, that this is not a good time to sell their shares?

What can we do to get the United Nations to focus on its responsibilities? It is unable to discharge its responsibilities. What can we do to make sanctions work? They failed against Serbia during the Balkan crisis, and they failed against Iraq under Saddam Hussein. They are failing against Sudan and they failed against Burma. What do we want from an effective sanctions policy? I hope the Foreign Secretary and the Prime Minister will speak personally to all their opposite numbers at the G8 about the importance of this matter. Reference to the International Criminal Court is important, but the United States has refused to ratify the relevant treaty. What is good for the United States goose will be good for the Zimbabwe gander. We have a new culture of international responsibility, and we need to develop sanctions that can work, not just in Zimbabwe, but in other countries around the world, to guide them towards democracy.

This is a huge test case, and it is time for the Government to be robust, and time for Britain to cut financial support of any sort for Zimbabwe. It is time for Britain to take a lead, not wait for others to decide what to do.

1.46 pm

The Parliamentary Under-Secretary of State for International Development (Gillian Merron): I would like to thank the House for this passionate debate on the current situation in Zimbabwe. In the short period of time I have left, I shall refer to some of the main themes, particularly our support for the people of Zimbabwe. Of course, I and the Foreign Secretary will look at all the points raised during the debate.

I pay tribute to the work of our UK officials in Zimbabwe. I spoke to our team this morning, who described to me the conditions there, and the work that they continue to do to support some of the poorest in Zimbabwe. The truth is, as we know, that conditions in the country are desperate, as we see a naked battle for power being played out. It is Mugabe's reckless policies that are driving thousands into poverty every week, and let us never forget that it is the responsibility of the Government of Zimbabwe to look after their people. That is not happening.

Zimbabwe is a country that once enjoyed healthy growth, but has seen its economy shrink by a half in only a decade. It used to enjoy macro-economic stability, and it now endures inflation that is beyond imagination. The net result is that it is a country where more than four out of five live in poverty, and between a quarter and a third of the population have fled. By the end of this year, I regret to say that up to 5 million men, women and children could be facing severe hunger and malnutrition.

Despite constant threats and recriminations from Mugabe and his cronies, we continue to be one of the largest donors directly assisting those in Zimbabwe who need the most help. Last year, we provided support that helped to feed 4 million people, to fight HIV/AIDS, to support smallholder farming and to provide access to basic education, clean water and shelter. I am pleased to announce to the House that the Government will be allocating a further £9 million to provide food to the most hungry. That funding, through the World Food Programme, will provide food to more than 4 million of the country's poorest and most vulnerable families, including many children. I can give the House the assurance that although most of the £9 million will be used to provide food, a proportion of the funding will be used to strengthen monitoring systems to prevent political interference and ensure that food is received by the right people: the hungry and suffering people of Zimbabwe.

The banning of non-governmental organisations has affected 1.5 million people and it demonstrates that Mugabe is using hunger as a political weapon with a callous disregard for human life. It is crucial that NGOs are allowed to restart operations, and the United Nations humanitarian co-ordinator held talks on Monday to seek the full or at least partial lifting of the ban on NGO activity.

Many hon. Members have suggested a range of additional measures. For us, the test has to be whether any additional measure targets Mugabe's elite or whether it harms ordinary Zimbabweans, or, indeed, the poorest of Africans.

It being one and a half hours after the commencement of the proceedings, the motion lapsed, without Question put, pursuant to the Temporary Standing Order (Topical debates).

Members' Salaries

Madam Deputy Speaker (Sylvia Heal): Before I invite the Leader of the House to move the first motion relating to Members' salaries, it may help the House if I set out the procedure to be followed. All six motions and related amendments are to be debated together. At the end of the debate, I will ask Members whose amendments are selected to the first motion to move them formally at the appropriate point, and then the first motion will be put. All other motions and amendments selected on Members' salaries will then be put without further debate.

1.50 pm

The Leader of the House of Commons (Ms Harriet Harman): I beg to move,

That this House notes Sir John Baker's Review of Parliamentary Pay and Allowances (Cm 7416), and is of the opinion that the recommendations in the Review for the annual salary of a Member of this House to be increased by reference to a linkage to the Public Sector Average Earnings Index combined with regular reviews of the salary and the link should be implemented, such that—

(1) from 1st April 2008 and from 1st April of each subsequent year a Member'ssalary should be increased by the percentage increase in the 3 month average Public Sector Average Earnings Index for January of that year relative to the figure for January of the previous year;

(2) the SSRB should conduct a review of Members' salaries in the first year of each new Parliament unless such a review has taken place within the preceding two years;

(3) at such a review the SSRB should consider either or both of:

(a) an adjustment to the salary

(b) a different formula from that specified in paragraph (1) above to ensure that the level of salary remains adequate for recruitment and retention, appropriate for the responsibilities and reasonable in relation to total reward for jobs of similar weight in the public sector, to take effect from the first 1st April following the first meeting of the new Parliament;

(4) each year the SSRB chair should notify the Speaker of the change in salary

(expressed as a percentage) and, on such notification to the Speaker, that change

should have effect, subject to any further notification given following a review

under paragraph (2);

(5) the Speaker should lay before the House:

(a) any notification received from the SSRB chair under paragraph (4) above; and

(b) any report from the SSRB following a review under paragraph (2) above;

(6) an additional salary payable to a Member under Resolutions of this House in respect of service as a chairman of select or general committees should be changed by the same percentage and from the same time as the salary of a Member.

I will be as brief as possible in my opening speech, and there will be no Government speech to conclude the debate to allow as many hon. Members as possible to have the opportunity to speak.

We have two debates this afternoon. The first is on Members' pay and the second will deal with two issues: the Members Estimate Committee report on reimbursement of our expenses and a resolution to prohibit the release of information held by the House authorities about Members' addresses and travel patterns.

I suggest that there are three principles for hon. Members' salaries. First, MPs should be properly paid for the work that they do to ensure that anyone can be a Member, not just the wealthy. Secondly, given that MPs are paid from the public purse, we should show the same discipline in our pay increases as we expect from the public sector. Thirdly, for the future, and following today's debate, we, like everyone else, should not determine our own pay or vote on our own pay increases.

In January, the House agreed that Sir John Baker should conduct a review and report on a review mechanism for increasing hon. Members' salaries without Members having to vote on that, and for determining the frequency with which reviews will take place and the appropriate comparator for Members' pay. I am grateful to Sir John Baker, whose report the Government published on 17 June, for his work.

Sir John's report made several recommendations. I shall list the key ones. First, the Senior Salaries Review Body should be the mechanism for periodic reviews of Members' pay. The Government agree with that. Secondly, the SSRB's periodic review should be once per Parliament. The Government agree with that. Thirdly, MPs' pay should be increased each year at the rate of the public sector average earnings index. The Government do not agree with that, and propose an alternative. Fourthly, there should be £650 a year catch-up for each of the three years 2008-09, 2009-10 and 2010-11. The Government do not agree with that and propose that it be rejected.

Simon Hughes (North Southwark and Bermondsey) (LD): Are the Government taking a different view of the Baker recommendations on pay because they believe that MPs would be paid too much?

Ms Harman: We take the view that the recommendation is not consistent with the Government's pay policy and approach to public sector pay. Later, I will set out our approach to the current position.

I have tabled a series of motions, which will allow the House to vote for Sir John's proposal for a comparator or for the Government's proposal. They will allow hon. Members to vote separately on whether to accept or reject the three £650 catch-ups.

Sir John Baker's comparator proposal is opinion motion No. 1, the Government's proposal is opinion motion No. 2, and Sir John Baker's £650 catch-ups is opinion motion No. 3. Both the opinion motions on Sir John's proposal and the Government's proposal provide for arrangements for future, independent reviews of hon. Members' pay. Both the Baker and the Government motions provide that: the SSRB should remain the independent body, which conducts reviews of hon. Members' pay; those reviews should occur once in each Parliament, and that the outcome of those reviews should be implemented without the need for further debates or votes in the House. In both opinion motions, those arrangements are set out in paragraphs 2 and 3. Whether the House chooses the Baker or the Government proposals, that should be the last time we have such a debate or vote in this House.

Mr. Oliver Heald (North-East Hertfordshire) (Con): The Leader of the House knows that I sit on the Committee on Standards in Public Life. It may be for Members' convenience to know that the Chairman has

written to the Speaker—the document is in the public domain—welcoming the decision to have a genuinely independent mechanism for setting Members' pay and also supporting the Members Estimate Committee report.

Ms Harman: I thank the hon. Gentleman for that helpful information. That view is shared in all parties. It is the Government's view and that of the public that we should not have to set out own pay and that there should be a proper, independent and fair mechanism to do that. Whether hon. Members vote for the Baker proposals or for the Government proposals, the review mechanism will be established.

Jim Sheridan (Paisley and Renfrewshire, North) (Lab): I understand where my right hon. and learned Friend is coming from in that, if we accept Baker's recommendations, it could upset or throw a bad light on the Government's pay policy for this year. However, what will be the position in subsequent years? Do we know what the Government's pay policy will be next year and the year after that?

Ms Harman: The Government's approach to dealing with the danger of inflation and wanting to ensure that interest rates remain low and that the economy remains on a stable course is reflected in our view that public sector pay increases should be consistent with 2 per cent. We have urged public sector unions and negotiators to accept three-year deals. I will say more about that shortly.

Mr. Christopher Chope (Christchurch) (Con): Will the Leader of the House give way?

Ms Harman: Perhaps it would assist the House if I made some progress. I will take interventions if I have not dealt with points that hon. Members wish to raise. I ask hon. Members to let me simply set out the position and, if I have not answered a question, I will give way. May I do that?

Mr. Chope: Yes.

Ms Harman: Thank you.

Let me consider the comparator—the index to which MPs' pay should be pegged in future. Sir John's preferred option is the public sector average earnings index, but the Government do not accept that for two reasons. The main reason is that, this year, it would result in an increase of 3.5 per cent., which does not reflect our view that public sector pay settlements should be consistent with the achievement of the consumer prices index inflation target of 2 per cent. Secondly, we believe that our proposal for basing our increase on a basket of public sector employees' salaries is preferable—that is, making the comparator for Members' salaries the median of the increase in the pay settlements of a basket of 15 public sector work forces. They include judges, doctors, teachers and civil servants in Her Majesty's Revenue and Customs, the Home Office and the Ministry of Defence. Our opinion motion No. 2 sets out the 15 public sector work forces who would form the comparator.

Sir John Butterfill (Bournemouth, West) (Con) *rose*—

Ms Harman: I can deal with all the points as I go along, but it would probably be better for hon. Members to hear the line of argument and the information on the Government's view. However, I will give way to the hon. Gentleman as chair of the pension fund.

Sir John Butterfill: Does the Leader of the House also agree that the Government's proposals and, indeed, those that they made to Sir John Baker when he was preparing his report, have been rejected out of hand in Sir John's subsequent report?

Ms Harman: I would not say that those proposals have been rejected out of hand. They were not Sir John's preferred option—I make no bones about that. We have tabled Sir John's option and published the report. Everyone can see what Sir John said about his preferred option. Although the Government accept a considerable amount of what Sir John proposed in his review and are grateful for his work, we do not accept the comparator and the catch-up, because we believe that they are not consistent with the approach that we want the public sector to take on pay. If I may, I will develop the argument on that.

Our opinion motion No. 2 sets out the 15 public sector work forces who would form the comparator. That mechanism would be understandable by the public, who would see our pay connected to a group of public servants, and would deliver 2.25 per cent. this year. That is lower than the first year of the current three-year settlement for nurses of 2.75 per cent., but higher than the settlement received by salaried doctors and dentists. For future years, the terms of the motion would ensure that Members' salary increases were consistent with our approach to the rest of the public sector.

Let me turn to the catch-up payments in opinion motion No. 3. The Government do not accept Sir John's recommendation that Members' salaries should be increased by an additional £650 each year for the next three years. MPs do important work, which is the foundation stone of our democracy. We do not hear about this in the media, but over the past five years our pay has fallen behind inflation. The Government do not reject the catch-up because we think that MPs are overpaid—far from it—but only because it would not be consistent with the approach that we are taking to the rest of the public sector. Combined with Sir John's comparator, the annual £650 catch-up would bring our annual pay increase to 4.55 per cent. On that basis, we reject it.

Let me turn to the amendments on the Order Paper. Amendment (d) to opinion motion No.1, which stands in the name of my hon. Friend the Member for Manchester, Central (Tony Lloyd) and of other hon. Members, would have the effect of implementing the Baker comparator, but limiting the increase to hon. Members' salaries to no more than 2.75 per cent. this year, 2.3 per cent. next year and 2.25 per cent. in 2010-11. Amendment (d) would then provide for the increases forgone under the Baker comparator to be paid from 1 April 2011, in addition to the increase that year due to the average earnings index. That would amount to an increase of approximately 6.7 per cent. in 2011-12. That is not consistent with the Government's public sector pay approach and we ask the House to reject it.

Amendment (a) to opinion motion No. 1 stands in the name of my right hon. Friend the Member for Islwyn (Mr. Touhig) and of many other hon. Members.

[Ms Harman]

It would implement the Baker comparator, but limit the increase to hon. Members' salaries for the current year to no more than 2.3 per cent. Amendment (a) would then provide for the 1.2 per cent. forgone from the Baker comparator to be paid from 1 April 2009, in addition to the Baker comparator increase that year due to the average earnings index. That would amount to an increase of approximately 4.7 per cent. in 2009-10. That is also not consistent with our public sector pay policy and we ask the House to reject it.

Finally, amendment (e) to opinion motion No.1, which stands in the name of my hon. Friend the Member for Manchester, Central, would have the effect of ensuring that Members' pensions entitlements would be the same as they would have been if the Baker pay proposal had been implemented in full. The parliamentary pension scheme bases pensions on a Member's salary in their last 12 months of service. A principle of public service pensions is that pensions are based on pay that people have received and contributions that they have made, not the pay that they would have received if circumstances had been different. Accepting amendment (e) would create a precedent. If we allowed that approach for MPs, it would be more difficult for the Government to resist the same approach from elsewhere in the public sector. We therefore ask the House to reject amendment (e).

Let me turn to amendments (b) and (a) to opinion motion No.3. Amendment (b) to that motion, which stands in the name of my hon. Friend the Member for Manchester, Central, would have the effect of delaying until 2010 the three separate £650 catch-up payments proposed by Sir John, although the full amount of £1,950 would be paid in one go in 2010, rather than being spread over the preceding three years. Again for the reasons that I have explained, that is not consistent with the Government's approach and we ask the House to reject amendment (b).

Amendment (a) to opinion motion No. 3, which stands in the name of my right hon. Friend the Member for Islwyn and of many other hon. Members, proposes to accept the Baker catch-up payments of £650, but delay their start date by one year. Even though the catch-up would be delayed, starting next year rather than this year, catch-ups are not consistent with the Government's approach to public sector pay, as I have said. We therefore ask the House to reject amendment (a). The combined effect of the two amendments standing in the name of my right hon. Friend the Member for Islwyn would be an increase of about 5.7 per cent. next year, which would be the combination of the deferred indexation increase and the catch-up of £650.

Although the Government have a clear view on the different elements of the Baker proposals, it is for the House to decide these matters. I hope that the Government position will be supported, for the reasons that I have explained.

Mr. Chope: The terms of reference that the right hon. and learned Lady gave Sir John Baker were to

"ensure that the independent mechanism takes account of the Government's policy on public sector pay and its target for inflation". — [*Official Report*, 23 January 2008; Vol. 470, c. 56WS.]

Is that not exactly what he did? If she is saying that he did not comply with those terms of reference, should she not have referred the report back to him, so that he could comply with them?

Ms Harman: I make no criticism of the work that Sir John has done in his review. When a review is commissioned, the Government remain entitled to put forward their response and to tell the House and others whether they agree with its findings, having considered the arguments. We are then able to put forward our view, and that is what we are doing.

Simon Hughes: I understand the Government's position. They took a similar position when they asked somebody to advise on nurses' pay in England, but then rejected that advice, and when they asked somebody to advise independently on police pay, when they also rejected that advice. What is the right hon. and learned Lady's advice today for those of us who have consistently said that if we ask an external body to recommend, we should follow its recommendation, and who voted accordingly on nurses' pay and police pay?

Ms Harman: We are making an alternative proposal to that which Sir John Baker has put forward. We are also proposing to the House that after today, when the SSRB, which we propose as the mechanism for independent review, reviews the issue in the first year of the next Parliament, it will not be for the Government, or indeed any hon. Member, to vote on whatever proposition is put forward, which will instead be notified to the Speaker and implemented. As I have said, this is the last time that the House will be able to vote on propositions that are put forward, before the Government take a view and then seek to win support in the House.

I hope that the Government position will be supported, but whatever the House decides, I should like to take this opportunity to say that the overwhelming majority of hon. Members carry out their duties with probity, energy, dedication and commitment. The media reporting that includes expenditure on the salaries of our staff and on our office costs and which says that they are part of our salary is misleading and often malicious. After today, when we have, as I hope, established the independent review mechanism and reformed our system of allowances, I hope that we will be able to get on with our work in the interests of our constituents, of this country and of our democracy, free from the innuendo and misrepresentations about pay that have hung over this House for too long.

2.9 pm

Mrs. Theresa May (Maidenhead) (Con): Like the Government, the official Opposition will not be offering a wind-up speech today, in order to give more hon. Members the opportunity to speak. Also, I will speak only briefly on the motions and amendments before the House.

The House has an opportunity today to take an important and historic decision on the way in which it is run and the way in which Members of Parliament are remunerated. This decision could start to restore the broken trust between the people and their politicians. Sadly, too many people have felt for too long that MPs have their snouts in the trough. I will not go into the way in which the media have encouraged that view, but I

have said in previous debates on this issue that they need to look at the way in which they report expenditure on our members of staff, for example, as being part of our own salaries. That gives most people a totally distorted picture of the situation of Members of Parliament.

It is true, however, that people are concerned about what they see in relation to our expenses and allowances—which we will be debating later—and about the fact that we decide on our own levels of pay. Notwithstanding the fact that, over the years, Governments of various colours have urged and exercised restraint on pay—indeed, the Leader of the House has urged us to exercise restraint again today—there is still a feeling that MPs should not be able to set their own levels of financial reward. I share that feeling, as does the Conservative party. Indeed, more than a year ago, we proposed that MPs should stop voting on their own pay and start looking into ways in which that could be undertaken.

We welcome the principle of the proposal put forward by Sir John Baker for a mechanism to determine the level of pay at the start of a Parliament, and for decisions on annual pay changes thereafter to be made by the same outside body, the Senior Salaries Review Body, rather than by this House. As I have said, I welcome the principle of the Baker review, but I also agree with the Government that we should adopt a different index for determining those annual pay increases. The measure proposed by the Government would give a lower increase than that proposed by Sir John Baker, based on the current known figures, but I support it because it is preferable as a measure for determining annual pay increases to that proposed by Sir John.

Mr. John Spellar (Warley) (Lab): Did we not get into this difficulty in the first place by being linked to pay rates rather than to earnings? Modern management often looks at lower basic rates, but then looks at performance-related payments to determine the overall package of earnings. Will this proposal not lead us straight back to the problem that we have had before, which led to the big disparity that the Baker review has rightly identified?

Mrs. May: One of the important things that we shall be able to do today is to take this whole issue away from the House, which is crucial. If I understand the right hon. Gentleman correctly, he is suggesting that the Government's proposal relates to earnings rather than to increases in earnings. In fact, it relates to annual increases in earnings, albeit for a different and very particular group of workers, as identified in the proposal.

Mr. Spellar: If the right hon. Lady is basing her policy on that, I am afraid that she is basing it on a misapprehension. The Government's proposal relates to settlements, and settlements are rates rather than earnings. This has been a consistent problem with public sector pay—first with increments and subsequently even more with the senior civil service—because so much emphasis is now placed on performance-related pay. Indeed, the SSRB's latest report on senior salaries adds another 1 per cent.—up to 8 per cent. of total salaries—to the performance pot. Settlements and earnings are quite different things. This is how we got into this problem, with our link to the senior civil service; the rates have stuck, but the earnings have gone up. [*Interruption.*]

Mrs. May: Hon. Members are suggesting that I should just accept that, because the right hon. Gentleman, who chairs the Speaker's advisory panel on these matters, knows what he is talking about. However, I am going to continue to disagree with him on this matter. The Government have brought forward a proposal that relates to increases. I acknowledge that it does not include bonuses—it excludes that opportunity—but it is entirely reasonable. The House should be willing to recognise that we need to set an example and to send out the signal that MPs are willing to look at their pay and put into place a different structure for the future. I therefore support the Government's proposal for a different index.

Sir John Butterfill: Has my right hon. Friend not studied in detail Sir John Baker's recommendations? In particular, paragraph 39 of his report states:

"I conclude that an approach to uprating based on a basket of comparators cannot satisfy the criteria set out in paragraph 32 above."

That is the whole principle behind the proposals. On that basis, does my right hon. Friend totally disagree with Sir John Baker's recommendations?

Mrs. May: I hoped that I had made it clear that I do not totally disagree with Sir John's proposals. I agree with the principles behind his proposals, and with the mechanism that he has proposed—namely, the review that should take place in the first year of a Parliament, followed by automatic annual increases in pay on the basis of some measure. I disagree with two aspects of his proposals. The first is the index that should be adopted. The second is the issue of the catch-up payments over the next three years. That is why I do not agree with those hon. Members who have tabled amendments seeking to delay the implementation of the principle of the Baker review while ensuring that we receive the full proposed increase, albeit at a later date. I believe that we should now take the decision to accept that it would not be right for the House of Commons to continue to vote on our pay, and I hope that that view is shared across the House. We should also accept that a sensible mechanism has been proposed, and I hope that that view is shared across the whole House as well.

In recognition not only of the Government's present public sector pay stance but of our responsibility as Members of Parliament to send the right signals to our constituents about the approach that we are willing to take in recognition of the concerns that they have expressed about our pay and costs, it is right that we should not take the uprating that Sir John Baker has proposed through the catch-up payments over the next three years. When restraint is being encouraged for others by the Government, it is right that Members of Parliament should be willing to accept such restraint for ourselves and to say that we will not vote on our own pay in future.

We should start that process off by showing, in this final vote, that we are willing to stand up and be counted and to exercise the restraint that we are encouraging in others. That is why I do not support the amendments that have been tabled today, and why I support the motion that sets out the Government's proposals on the index and the mechanism that are to be used.

2.17 pm

Simon Hughes (North Southwark and Bermondsey) (LD): We are now having the debate that we all knew we

[Simon Hughes]

had to have, and I take a very simple view on this matter. I expressed that view to the Leader of the House in an earlier question. We have had this nonsense year after year for all the time that I have been in this place—25 years, the same length of time as the Leader of the House. We are now rightly saying, "Let's stop this annual game of trying to work out what we think we can get away with in our pay increase. Let's have an independent system." That has been agreed, which is a blessed relief.

We have asked two lots of people—the Senior Salaries Review Body and Sir John Baker—to give us a comparator and a starting point. Effectively, they have both come back with the same answer, saying, "Here is a comparator that we have worked out, having looked at lots of alternatives and rejected them, and here is a starting point."

I should like to remind colleagues of what Sir John Baker said on the uprating mechanism. He said that it should meet certain criteria, including that

"it must be easy to understand, independent and authoritative, transparent and not capable of manipulation; it should be sustainable over a number of Parliaments…it should be based on pay comparators and not price comparators…It should reflect movements in earnings and not settlements."

He rejected linking us to the civil service, for very good reasons, and rejected an approach based on another suggested basket of comparators. He came to a view that he recommends indexation. He could not have been clearer about that. He drew on the work of the Senior Salaries Review Body and suggested that the public sector average earnings index was the right comparator. He says:

"I am sure, having considered and discussed the options extensively, that this is the best solution. It meets all the criteria in paragraph 32 above and I believe that, if implemented, it would be likely to last for many years… Other public sector workers may argue that it is unfair if MPs' pay is automatically indexed to earnings while they have to negotiate",

but he concludes that it will provide the safest, most secure and most appropriate long-term comparison. Otherwise, he says, we will be in the same debate again, because we will either go ahead or fall behind the average public sector wage and we will not have what we want, which is the break between this debate and an annual recurrent questioning of the issue. I am clear that—for myself no more than anyone else—we really must get into a system that has an objectively assessed basis from the beginning and an objectively assessed comparison thereafter.

Let me put this point directly to the Government, as there is no other way of putting it. Of course, Governments have a pay policy and will always have a pay policy, but we cannot predict what it is going to be. Some of us have taken the consistent position that if we ask for independent advice about public sector pay, we should follow it—whether it be for nurses, the police or whatever. There is no logic in taking one view and then not adopting the same view for ourselves.

Somewhat more personally, let me say that it is easy for the Government to say, "Hold back, everybody", because everyone in the Government is paid significantly more than anyone else here. I make that as a practical household point. Nobody in the Government will be affected in the same way as people who are not in the Government. That is obvious. I think there are only two other people in the House who get top-up salaries other than the Back-Bench MP salary.

As to the amendments, I can see the attractiveness of saying, "Hang on a minute, people; let us be careful; let us not implement this now", but a proposal that says, "Not now, but catch up next year", or "Not now, but catch up later" is, bluntly, a bit of a deception and not as honest and straightforward as going straight for the proposal before us now. Obviously, it is a less bad option than not linking into the independent system. Moving slowly towards that remains preferable to not moving to the independent system at all. I accept that and I understand that that is why the hon. Member for Manchester, Central (Tony Lloyd) and the right hon. Member for Islwyn (Mr. Touhig) are proposing amendments. I hope that colleagues will have the straightforward common sense to say, "Let's grasp the nettle, accept the independent report, accept the overwhelmingly strong argument that Sir John Baker gives and solve the problem", rather than have it coming back just before and just after a general election or at any time in the future.

2.22 pm

Tony Lloyd (Manchester, Central) (Lab): The House certainly owes Sir John Baker a considerable measure of gratitude for setting out, as he intended to do, an "independent, objective and robust" process, which removes MPs for ever from it. What we have to do today is ensure that we remove ourselves indefinitely from that process by whatever mechanism.

Public confidence in Members of Parliament relies on our grasping the nettle—of taking this House by our own hands—but it also depends and MPs' confidence depends on the Government taking themselves out of the process. As Sir John says in paragraph 10,

"if MPs are prepared to relinquish their control over their salaries, then the Government also has to forgo any possibility of directly seeking to intervene in the process".

The problem with the Government's position today is that their motion will not achieve that.

Sir John is clear that any settlement should reflect movements in earnings rather than settlements. He goes into that at great length in paragraph 32 and he later makes it very clear that the problem with the SCS—senior civil service—index is that it is open to manipulation by the Government, which is one reason why he rejects the validity of that index for the short or longer term. Wherever we get to today, we must get back on to the Baker track.

Other Members may disagree with my proposals. Frankly, it is a matter of individual judgment on what is effectively a free vote for Opposition Members and Back Benchers. People will disagree over the rate at which we should adopt the Baker review proposals, but we should all certainly accept the Baker index and the Baker reference point as the starting point for our salary.

Sir Michael Spicer (West Worcestershire) (Con): I have very cordial relations with my opposite number, but may I ask him what is so special about the next Parliament? Sir John makes the point on the first page

of his report that there is no right time for MPs to have their pay altered, so why is the next Parliament likely to be any better than this one?

Tony Lloyd: The hon. Gentleman anticipates exactly what I was coming on to say, so let me continue with my explanation of why I tabled the amendment. One justification may be regarded as a nuance, but before the Baker proposals come into operation, there will have been a general election. That gives every Member the opportunity to face their own electorates in the light of the offer by Sir John Baker. There will be an electoral test, which is not a trivial point and represents a specific advantage.

Let me explain another reason. If Members look at the figures that I have chosen for the uprating of pay this year, next year and in the first half of 2010, they will find that they are identical to the figures applied to nurses and other public health workers. This is a time of restraint in public pay; whether or not Members agree with that, it is a reality. It is also a reality that people up and down this land are feeling the impact of the belt-tightening that is inevitable when energy and food prices increase. In that context, there is an expectation that MPs should look at their own role, which is exactly what my right hon. Friend the Member for Islwyn (Mr. Touhig) has tried to reflect in his amendment—the need to recognise that now is not the right time to rush straight into the full Baker proposals. What we are discussing is the extent to which we need to operate through restraint and in the light of the test of a general election.

Mr. Kevan Jones (North Durham) (Lab): Does not my hon. Friend's amendment basically push payments into the next Parliament? In one case, for example, a payment of £1,950 is pushed into the next Parliament, along with the main implications of the Baker review. New Members will be elected, having had no say in this whatever, and my hon. Friend's crazy suggestions for pensions would give retiring Members a cash bung that they had not earned.

Tony Lloyd: Under any independent system, MPs will have no say over their salaries, irrespective of whether they are new or old Members. That is the whole point of what we are trying to achieve today. My hon. Friend thinks that my proposals on pensions are crazy, but the one group of people who will lose out in any period of restraint are those who either choose to retire or who are forcibly retired at the next election. The second part of my amendment is designed to protect those who will leave at the end of this Parliament.

Sir John Butterfill: I am a little puzzled by the hon. Gentleman's proposals on pensions. I am not at all sure—I have not yet had the opportunity of taking legal advice—but I doubt whether his amendment would work legally. It might well require an amendment to the parliamentary pensions legislation, but it would certainly need an order to be made. As it stands, it cannot work. As currently presented, it is incompetent.

Tony Lloyd: I am grateful to the hon. Gentleman, who probably knows more about parliamentary pensions than anyone else, but may I tell him that I have sought advice? He is absolutely right that this would require an order. In fact, any expression of opinion in the House today will need translating into action by way of a money order, for example. The fact that a proposal will need subsequent Executive action is not of itself a barrier to the necessary action being taken. The hon. Gentleman may disagree with how the pension scheme will operate, but I can assure him that the proposals in the amendment are both legally and technically do-able.

Mr. Andrew Love (Edmonton) (Lab/Co-op): Does my hon. Friend agree that the combination of catch-up that we would forgo and two and a half years of further wage restraint, which he suggests we undertake, would mean that when the catch-up came in the new Parliament it would be a significant increase? That would make life difficult for all the Members of that new Parliament in terms of wages.

Tony Lloyd: Except, of course, that the level that Members would be at would not differ from what it would be if we brought in Baker now. It may be a big increase at the time, but that would be precisely because Members had forgone some element of it.

My hon. Friend the Member for Edmonton (Mr. Love) may want to urge me not to give away that amount of money in the meantime—that is a perfectly sustainable argument to make, and I understand it because it is a matter of judgment as to what we face the public with—but it is not legitimate to say that because we would end up at the same point the public ought to judge us harshly. The public ought to judge us well for having shown some restraint in the meantime. I do not necessarily believe that that would be the case, but it ought to be. We would not be getting more; we would be getting less. The catch-up would be all the steeper because it would be catch-up at that point.

The central point that I want to put before the House is the fact that we need to get on to the Baker mechanism, although it is a matter of judgment when. We must ensure that the Baker mechanism is what Baker described—the average index of public sector earnings—because anything other than that would see MPs continue to fall behind in the long-term future. We have to recognise the fact that Baker said that we were sufficiently far behind that we needed the catch-up. The judgment for the House today is at what speed we should reach that Baker trajectory.

2.31 pm

David Maclean (Penrith and The Border) (Con): When this matter was last discussed, I was one of those Members who argued strongly that some of us on the Members Estimate Committee should have the right to submit our own report, or at least a memorandum, to Sir John Baker. The Leader of the House kindly assented to that and three of us on the MEC—the hon. Members for North Devon (Nick Harvey) and for Middlesbrough (Sir Stuart Bell) and me—submitted a memorandum to Sir John on what pay and salary should be.

I have been a Member of the House for 25 years. I have been privileged to be a Minister under Prime Minister Thatcher and under Prime Minister Major. I have taken pay freezes, pay standstills, pay cuts and pay deferments, and a fat lot of good it did for the respect in which Parliament or Ministers at the time were held. Whether or not Prime Minister Thatcher had a pay

[David Maclean]

policy—I am certain she never did—we took a pay standstill when I was a Minister to set an example to everyone else. A fat lot of good it did us as well.

In our submission to Sir John, we said:

"Members of Parliament currently earn £61,820pa. Average tenure in the House is about 12 years, with no pay progression. The Hay Group—"

of independent consultants—

"have advised that average base salaries for each of the comparators groups lay between £70,000 and £80,000pa. Some comparators have bonus opportunities, and other incentive packages which can increase average total cash by £2-3,000pa."

I refer to page 17 of volume 2 of the original SSRB report, which Sir John Baker chaired. He compared our salary to that of a head teacher. Our salary was £60,000 and the head teacher was on £71,000. The police superintendent was on £68,000. The senior civil servant, grade 1, was on £69,000. The county council second tier person was on £72,000. The colonel was on £69,000, as was the health human resources director and similar. The comparators in the SSRB report put those people way ahead of us.

There is therefore no doubt that we have fallen considerably behind those whom the SSRB considered our comparators. And, of course, none of those people—except a colonel in Afghanistan—is working long hours. Most of them are not doing 70 or 80 hours a week. Apart from those on the very front-line who are making tactical decisions involving life or death, most of them do not have the responsibility that we have of voting on issues that do include life or death, whether it be embryos, abortion, 42 days or whatever. We have a responsibility to make mega-decisions. For that, we get the pay of a second tier officer in a district council. I look forward to replacing my district planning officer, if the motion is not passed today.

Further in our evidence, we said to Sir John Baker's review:

"Taking these together we, therefore, consider a salary point around the comparator average is justified by the facts. As a spot rate, it might, arguably, over-reward newcomers and under-reward experienced backbench Members, many of whom are former senior ministers who contribute substantially to the work of Parliament. But this is inherent in a system which has as a principle that the basic salary should be the same for all MPs."

Some will get paid more, some will get paid less. We continued:

"In our judgement a base salary of £75,000pa is very well-supported by the objective evidence available."

I repeat that our evidence, which was based on the facts, the SSRB's original report and Sir John's report, shows that compared with every other public sector comparator—it would not be right to compare ourselves to executives in private enterprise; we are not—a basic salary of £75,000 is about right.

I am making that point for colleagues so that I can collect most of the hate mail—I have rather a perverse incentive for getting that—and so that when they go back to their constituencies they can point out that they asked not for £75,000, which is correct, but for considerably less. If we vote for the Government motion, we will get considerably less. We will be able to point it out to our constituents that we are still not getting the pay that every independent comparator has asked for. Today, however, we have a chance to go slightly towards it.

The Government's motion No. 1 is much more sensible than their motion No. 3. I can understand their pay policy. They are trying to invent some complex formula of indexing themselves to a group of civil servants who do not have pay formula indexation. That is nonsense and the Government have to try to square that circle. Government motion No. 1 is sensible and we should support it.

There is, however, a better alternative, which is amendment (a) to Government motion No. 1, tabled by the right hon. Member for Islwyn (Mr. Touhig). It is sensible and deserving of support. I will probably fundamentally disagree with him on expenses, where I think he is misguided, but that is another matter. On pay, I urge my hon. Friends and Labour Members to support his amendment (a). It would take us slightly along the route to where we need to be, although that may be a matter for another Parliament.

Some of us might seriously think that we have laid this matter to rest once and for all and that we will never again have to vote on it, but I have heard that so many times. I have probably voted on the last time we will ever decide our pay on about a dozen occasions in the past 25 years. Unfortunately, I do not think that that can be the case. If we have to decide our pay, let it be based on the facts. Let it be based on the independent comparators. Then let us have the guts to do it and hold our heads up, saying to our constituents, "Yes, it was 2.3, 4.5 or 6.7 per cent., or whatever it was, but if we set up an independent pay review body, for goodness' sake let us pay attention to it." I said the same about police pay. I will happily meet my chief superintendent, who is going to be paid a lot more than me, and tell him that I argued that the recommendation of his pay review board should have been implemented as well.

Today we have a chance to move slightly along the route towards securing a proper, sensible salary for ourselves. I support the amendment tabled by the right hon. Member for Islwyn to motion No. 1—it has not yet been moved, but I hope it will be—and I urge Members not to back any other proposal.

2.39 pm

Mr. Don Touhig (Islwyn) (Lab/Co-op): It is always a privilege to follow the right hon. Member for Penrith and The Border (David Maclean), who spoke very well. I wish to speak to my amendment (a), which has been signed by Members in all parts of the House.

The amount that Members of Parliament should be paid is always a awkward subject for debate. The Members Estimate Committee described the issue well in its memorandum to Sir John Baker, referred to by the right hon. Member for Penrith and The Border:

"Instead of being subject to objective analysis and sensible decision-making, Members' pay has become a serious distraction in public sector pay rounds, far beyond its real significance to the public purse."

Time after time we are faced with the same row about Members' deciding their own pay, and time after time we come up with an arrangement that frustrates many and does not satisfy anyone—least of all the media and the public, who are always looking for some story to report. I therefore give a strong welcome to the mechanism

outlined in Sir John Baker's review. It is fair, it is transparent, and it prevents Members from being put in the invidious position of having to vote on their own pay; although, given the experience of the right hon. Member for Penrith and The Border, we may not be dealing with the issue for the last time today.

For as long as we vote on this issue, we are trapped between a rock and a hard place. We see the vital need to increase public confidence in Members of Parliament—especially after some recently reported lapses which have, perhaps, done much to damage the reputation of Parliament—but we are sometimes extremely cautious about voting ourselves even the most modest pay increase, and whenever we do we can be sure that we will be portrayed as greedy and avaricious.

I love my country, and I think that the British people are the finest, but I have no illusions about their views on MPs pay: they would not give us a penny if they had their way, and that is the truth of it. However, if we allow Members' pay to fall behind other public sector pay, we will face a time—in my view, a time long past—when only those who can afford it, only those with private means, can enter the House. I am the son of a miner and my mother was a home help. I am a working-class boy from the mining valleys of south Wales. I would never have got here on the basis of independent means. I say that with strong feeling. If the British people want Members of Parliament to be those who have plenty of wherewithal and do not need salaries, let them not vote for me at the next election, because I am the wrong guy to support.

We currently earn less than a primary head teacher in central London, less than a secondary head teacher in many parts of Britain, less than a chief superintendent of police, and less than the head of IT in the Commons. It is only common sense for Members' pay to be determined completely independently of Parliament, and removed from any future political debate. That view was echoed by Sir John in his report. He wrote

"if MPs are prepared to relinquish their control over their salaries, then the Government also has to forgo any possibility of directly seeking to intervene in the process".

Would that my right hon. and hon. Friends on the Treasury Bench took heed of that advice.

It was the Government who set up the Baker review, and it was the Government who gave Sir John Baker his terms of reference. Now that he has delivered, however, the Government are actively seeking to trash his report. Indeed, they have tabled a motion proposing a pay formula which, at best, Sir John considered inferior. To de-politicise this hot potato once and for all, we should ensure that it is not a matter for Government policy in future. In that spirit, it makes much more sense for the House to accept the recommendations of an independent reviewer than to accept the views of the Government, who are not independent.

Sir John's proposals offer a much-needed way in which to solve the problem, and I hope that the motion as amended will be approved. However, my hon. Friends and I, who have tabled amendments to motions Nos. 1 and 3, understand the Government's concern about the need for pay restraint. If the Baker recommendations were adopted, Members' pay would be uprated annually by about 3. 5 per cent. this year. In a year in which others are being asked to show pay restraint, Members want to set an example.

Sir Michael Spicer: The right hon. Gentleman may wish to know that every member of the 18-man executive committee of the 1922 committee—bar two who were absent last night—has signed his amendment.

Mr. Touhig: I am grateful for that. It shows that the House is united in wishing to resolve the matter.

The amendment to motion No. 1 accepts the formula set out by Baker, but proposes a increase of just 2.3 per cent. from 1 April this year. The amendment to motion No. 3 follows the Baker recommendation of a £650 top-up, but that would not kick in until 1 April 2009. The amendments would keep Members' pay within the framework of public sector pay while at the same time demonstrating restraint.

I appreciate that some will say our amendment allows for pay restraint this year but, depending on the outcome of the next independent review, could breach Government pay guidelines next year. That is perfectly true, but I have no crystal ball. I do not know what the Government's pay policy will be next year, or what the review might produce next year. The amendment tabled by my hon. Friend the Member for Manchester, Central (Tony Lloyd) seems to rely on a crystal ball. If it is accepted, on 1 October 2010 Members of Parliament will receive an increase of about £6,000 to £8,000 a year. Clearly, then, there will be no Government pay policy in 2010. There is a cardinal rule that we should remember: no Parliament can bind another. There will be a new House of Commons in October 2010, and it might not take the same view as we take today. If we agree to the amendment in the name of my hon. Friend, that new House might say, "Well, we're not going to implement that after all." It is important that we bear that mind.

It is often argued that Members are in a no-win situation when voting on their pay, and I am sure that we will be criticised whatever we do. However, if we do not take these decisions now, we run the risk of falling further behind other public sector workers. The only outcome of this eventuality is that in future we will be faced with voting for an even bigger increase in order to catch up, and where will we be then?

The Government have tabled motion No. 2 as an alternative to Sir John's recommendation. I put it to colleagues that, however impressive it may look now to put on hair shirts and support proposals which would have the effect of reducing Members' pay increases for the short term, that will be storing up trouble in the long term. We might look good to the public at present, but in the long term we will be storing up a big pay increase. We are celebrating the 60th anniversary of the health service. Aneurin Bevan, the man who founded the NHS, summed up that sort of approach when he said that in life we cannot have both the crown of thorns and the 30 pieces of silver.

The Government have to be seen to be doing something about pay, but although their position is understandable, it is not objective. Sir John Baker's independent review is genuinely objective. If our aim is to take Members' pay out of the domain of politics and put it in the hands of those who have no political axe to grind, let us support these recommendations. By supporting the two amendments in my name, the House would ensure that Members' pay would be, as much as is possible, de-politicised and would in future become part of the

[Mr. Touhig]

normal public sector pay system, while at the same time demonstrating the type of restraint that we have asked others to follow this year.

I hope Members will support my amendment.

2.46 pm

Sir Patrick Cormack (South Staffordshire) (Con): I am delighted to follow the right hon. Member for Islwyn (Mr. Touhig). I strongly support what he said and the view that my hon. Friend the Member for West Worcestershire (Sir Michael Spicer), who is the chairman of the 1922 committee, expressed in an intervention.

In all my years in the House, I have very rarely voted on pay, because I have always found doing so extremely embarrassing. I do not think I have ever spoken on the subject before, but I feel moved to do so this afternoon because I am appalled by the attitude of the Government and of those on my own Front Bench.

We have the independent review. Sir John has produced a report to which no one in their right mind can take exception, and I believe that we do ourselves and the public we serve a disservice if we slap Sir John in the face and do not accept his recommendation. I agree with the amendment tabled by the right hon. Member for Islwyn, because it shows a degree of restraint.

I want to talk this afternoon about the comparisons, however. Professional and business people come to my advice sessions for help and assistance. I correspond with them daily, and I always try, as I am sure colleagues do, to do my very best to assist them. Yet I am sure I am not the only Member who has observed that it has reached the stage where virtually every single one of them is earning significantly more than we are.

When I entered the House in 1970, being an MP was regarded as a way of life rather than a job, and I still tend to look upon it in that light. The salary then was £3,250 a year, and there was no trough to get one's snout into because the only allowance we had back then was £500 towards the employment of a secretary. Indeed, only two years before I entered the House—when my hon. Friend the Member for Louth and Horncastle (Sir Peter Tapsell), who sits in front of me in this Chamber and who is present now, was already a Member—MPs were given postage costs for the first time.

We have moved a long way since then. Some might say we have moved too far. There is no doubt that allowances were brought in because the Government of the day were not prepared to bite the bullet on salaries, or to acknowledge that this way of life had, indeed, become in a sense a job, and because it would be very wrong to exclude people such as the right hon. Member for Islwyn.

I do not mind saying that when I came into this House as a fairly impoverished schoolmaster, I looked for outside earnings to subsidise my work here, and my wife worked for me for more than five years without receiving a penny piece—it was the only way we could do it. We have perhaps over-compensated on some of the allowances—some of which I do not particularly approve of, although I do approve of the ones that we are mainly talking about this afternoon—but I believe that we ought to have some pride in ourselves and what we seek to do for others.

Also, it is not unfair to have some regard to what those who work in this place with us and for us earn. I took the opportunity to consult our admirable Library, and in 1970, when a Member of Parliament's salary was £3,250, the Clerk of the House got £8,600. Today, we have what we have and the Clerk of the House gets £160,000—and God bless him, but there are very few senior people in the Clerks Department who are not earning significantly more than Members of Parliament. There are quite a significant number in our Library who earn more than Members of Parliament. There are people in the catering department who earn more.

I do not begrudge any of those people a ha'penny of what they earn, but I do know that most of them do not work the 70 or 80 hours a week to which my right hon. Friend the Member for Penrith and The Border (David Maclean) referred, and which we have to do if we are to do our jobs remotely properly. So this afternoon, which is another compulsory exercise in navel-gazing which none of us likes, let us grasp the nettle once and for all—I hope that it will be once and for all, although I do take the points made by my right hon. Friend. I hope that a future Parliament does not have to debate this again, and that Sir John's wishes can be fulfilled. I hope that from now onwards, whatever is earned by Members of Parliament will be determined elsewhere, but we are not going to assist that process if we follow the Government and the Opposition Front Benchers' line this afternoon.

I endorse the points made by the right hon. Member for Islwyn when he talked about the amendment tabled by the hon. Member for Manchester, Central (Tony Lloyd). If that amount of money is piled up—if we have another two or three years of some degree of austerity—we will put the next Parliament in the position where it would have to reject that £6,000 or £8,000 pile-up; it could not accept it. What Sir John Baker has given us is the opportunity to have a modest increase on a modest salary, and to give the determination of future salaries to another body, so that we can get on with what we are sent here to do and not have to bother with it.

I strongly support the amendment tabled by the right hon. Member for Islwyn. I hope that colleagues in all parts of the House will do likewise, and I trust that this will indeed be the last occasion on which we shall have to debate these matters.

2.53 pm

Sir John Butterfill (Bournemouth, West) (Con): I fear that where we are now is not where we expected to be when we last had a debate on this subject, on 24 January. At that time, I think the whole House agreed that this matter of our pay should be taken out of our hands and given to an independent adviser of the Government's choosing, who would report to us, that we would implement whatever that adviser suggested, and that henceforth all these rather sordid matters would be taken out of our hands.

That is not, sadly, the position that we find ourselves in today, and I have to say that I do not think that the Government have acted fairly in any way in relation to the undertakings given on 24 January. They decided to ask Sir John Baker to report to the House and implied that they would accept whatever he recommended, so that it would not be a matter of contention on a party political or any other basis. That is not where we are today.

The other problem is that the Government have changed their position on a lot of the aspects of the Baker report during the course of its evolution. It is worth examining those aspects. When the Government made their recommendation to Sir John about the correct work force comparator for Members of Parliament, they said in paragraph 17 of their submission that

"the correct workforce comparator for determining MPs pay uplifts"

was senior civil service pay. They claimed that that had been supported by the Senior Salaries Review Body. It is true that the SSRB supported it at one time, but as Sir John Baker made clear in his report, he no longer supports it. It is worth quoting what he said on that subject. In paragraphs 32 to 36—the hon. Member for North Southwark and Bermondsey (Simon Hughes) commented on the criteria contained in paragraph 32—Sir John states that for various reasons, which he sets out in great detail, he no longer thinks that SCS pay is the appropriate comparator. Paragraph 37 states that

"I no longer believe that any linkage to the SCS would be a sound, independent mechanism",

and goes on to give his reasons for that. In summarising, he states:

"Thus it is clear that linkage to the SCS does not satisfy the criteria of independence, transparency, simplicity or freedom from risk of manipulation and would be unsuitable as an automatic uprating mechanism."

He clearly repudiates the proposal put to him by the Government in their initial paper.

Sir John goes on to examine details of the other proposals and the basket of comparators, which he restricts to public sector pay. Of course, many Members have said that they should be restricted to public sector pay, because we are public sector workers. However, the SSRB has said in the past that we ought to be compared with people in the private sector, because our Members are not drawn exclusively from people who have been working in the public sector. Probably the overwhelming majority of right hon. and hon. Members are drawn from the private sector.

We must have some reason for people to want to come here, considering the amount of income that they are likely to give up—even those from the public sector. We run a risk of our recruitment being of interest only to public sector employees or, as has been said, those who are so well off that it does not matter, for whom this is a hobby. We hope that there are not too many of them.

Sir John deals in great detail with comparators in the public sector, particularly in paragraph 39. He states:

"There are practical obstacles to the use of such a basket for an automatic uprating system."

I shall not bore the House with all the reasons that he gives for that, but everybody can read the paragraph. He goes on to state:

"Again I conclude that an approach to uprating based on a basket of comparators cannot satisfy the criteria set out in paragraph 32 above."

One reason is that he believes that if they are exclusively public sector comparators, they are capable of being manipulated by the Government from time to time. He wants to avoid that, because he does not think that it would be a robust way of going forward. He points out that in 2007, PricewaterhouseCoopers, which was then advising the SSRB,

"recommended that the PSAEI"

the public sector average earnings index—

"be used to uprate MPs' pay and pointed to some of the problems that would be caused by an attempt to link MPs' pay to settlements"

rather than to what was actually being paid. He says:

"At that time the SSRB was reluctant to follow PwC's advice but on reflection I believe PwC were right and, as I explain above, a new linkage to the SCS as previously proposed by the SSRB would not satisfy the test of independence".

Nor does he believe that a basket of comparators would be appropriate. The basket now proposed by the Government is so huge, complex, opaque and open to different interpretations that it would be impossible to implement. The Government are asking us to accept smoke and mirrors today.

Sir John concludes, in paragraph 46:

"I am sure, having considered and discussed the options extensively, that this"

the PSAEI option—

"is the best solution. It meets all the criteria in paragraph 32 above and I believe that, if implemented, it would be likely to last for many years. However, I also recognise that it has presentational difficulties for both the Government and MPs themselves."

If the Government were to act in good faith, they should accept those presentational difficulties and the House should also accept them. Having said that, I also accept that there is a problem in the present climate with accepting Baker in full. Although Baker probably should be accepted in full, we need to continue to try to set an example, even though that has been ignored in the past. By the way, our pay has increased—

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. I am sorry to cut off the hon. Gentleman, but he has had his eight minutes.

Sir John Butterfill: Could I just say—

Mr. Deputy Speaker: Order. I dare say that the House could listen to some speeches for a considerable length of time this afternoon because of their informed and reasoned content, but we are operating under a time limit.

3.2 pm

Peter Bottomley (Worthing, West) (Con): If the House did not hear the last remark by my hon. Friend the Member for Bournemouth, West (Sir John Butterfill), he said that he accepted the amendment tabled by the right hon. Member for Islwyn (Mr. Touhig).

Although it would not be proper to vote against the motion, I think that the House has set off on the wrong course. Ministers and Members of Parliament have to take tough decisions, and the idea that we are too weak or feeble to set our own pay every now and again is wrong. However, the general consensus seems to have moved on, so perhaps we will have to come back to that in the next Parliament.

I also believe strongly that we should not have pay increases from one general election to another. Pay should not be set at the beginning of a Parliament: it should be set in advance to come into effect at the

[Peter Bottomley]

beginning of a Parliament, so everyone knows the rate of pay for a bog-standard Member of Parliament after the election. Perhaps as well as putting our party and address on our ballot paper, we should suggest the level of pay we would be willing to accept. If I decided that I wanted to be paid more than the Liberal Democrat and less than the Labour candidate, people could judge whether we were worth it—[*Interruption.*] That may be going a step too far.

If we assume that the standard rate of pay will apply to each of us, the question is what that rate should be. When I first spoke on this subject, Enoch Powell intervened and asked whether I was aware that there were more candidates than places, and did not that suggest a certain superfluity—he probably used a much better word. The point was then put back to him that instead of being paid, we could have a nominal tax of, say, £2,000 a year, so there would then be exactly the right number of candidates to match the number of constituencies, and then he might be satisfied with the calibre of his colleagues.

The truth is that in the past it was the poor and well-off who became Members of Parliament, not those on middle incomes, and that would happen again under these proposals. When I first got elected, I had been running a small neon lighting business putting bright lights outside theatres and cinemas in the west end. I worked with 25 people. When I became a Member of Parliament in 1975 my pay dropped from £5,000 a year to the £3,200 that my hon. Friend the Member for South Staffordshire (Sir Patrick Cormack) mentioned. When we had these debates, I then found that if, at that election, I had been a number three ranking person in the London borough of Lambeth, where we then had a home, I would have earned about 20 per cent. more.

I take the view that the right level of pay for a general practitioner in politics is about the same as for a general practitioner in medicine, but that does not work any more because GPs are getting significantly more than I thought they were. It would be quite easy to pick a rate of pay that would sound about right and we could then say to the public that we would not take the increases between elections and that we would keep the Government out of it.

It is perfectly understandable why the Leader of the House and my right hon. Friend the Member for Maidenhead (Mrs. May) made the speeches that they did, but they were not the sort of speeches to which a Member of this House should pay attention. We should either support the amendment or reject the increases and say that we will determine that we will set our rate of pay with advice from Baker or some equivalent. It could then come into effect at the next election when both we and the public know what the terms of trade will be.

3.5 pm

Angela Browning (Tiverton and Honiton) (Con): I have taken a close interest in this subject since being, in a former existence, the shadow Leader of the House. At that time, I made recommendations on behalf of the Conservatives to the SSRB and proposed that Members' pay should be linked to that of a chief executive of a small local authority, given that they deal with approximately the same population as us and deal with chief constables and others in public positions on the same basis as MPs. However, I do not think that even the recommendations in the Baker report are anywhere near what the chief executive of a small local authority earns.

It is a great shame that today the House will be unable to accept the Baker recommendations for the reasons that many colleagues on both sides have given, especially when we want to depart from the practice of having to keep voting on our pay. I do not think that the public understand how much we object to it. It is almost as if their perception is that we want to make that decision because we will get more out of it, yet MPs' pay increases over the past five years have been extremely modest. Not only have they been modest in comparison with other public sector pay increases but they have been staged, too, which means that they have been worth less.

I have no axe to grind, as I will leave the House at the next election, but I am well aware of the need for incentives to attract future generations to apply to become a MP and to consider representing a constituency. Although I know that we all do it for the best reasons, we, too, have to live. One great sadness, which the Leader of the House mentioned, is that we find ourselves in a great mishmash of misinformation. There are genuine problems with MPs' allowances that will need to be sorted out—they are the subject of the next debate—but the public perception is that our salary and our allowances are one and the same. That makes it particularly difficult to debate the salary alone and to accept something like the Baker report.

I think that today's proposal is more to do with the public perception than with the Government's public sector pay policy. The Leader of the House is shaking her head, but we all know that out there the public have been led to believe—mainly by the tabloid press—that somehow secretaries' salaries and the range of allowances are rolled into one and that we as MPs receive them through our private bank accounts. We all know that is not true, but the fact remains that that is how the water has been muddied and why today we find the Government and Opposition Front Benchers seeking to make some sort of gesture that will convince the public that we are not greedy and so on.

I speak as a Member who will be leaving the House. Incidentally, from what I have heard today, on retirement, a job in the House of Commons catering department looks extremely attractive, if only to keep me out of the house for a bit. I am sure that my husband would be delighted.

Seriously, we are where we are, for all the reasons that every Member of the House knows. I will support amendment (a), which is in the name of the right hon. Member for Islwyn (Mr. Touhig), because he has struck a good compromise. I say to Members who will be here long after I have departed: take courage in your hands. There will never be a good time to play catch-up with MPs' salaries. No matter what gestures we make today or in the future, there will always be a reason not to increase that salary. That is why I shall support the right hon. Gentleman this afternoon.

Amendment proposed: (a), in line 9, after the word 'year', to insert the words

'provided that, without prejudice to the calculations based on the agreed formula, from 1st April 2008 the annual salary is increased by no more than 2.3 per cent. and that the balance of any increase due at 1st April 2008 should be payable from 1st April 2009 in addition to any increase payable at that date.'.—*[Mr. Touhig.]*

Question put, That the amendment be made:—

The House divided: Ayes 155, Noes 196.

Division No. 250] **[3.10 pm**

AYES

Ainger, Nick
Allen, Mr. Graham
Anderson, Janet
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Bailey, Mr. Adrian
Barron, rh Mr. Kevin
Bayley, Hugh
Beith, rh Sir Alan
Bercow, John
Betts, Mr. Clive
Binley, Mr. Brian
Borrow, Mr. David S.
Boswell, Mr. Tim
Bottomley, Peter
Brady, Mr. Graham
Brake, Tom
Breed, Mr. Colin
Browning, Angela
Bruce, rh Malcolm
Burgon, Colin
Burrowes, Mr. David
Burstow, Mr. Paul
Butterfill, Sir John
Byers, rh Mr. Stephen
Campbell, Mr. Ronnie
Carmichael, Mr. Alistair
Chapman, Ben
Chaytor, Mr. David
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Corbyn, Jeremy
Cormack, Sir Patrick
Cryer, Mrs. Ann
Cummings, John
Curry, rh Mr. David
Davey, Mr. Edward
Davidson, Mr. Ian
Davies, Mr. Quentin
Dobson, rh Frank
Donohoe, Mr. Brian H.
Etherington, Bill
Evans, Mr. Nigel
Farrelly, Paul
Field, rh Mr. Frank
Foster, Mr. Don
Gapes, Mike
Gauke, Mr. David
Gibson, Dr. Ian
Gilroy, Linda
Goodwill, Mr. Robert
Greenway, Mr. John
Griffiths, Nigel
Hall, Mr. Mike
Hamilton, Mr. David
Hammond, Stephen
Hancock, Mr. Mike
Harvey, Nick
Havard, Mr. Dai
Hayes, Mr. John
Hoey, Kate
Hogg, rh Mr. Douglas
Hood, Mr. Jim
Hosie, Stewart
Howarth, rh Mr. George
Howarth, Mr. Gerald
Humble, Mrs. Joan
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jenkins, Mr. Brian
Jones, Helen
Jones, Mr. Kevan
Jones, Mr. Martyn
Keen, Alan
Keetch, Mr. Paul
Key, Robert
Kilfoyle, Mr. Peter
Kirkbride, Miss Julie
Laing, Mrs. Eleanor
Laxton, Mr. Bob
Levitt, Tom
Liddell-Grainger, Mr. Ian
Loughton, Tim
Love, Mr. Andrew
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Maples, Mr. John
Marsden, Mr. Gordon
McCafferty, Chris
McFall, rh John
McGovern, Mr. Jim
McIntosh, Miss Anne
McKenna, Rosemary
Meale, Mr. Alan
Michael, rh Alun
Miller, Andrew
Moffat, Anne
Morley, rh Mr. Elliot
Moss, Mr. Malcolm
Mudie, Mr. George
Murphy, Mr. Denis
Murrison, Dr. Andrew
Naysmith, Dr. Doug
O'Brien, Mr. Stephen
O'Hara, Mr. Edward
Öpik, Lembit
Osborne, Sandra
Ottaway, Richard
Prentice, Mr. Gordon
Prosser, Gwyn
Purchase, Mr. Ken
Reid, Mr. Alan
Robertson, John
Rooney, Mr. Terry
Russell, Bob
Smith, Sir Robert
Spellar, rh Mr. John
Spicer, Sir Michael
Spink, Bob
Steen, Mr. Anthony
Strang, rh Dr. Gavin
Stuart, Ms Gisela
Swire, Mr. Hugo
Tapsell, Sir Peter
Taylor, David
Taylor, Mr. Ian
Touhig, rh Mr. Don
Turner, Dr. Desmond
Vaz, rh Keith
Viggers, Sir Peter
Vis, Dr. Rudi
Wareing, Mr. Robert N.
Weir, Mr. Mike
Whitehead, Dr. Alan
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Williams, Mr. Roger
Willis, Mr. Phil
Willott, Jenny
Wilshire, Mr. David
Winterton, Ann
Winterton, Sir Nicholas
Younger-Ross, Richard

Tellers for the Ayes:
Jim Sheridan and
Mr. Robert Syms

NOES

Alexander, Danny
Anderson, Mr. David
Austin, Mr. Ian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Begg, Miss Anne
Bell, Sir Stuart
Berry, Roger
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blizzard, Mr. Bob
Bradshaw, Mr. Ben
Brazier, Mr. Julian
Brennan, Kevin
Brown, rh Mr. Gordon
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Burden, Richard
Burnham, rh Andy
Burt, Alistair
Byrne, Mr. Liam
Cable, Dr. Vincent
Cameron, rh Mr. David
Cawsey, Mr. Ian
Clark, Ms Katy
Clark, Paul
Clegg, rh Mr. Nick
Coffey, Ann
Cooper, rh Yvette
Creagh, Mary
Darling, rh Mr. Alistair
David, Mr. Wayne
Davies, Mr. Dai
Dean, Mrs. Janet
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Doran, Mr. Frank
Dunne, Mr. Philip
Eagle, Angela
Eagle, Maria
Efford, Clive
Ennis, Jeff
Fallon, Mr. Michael
Field, Mr. Mark
Fitzpatrick, Jim
Flint, rh Caroline
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Fox, Dr. Liam
Francois, Mr. Mark
George, Andrew
Gerrard, Mr. Neil
Gillan, Mrs. Cheryl
Goggins, Paul
Goldsworthy, Julia
Goodman, Helen
Gove, Michael
Grayling, Chris
Green, Damian
Greening, Justine
Grieve, Mr. Dominic
Griffith, Nia
Grogan, Mr. John
Gwynne, Andrew
Hague, rh Mr. William
Hall, Patrick
Hammond, Mr. Philip
Hands, Mr. Greg
Harman, rh Ms Harriet
Harris, Dr. Evan
Healey, John
Herbert, Nick
Hesford, Stephen
Hewitt, rh Ms Patricia
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hollobone, Mr. Philip
Holmes, Paul
Hoon, rh Mr. Geoffrey
Hope, Phil
Horwood, Martin
Howard, rh Mr. Michael
Howarth, David
Howells, Dr. Kim
Hughes, rh Beverley
Huhne, Chris
Hunter, Mark
Hutton, rh Mr. John
Irranca-Davies, Huw

Johnson, rh Alan
Johnson, Ms Diana R.
Jowell, rh Tessa
Joyce, Mr. Eric
Keeble, Ms Sally
Keeley, Barbara
Kelly, rh Ruth
Khan, Mr. Sadiq
Kidney, Mr. David
Knight, Jim
Kramer, Susan
Lamb, Norman
Lammy, Mr. David
Lansley, Mr. Andrew
Lazarowicz, Mark
Lepper, David
Letwin, rh Mr. Oliver
Lewis, Mr. Ivan
Lidington, Mr. David
Linton, Martin
Lucas, Ian
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Martlew, Mr. Eric
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McFadden, Mr. Pat
McGuire, Mrs. Anne
McLoughlin, rh Mr. Patrick
McNulty, rh Mr. Tony
Merron, Gillian
Miliband, rh David
Miliband, rh Edward
Mitchell, Mr. Andrew
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Mullin, Mr. Chris
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Norris, Dan
O'Brien, Mr. Mike
Osborne, Mr. George
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Prentice, Bridget
Purnell, rh James
Rammell, Bill
Randall, Mr. John
Raynsford, rh Mr. Nick
Reed, Mr. Jamie
Rifkind, rh Sir Malcolm
Ruddock, Joan
Seabeck, Alison
Selous, Andrew
Shaw, Jonathan
Skinner, Mr. Dennis
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Spink, Bob
Straw, rh Mr. Jack
Stunell, Andrew
Sutcliffe, Mr. Gerry
Swayne, Mr. Desmond
Tami, Mark
Taylor, Matthew
Thomas, Mr. Gareth
Timms, rh Mr. Stephen
Trickett, Jon
Twigg, Derek
Ussher, Kitty
Vara, Mr. Shailesh
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Webb, Steve
Wicks, Malcolm
Willetts, Mr. David
Wills, Mr. Michael
Wilson, Phil
Wilson, Mr. Rob
Winnick, Mr. David
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, David
Wright, Mr. Iain
Wyatt, Derek
Young, rh Sir George

Tellers for the Noes:
Mr. Alan Campbell and Tony Cunningham

Question accordingly negatived.

It being more than one and half hours after the commencement of proceedings, MR. SPEAKER *put the remaining Questions necessary to dispose of proceedings on the motions relating to Members' salaries, pursuant to Order [1 July].*

Main Question put:—

The House divided: Ayes 141, Noes 216.

Division No. 251] **[3.23 pm**

AYES

Ainger, Nick
Alexander, Danny
Allen, Mr. Graham
Amess, Mr. David
Anderson, Janet
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baker, Norman
Barron, rh Mr. Kevin
Bayley, Hugh
Beith, rh Sir Alan
Bercow, John
Betts, Mr. Clive
Binley, Mr. Brian
Boswell, Mr. Tim
Bottomley, Peter
Brady, Mr. Graham
Brake, Tom
Browning, Angela
Bruce, rh Malcolm
Burgon, Colin
Burstow, Mr. Paul
Butler, Ms Dawn
Butterfill, Sir John
Campbell, Mr. Ronnie
Carmichael, Mr. Alistair
Chapman, Ben
Chope, Mr. Christopher
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Connarty, Michael
Cormack, Sir Patrick
Cryer, Mrs. Ann
Curry, rh Mr. David
Davey, Mr. Edward
Davidson, Mr. Ian
Davies, Mr. Quentin
Dobson, rh Frank
Donohoe, Mr. Brian H.
Dowd, Jim
Etherington, Bill
Evans, Mr. Nigel
Farrelly, Paul
Field, Mr. Mark
Foster, Mr. Don
Gapes, Mike
Gauke, Mr. David
George, Andrew
Goldsworthy, Julia
Greenway, Mr. John
Griffiths, Nigel
Hall, Mr. Mike
Hamilton, Mr. David
Hancock, Mr. Mike
Harvey, Nick
Havard, Mr. Dai
Hayes, Mr. John
Hoey, Kate
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Hood, Mr. Jim
Hosie, Stewart
Howarth, rh Mr. George
Howarth, Mr. Gerald
Hughes, Simon
Humble, Mrs. Joan
Iddon, Dr. Brian
Illsley, Mr. Eric
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jenkins, Mr. Brian
Jones, Helen
Jones, Mr. Kevan
Jones, Mr. Martyn
Key, Robert
Kilfoyle, Mr. Peter
Kirkbride, Miss Julie
Laing, Mrs. Eleanor
Laxton, Mr. Bob
Levitt, Tom
Liddell-Grainger, Mr. Ian
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
MacShane, rh Mr. Denis
Mahmood, Mr. Khalid
Maples, Mr. John
Marsden, Mr. Gordon
McCafferty, Chris
McFall, rh John
McGovern, Mr. Jim
McIntosh, Miss Anne
McKenna, Rosemary
Meale, Mr. Alan
Michael, rh Alun
Miller, Andrew
Moffat, Anne
Moss, Mr. Malcolm
Mudie, Mr. George
Murphy, Mr. Denis
Murrison, Dr. Andrew
O'Hara, Mr. Edward
Öpik, Lembit
Osborne, Sandra
Ottaway, Richard
Prentice, Mr. Gordon
Prosser, Gwyn
Purchase, Mr. Ken
Robertson, John
Russell, Bob
Sheridan, Jim
Smith, Sir Robert
Spellar, rh Mr. John
Spicer, Sir Michael
Spink, Bob
Steen, Mr. Anthony
Strang, rh Dr. Gavin
Stuart, Ms Gisela
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Matthew
Touhig, rh Mr. Don
Turner, Dr. Desmond
Vaz, rh Keith
Viggers, Sir Peter
Vis, Dr. Rudi
Wareing, Mr. Robert N.
Weir, Mr. Mike
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilshire, Mr. David
Winterton, Ann
Winterton, Sir Nicholas
Wright, Mr. Anthony

Tellers for the Ayes:
Richard Younger-Ross and Mr. Paul Keetch

NOES

Anderson, Mr. David
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Begg, Miss Anne
Bell, Sir Stuart
Berry, Roger
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blizzard, Mr. Bob
Bradshaw, Mr. Ben
Brazier, Mr. Julian
Brennan, Kevin
Brown, rh Mr. Gordon
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, rh Andy
Burt, Alistair
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Cable, Dr. Vincent
Cameron, rh Mr. David
Cawsey, Mr. Ian
Clark, Ms Katy
Clark, Paul
Clegg, rh Mr. Nick
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Cooper, Rosie
Cooper, rh Yvette
Creagh, Mary
Cummings, John
Darling, rh Mr. Alistair
David, Mr. Wayne
Davies, Mr. Dai
Dean, Mrs. Janet
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Doran, Mr. Frank
Dunne, Mr. Philip
Eagle, Angela
Eagle, Maria
Efford, Clive
Ennis, Jeff
Fallon, Mr. Michael
Field, rh Mr. Frank
Fitzpatrick, Jim
Flint, rh Caroline
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Fox, Dr. Liam
Francois, Mr. Mark
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gillan, Mrs. Cheryl
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Goodwill, Mr. Robert
Gove, Michael
Grayling, Chris
Greening, Justine
Grieve, Mr. Dominic
Griffith, Nia
Grogan, Mr. John
Gwynne, Andrew
Hague, rh Mr. William
Hall, Patrick
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Harman, rh Ms Harriet
Harris, Dr. Evan
Healey, John
Herbert, Nick
Hesford, Stephen
Hewitt, rh Ms Patricia
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Holmes, Paul
Hoon, rh Mr. Geoffrey
Hope, Phil
Horwood, Martin
Howard, rh Mr. Michael
Howarth, David
Howells, Dr. Kim
Hughes, rh Beverley
Huhne, Chris
Hunter, Mark
Hutton, rh Mr. John
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Johnson, rh Alan
Johnson, Ms Diana R.
Jowell, rh Tessa
Joyce, Mr. Eric
Keeble, Ms Sally
Keeley, Barbara
Kelly, rh Ruth
Khan, Mr. Sadiq
Kidney, Mr. David
Knight, Jim
Kramer, Susan
Lamb, Norman
Lammy, Mr. David
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Lazarowicz, Mark
Lepper, David
Letwin, rh Mr. Oliver
Lewis, Mr. Ivan
Lidington, Mr. David
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Martlew, Mr. Eric
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McFadden, Mr. Pat
McGuire, Mrs. Anne
McLoughlin, rh Mr. Patrick
McNulty, rh Mr. Tony
Merron, Gillian
Miliband, rh David
Miliband, rh Edward
Mitchell, Mr. Andrew
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Mullin, Mr. Chris
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Osborne, Mr. George
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Prentice, Bridget
Purnell, rh James
Rammell, Bill
Randall, Mr. John
Raynsford, rh Mr. Nick
Reed, Mr. Jamie
Reid, Mr. Alan
Rifkind, rh Sir Malcolm
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Ruddock, Joan
Seabeck, Alison
Selous, Andrew
Shaw, Jonathan
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Spink, Bob
Starkey, Dr. Phyllis
Straw, rh Mr. Jack
Stunell, Andrew
Sutcliffe, Mr. Gerry
Swayne, Mr. Desmond
Tami, Mark
Taylor, David
Thomas, Mr. Gareth
Timms, rh Mr. Stephen
Trickett, Jon
Twigg, Derek
Ussher, Kitty
Vara, Mr. Shailesh
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Webb, Steve
Whitehead, Dr. Alan
Wicks, Malcolm
Willetts, Mr. David
Williams, Mr. Roger
Wills, Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, David
Wright, Mr. Iain
Wyatt, Derek
Young, rh Sir George

Tellers for the Noes:
Mr. Alan Campbell and Tony Cunningham

Question accordingly negatived.

MEMBERS' SALARIES (EXPRESSION OF OPINION) (NO. 2)

Motion made and Question put,

That this House notes Sir John Baker's Review of Parliamentary Pay and Allowances (Cm 7416), and is of the opinion that the policy set out in the Written Ministerial Statement by the Leader of the House of 17th June Official Report col. 46WS should be implemented, such that

(1) the salary of a Member of this House should be increased from 1st April 2008, and from 1st April of each subsequent year, by an uprating formula which increases the salary by a percentage equal to the median of relevant increases for the following public sector groups: senior military, holders of judicial office, very senior NHS managers, doctors and dentists, the Prison Service, NHS staff, school teachers, the Armed Forces, police officers, Local Government; non-Senior Civil Service staff in each of the Department for Work and Pensions, Her Majesty's Revenue and Customs, the Ministry of Defence and the Home Office; and the Senior Civil Service;

(2) the SSRB should conduct a review of Members' salaries in the first year of each new Parliament unless such a review has taken place within the preceding two years;

(3) at such a review the SSRB should consider either or both of:

(a) an adjustment to the salary, consistent with public sector pay policy, to reflect an assessment of the appropriate salary at that time relative to jobs of similar weight elsewhere in the public sector;

(b) as regards the public sector groups listed above, such amendments to the list as appear to it to be necessary to reflect changes in the pay setting arrangements for those groups; to take effect from the first 1st April following the first meeting of the new Parliament: 2754 Order of Business: 3rd July 2008 No. 122

(4) each year the SSRB chair should notify the Speaker of the change in salary (expressed as a percentage) and, on such notification to the Speaker, that change shall have effect, subject to any further notification given following a review under paragraph (2);

(5) the Speaker should lay before the House:

(a) any notification received from the SSRB chair under paragraph (4); and

(b) any report from the SSRB following a review under paragraph (2) above;

(6) an additional salary payable to a Member under Resolutions of this House in respect of service as a chairman of select or general committees shall be changed by the same percentage and from the same time as the salary of a Member. —*[Ms Harman.]*

Mr. Speaker: If no Tellers are put in, that is a indication that the vote is by acclaim. I shall call in Tellers, which will not take me a minute.

Peter Bottomley: On a point of order, Mr. Speaker. The Government had better put in Tellers, or else they will lose the vote.

Mr. Speaker: Thanks for that advice. That is very good of you.

The House proceeded to a Division; but no Member being willing to act as Teller, MR. SPEAKER *declared that the Ayes had it.*

Question agreed to.

Mr. Speaker: We come to Members' Salaries (Expression of Opinion) (No. 3)—*[Interruption.]* Let us get this clear.

Ms Harman: Mr. Speaker, the third expression of opinion motion would put into effect Sir John Baker's three-year £650 catch-ups. I have placed it on the Order Paper for the convenience of the House, and am prepared to move it formally, but if I do so, we will then be voting no—[HON. MEMBERS: "You will."] I will be voting no.

Mr. Speaker: I shall put the Question on this motion. How hon. Members vote is nothing to do with me.

MEMBERS' SALARIES (EXPRESSION OF OPINION) (NO. 3)

Motion made, and Question put,

That this House notes Sir John Baker's Review of Parliamentary Pay and Allowances (Cm 7416), and is of the opinion that the recommendation in paragraph 51 of the Review for increases over three years additional to those resulting from other uprating provisions should be implemented, such that the annual salary of a Member 5 of this House should be increased on each of 1st April 2008, 1st April 2009 and 1st April 2010 by a sum of £650 in addition to (and after) any other change taking effect from that date by virtue of any other resolution of this House. —*[Ms Harman.]*

The House divided: Ayes 123, Noes 224.

Division No. 252] **[3.37 pm**

AYES

Ainger, Nick
Allen, Mr. Graham
Amess, Mr. David
Anderson, Janet
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Barron, rh Mr. Kevin
Bayley, Hugh
Beith, rh Sir Alan
Bercow, John
Betts, Mr. Clive
Binley, Mr. Brian
Bone, Mr. Peter
Boswell, Mr. Tim
Brady, Mr. Graham
Browning, Angela
Bruce, rh Malcolm
Burgon, Colin
Butterfill, Sir John
Byers, rh Mr. Stephen
Campbell, Mr. Ronnie
Carmichael, Mr. Alistair
Chapman, Ben
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Connarty, Michael
Cormack, Sir Patrick
Cryer, Mrs. Ann
Cummings, John
Curry, rh Mr. David
Davidson, Mr. Ian
Davies, Mr. Quentin
Donohoe, Mr. Brian H.
Dowd, Jim
Etherington, Bill
Evans, Mr. Nigel
Field, Mr. Mark
Foster, Mr. Don
Gapes, Mike
Gauke, Mr. David
Greenway, Mr. John
Hall, Mr. Mike
Hamilton, Mr. David
Hammond, Stephen
Harvey, Nick
Havard, Mr. Dai
Hogg, rh Mr. Douglas
Hood, Mr. Jim
Howarth, rh Mr. George
Howarth, Mr. Gerald
Hughes, Simon
Humble, Mrs. Joan
Iddon, Dr. Brian
Illsley, Mr. Eric
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jenkins, Mr. Brian
Jones, Helen
Jones, Mr. Kevan
Jones, Mr. Martyn
Keetch, Mr. Paul
Key, Robert
Kilfoyle, Mr. Peter
Kirkbride, Miss Julie
Laing, Mrs. Eleanor
Laxton, Mr. Bob
Levitt, Tom
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
MacShane, rh Mr. Denis
Mahmood, Mr. Khalid
Maples, Mr. John
McCafferty, Chris
McGovern, Mr. Jim
McIntosh, Miss Anne
McKenna, Rosemary
Meale, Mr. Alan
Michael, rh Alun
Miller, Andrew
Moffat, Anne
Mudie, Mr. George
Murphy, Mr. Denis
Murrison, Dr. Andrew
O'Hara, Mr. Edward
Öpik, Lembit
Osborne, Sandra
Ottaway, Richard
Prentice, Mr. Gordon
Prosser, Gwyn
Purchase, Mr. Ken
Robertson, John
Rooney, Mr. Terry
Russell, Bob
Sheridan, Jim
Spellar, rh Mr. John
Spicer, Sir Michael
Spink, Bob
Steen, Mr. Anthony
Strang, rh Dr. Gavin
Stuart, Ms Gisela
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Matthew
Touhig, rh Mr. Don
Turner, Dr. Desmond
Vaz, rh Keith
Viggers, Sir Peter
Vis, Dr. Rudi
Wareing, Mr. Robert N.
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Williams, Stephen
Willis, Mr. Phil
Wilshire, Mr. David
Winterton, Ann
Winterton, Sir Nicholas
Wright, Mr. Anthony
Younger-Ross, Richard

Tellers for the Ayes:
Peter Bottomley and Mr. Christopher Chope

NOES

Alexander, Danny
Anderson, Mr. David
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Baker, Norman
Balls, rh Ed
Banks, Gordon
Begg, Miss Anne
Bell, Sir Stuart
Berry, Roger
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blizzard, Mr. Bob
Bradshaw, Mr. Ben
Brake, Tom
Brazier, Mr. Julian
Brennan, Kevin
Brooke, Annette
Brown, rh Mr. Gordon
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, rh Andy
Byrne, Mr. Liam
Cable, Dr. Vincent
Cameron, rh Mr. David
Cawsey, Mr. Ian
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Kenneth
Clegg, rh Mr. Nick
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Cooper, Rosie
Cooper, rh Yvette
Creagh, Mary
Darling, rh Mr. Alistair
Davey, Mr. Edward
David, Mr. Wayne
Davies, Mr. Dai
Dean, Mrs. Janet
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Dunne, Mr. Philip
Eagle, Angela
Eagle, Maria
Efford, Clive
Ennis, Jeff
Fallon, Mr. Michael
Fitzpatrick, Jim
Flint, rh Caroline
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Fox, Dr. Liam
Francois, Mr. Mark
George, Andrew
Gerrard, Mr. Neil
Gillan, Mrs. Cheryl
Gilroy, Linda
Goggins, Paul
Goldsworthy, Julia
Goodman, Helen
Goodwill, Mr. Robert
Gove, Michael
Grayling, Chris
Green, Damian
Greening, Justine
Grieve, Mr. Dominic
Griffith, Nia
Grogan, Mr. John
Gwynne, Andrew
Hague, rh Mr. William
Hall, Patrick
Hammond, Mr. Philip
Hancock, Mr. Mike
Hands, Mr. Greg
Harman, rh Ms Harriet
Harris, Dr. Evan
Healey, John
Herbert, Nick
Hesford, Stephen
Hewitt, rh Ms Patricia
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hollobone, Mr. Philip
Holmes, Paul
Hoon, rh Mr. Geoffrey
Hope, Phil
Horwood, Martin
Hosie, Stewart
Howarth, David
Howells, Dr. Kim
Hughes, rh Beverley
Huhne, Chris
Hunter, Mark
Hutton, rh Mr. John
Irranca-Davies, Huw
Jackson, Glenda
Johnson, rh Alan
Johnson, Ms Diana R.
Jowell, rh Tessa
Joyce, Mr. Eric
Keeley, Barbara
Kelly, rh Ruth
Khan, Mr. Sadiq
Kidney, Mr. David
Knight, Jim
Kramer, Susan
Lamb, Norman
Lammy, Mr. David
Lancaster, Mr. Mark
Lazarowicz, Mark
Lepper, David
Letwin, rh Mr. Oliver
Lewis, Mr. Ivan
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Linton, Martin
Lloyd, Tony
Lucas, Ian
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Martlew, Mr. Eric
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McFadden, Mr. Pat
McGuire, Mrs. Anne
McLoughlin, rh Mr. Patrick
McNulty, rh Mr. Tony
Merron, Gillian
Miliband, rh David
Miliband, rh Edward
Mitchell, Mr. Andrew
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Mullin, Mr. Chris
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Newmark, Mr. Brooks
Norris, Dan
O'Brien, Mr. Mike
Osborne, Mr. George
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Prentice, Bridget
Purnell, rh James
Rammell, Bill
Randall, Mr. John
Raynsford, rh Mr. Nick
Reed, Mr. Jamie
Reid, Mr. Alan
Rifkind, rh Sir Malcolm
Robinson, Mr. Geoffrey
Ruddock, Joan
Seabeck, Alison
Selous, Andrew
Shaw, Jonathan
Sheerman, Mr. Barry
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Smith, Sir Robert
Snelgrove, Anne
Soulsby, Sir Peter
Spink, Bob
Starkey, Dr. Phyllis
Straw, rh Mr. Jack
Stunell, Andrew
Sutcliffe, Mr. Gerry
Swayne, Mr. Desmond
Swire, Mr. Hugo
Tami, Mark
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Trickett, Jon
Twigg, Derek
Ussher, Kitty
Vara, Mr. Shailesh
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Webb, Steve
Weir, Mr. Mike
Whitehead, Dr. Alan
Wicks, Malcolm
Willetts, Mr. David
Williams, Mark
Williams, Mr. Roger
Willott, Jenny
Wills, Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, David
Wright, Mr. Iain
Wyatt, Derek
Young, rh Sir George

Tellers for the Noes:
Mr. Alan Campbell and Tony Cunningham

Question accordingly negatived.

MEMBERS' SALARIES (NO. 2) *[MONEY]*

Her Majesty's recommendation having been signified to the proposed motion—

Resolved,

That the following provision be made in relation to the salaries of Members of this House

(1) from 1st April 2008 and from 1st April of each subsequent year a Member's salary shall be increased by a percentage equal to the median of the relevant increases for the public sector groups listed in paragraph (2);

(2) the public sector groups are:

(a) senior military, holders of judicial office, very senior NHS managers, doctors and dentists, the Prison Service, NHS staff, school teachers, the Armed Forces, police officers and Local Government ("List A");

(b) non-Senior Civil Service staff in each of the Department for Work and Pensions, Her Majesty's Revenue and Customs, the Ministry of Defence and the Home Office ("List B");

(c) Senior Civil Service ("List C");

(3) the posts covered by a group in List A (except police officers and Local Government) and the Senior Civil Service are those posts within the group which are covered (from time to time) by a pay review body supported by the Office of Manpower Economics;

(4) the reference to police officers is to those officers covered (from time to time) by the Police Negotiating Board and the reference to Local Government is to those posts covered (from time to time) by the National Joint Council for Local Government Services;

(5) in the case of List A, the relevant increase for a group is determined as follows:

(a) determine the last set of annual percentage pay scale increases finalised and given effect to prior to 31st December of the preceding year in relation to individuals within the group;

(b) of the increases determined under paragraph (a), determine the increase that was applicable to the largest number of individuals (for this purpose, taking increases of the same percentage together as if they were one increase);

and the increase determined under paragraph (b) is the relevant increase;

(6) in the case of List B, the relevant increase for a group is determined as follows:

(a) determine the last set of annual percentage pay scale increases finalised and given effect to prior to 31st December of the preceding year in relation to staff within the group;

(b) determine the average of the increases determined under paragraph (a);

and the average determined under paragraph (b) is the relevant increase;

(7) in the case of List C, the relevant increase is the last annual percentage increase in the basic settlement (excluding recyclables) finalised and given effect to prior to 31st December of the preceding year;

(8) the SSRB shall determine each relevant increase for the purposes of paragraph (1) except where the SSRB decides, in relation to a particular group, that it is not possible for it to make such a determination because of changes in pay setting arrangements for that group or other exceptional circumstances, in which case that group shall be ignored for the purposes of paragraph (1);

(9) the SSRB shall conduct a review of Members' salaries in the first year of each new Parliament unless such a review has taken place within the preceding two years;

(10) at such a review the SSRB should consider either or both of:

(a) an adjustment to the salary, consistent with public sector pay policy, to reflect an assessment of the appropriate salary at that time relative to jobs of similar weight elsewhere in the public sector;

(b) as regards the public sector groups listed in paragraph (2) above, such amendments to the list (including adding new groups or moving particular groups between Lists A, B and C) as appear to it to be necessary to reflect changes in the pay setting arrangements for those groups;

to take effect from the first 1st April following the first meeting of the new Parliament;

(11) each year the SSRB chair shall notify the Speaker of the change in salary (expressed as a percentage) and, on such notification to the Speaker, that change shall have effect, subject to any further notification given following a review under paragraph (9);

(12) the Speaker shall lay before the House:

(a) any notification received from the SSRB chair under paragraph (11); and

(b) any report from the SSRB following a review under paragraph (9) above;

(13) an additional salary payable to a Member under Resolutions of this House in respect of service as a chairman of select or general committees shall be changed by the same percentage and from the same time as the salary of a Member. — *[Ms Harman.]*

Members' Expenses

3.49 pm

Nick Harvey (North Devon) (LD): I beg to move,

That this House welcomes the Third Report from the Members Estimate Committee: Review of Members Allowances (House of Commons Paper 578); endorses in particular the recognition of the need for a robust system of scrutiny for parliamentary allowances and the accompanying emphasis in the Report on improved audit; and is of the opinion that—

(1) Recommendations 1-5 (audit and assurance), Recommendations 6 and 7 (scope of overnight expenses), Recommendations 9 and 10 (Communications Allowance), Recommendations 11 and 12 (travel), Recommendations 13 and 14 (overnight expenses), Recommendation 15 (resettlement), and Recommendations 16-18 (other SSRB recommendations) should be implemented, subject to decisions of the Members Estimate Committee with respect to their introduction and application;

(2) the principle of central funding of constituency office costs, as set out in Recommendation 8, should be approved and asks the Members Estimate Committee to prepare a detailed proposal accordingly;

(3) the timetable for implementation of the Recommendations set out in paragraph 257 of the Report be endorsed; and instructs the Members Estimate Committee to report from time to time on the implementation of this Resolution.

The motion invites the House to approve the recommendations made in the report on Members' allowances produced by the Members Estimate Committee. It has been just over five long months since the House instructed the Committee on 24 January to consider the recommendations in the Senior Salaries Review Body's July 2007 report on Members' allowances. Members will recall that, no sooner had that instruction been given than the House was plunged into controversy following the irregularities in staffing practices of one hon. Member, the atmosphere that that created, and the judgments made by the freedom of information tribunal shortly thereafter.

It was decided at that point that the review being conducted by the Members Estimate Committee should be a more thorough review, that it should look at every aspect of Members' allowances and that it should be a root and branch review. I am not necessarily suggesting that we have cut off every branch; that is for others to judge. The report runs to 271 paragraphs, and it follows that no one—not even all six members of the Members Estimate Committee—will think that all 271 of those paragraphs are perfect. The six members of the Committee have had to make compromises between ourselves in order to reach consensus.

The task that we were set at the beginning of the review was to balance the interests of Members of Parliament with the interests of taxpayers. I do not need to tell Members that the impression created in the national media has not reflected well on this House as an institution or on its Members. The public believe—quite erroneously, in my view—that our allowances are excessive, that there are irregularities in the way in which Members claim those allowances and that the systems in this place are lax. I repeat that those are not my views, but that is the impression out there among the general public, and that is the context in which the Members Estimate Committee has conducted its investigations and the basis on which we have brought forward our recommendations.

We have a clear need to restore the reputation of this House. Thus it is that our principal recommendation is that we need a more rigorous system of audit and assurance, possibly going rather further than the strict requirements that an audit would deem necessary. We need to do this in the interests of trying to restore public confidence in this House. The events of earlier this year have adversely changed people's impression of our arrangements for these allowances. Frankly, nothing will ever be quite the same again, not least because the freedom of information regime now means that we will publish, right down to receipt level, every claim that every Member makes against every allowance.

Over the past five months, we have been grateful for oral, written, formal and informal comments from colleagues. As I have said, we cannot expect to make everyone happy, but we have done our best to take on board as many of those representations as we could. We are also grateful to the outsiders who have come in and given evidence and advice to us. They include the Comptroller and Auditor General in the National Audit Office, Her Majesty's Revenue and Customs, two firms of accountants, the Institute of Chartered Accountants' practice assurance experts, and our own officials within the House.

When we published our report last week, we made it clear that tougher rules on the way in which we police our allowances were essential to putting right the problems that some people detect and the impression that abounds among the general public.

Mr. David Winnick (Walsall, North) (Lab): Will the hon. Gentleman give way?

Nick Harvey: I will just finish laying out the recommendations, then I will happily give way to the hon. Gentleman.

Members of Parliament are unique in certifying their own expenses. The Committee was advised by all those who gave evidence to us that this is simply not a practice that takes place in other walks of life. Even the chief executive of a plc will have an expense claim certified by the chairman of the board. The belief that a Member's signature reflects the fact that a gentleman's word is his bond is, regrettably, not one that the rest of the country is prepared to put its faith in any longer. The proposed system of practice assurance will for the first time allow checks to be made against the basis on which Members have made their claims and the uses to which the resources they have claimed have been put.

I encourage Members to read closely what is being suggested. We are not employees of this House but independent office holders. Our situation is comparable in many ways to that of professionals, whether as partners or in individual practices. The assurance system proposed in the report places us on a similar footing to professionals who practise either in partnership or as sole practitioners. Our intention is that there should be better record keeping and accounting and that if Members are doing anything at all irregular, they are more likely to be doing it through inadvertence than malfeasance.

We thus view these proposals as a soft knock on the door and as a helpful advisory service to be provided by professionals trained to do this in other walks of life, who will come in to assist Members. I want to clear up at this point any suggestion that the proposed practice assurance model is intended to go any further than deal with Members' claims and their use of public money.

Mr. Winnick *rose—*

Ian Lucas (Wrexham) (Lab) *rose—*

Nick Harvey: I will give way in a few moments.

It has been suggested, for example, that the practice assurance teams might come in and start telling Members how to go about their political business, how they should be serving their constituents, how they should order their political priorities and so forth. Nothing could be further from the truth. This is targeted solely at how Members are making claims and the uses to which resources allocated to them from public funds are put. I hope that I have made that clear.

Mr. Winnick: Let me turn back to what the hon. Gentleman was saying a little earlier about the lack of public confidence in the way we claim our allowances. Does the hon. Gentleman not recognise that the manner in which the House of Commons Commission went to the High Court without any authorisation from the House whatever—there was no motion of any kind—is hardly likely to bolster public confidence in the system of allowances, much of which is absolutely justified?

Nick Harvey: I do not accept what the hon. Gentleman says. The principal argument advanced at the High Court was that Members' private addresses should not be put into the public arena, and Members will have an opportunity to express their opinions on that subject later in today's debate.

Ian Lucas: The hon. Gentleman has referred on a number of occasions to the phrase "practice assurance", which I believe is a deeply unfortunate one. He seems to be saying—will he confirm it—that the audit arrangements will extend only to financial assurance, not to practice assurance. Practice assurance goes way beyond audit and financial assurance. Does he agree that a much better, more accurate and less ambiguous description would be "financial assurance", and will he use that term from now on?

Nick Harvey: Let me confirm that it is the financial practice, not the political practice, that the assurance team will be coming round to check, but I would not be satisfied to call it simply "financial assurance" for this reason: the scandal that I mentioned earlier related to the employment and use of staff. With respect, that went a little wider than just financial matters, but in no sense whatever would the assurance teams involve themselves in matters of political practice, which are entirely a matter for Members' judgments. We are talking about the usage of considerable sums of public money—and nothing else.

Mr. David Clelland (Tyne Bridge) (Lab): Will the hon. Gentleman tell the House how much all this will cost and how much it will save?

Nick Harvey: How much it will save time alone will tell. I hope that it will save and improve the reputation of the House and improve the quality of British democracy. If it does that and if in a couple of years we have convinced people that any problems that there were are being ironed out, it will have been worth it. The question of how much it costs will depend on terms of contracts that we let, what people bid in at and what scale of work is done. Some estimates are included in the appendices—

Michael Jabez Foster (Hastings and Rye) (Lab): Will the hon. Gentleman give way?

Nick Harvey: I will press on, with respect to the hon. Gentleman, so that more Members get the opportunity to contribute to the debate.

The purpose of introducing the principle of practice assurance is to put Members of Parliament on the same footing and the same basis as other members of the professions and others in other walks of life. One thing that we were asked to do at the outset of the process was to examine practice elsewhere and ensure that the practice of Members of Parliament was analogous to that of those in other professions. A mindset that Members of Parliament are in some separate world of their own and that different rules apply to us than to everybody else has got the House into the sort of trouble that we have at the moment.

Helen Jones (Warrington, North) (Lab): Will the hon. Gentleman give way?

Nick Harvey: I will press on. Introducing this system of practice assurance is intended to put us on the same footing as other professionals in other walks of life.

The rules of engagement will be drawn up by Members of Parliament. The rules against which our practice is judged will be drawn up by Members of Parliament. The contract with the professionals who carry this out will be set by Members of Parliament. The House will still have domain over its own rules and regulations and the practices that it puts in place to police them. This is not something being imposed from outwith, but we are using the expertise of professionals in other walks of life so that they can come in and ensure that we are adopting best practice in 2008.

Helen Jones: The hon. Gentleman will accept that outside the House proportionality applies. Therefore, will he explain to the House how much this system will cost and how much he expects to save for the money spent?

Nick Harvey: That question was asked a moment ago and I repeat what I said then. The objective of the exercise is to restore the reputation of the House and its Members. We cannot say how much it will save until we have tried the system and seen what it will save. What it will cost is laid out in the report and I invite the hon. Lady to have a look at it.

Michael Jabez Foster: Will the hon. Gentleman give way?

Nick Harvey: No, I am going to make some progress.

The second part of this is the question of formal financial audit. Our proposals involve the National Audit Office extending the scope of its audit of the House accounts and bringing it up to the general standards of the public sector. The NAO will continue its practice of sampling transactions and systems, but it is not the role of the external audit of our accounts to test the behaviour of Members. For the first time, the NAO will have the power to look behind the Member's signature, and it has also indicated to us that reducing the receipt threshold will enable it to give assurance on the House's accounts on a comparable basis to that which it offers on the accounts of other public sector bodies.

An amendment has been tabled that would knock that provision out. I invite the House to consider that carefully. We have before us a recommendation that would put the audit of the House accounts on the same basis as that of other public bodies. If we vote it down, we will knowingly vote to have our accounts on a less adequate basis than those of the rest of the public sector. In my view, and in the light of the challenges that we have experienced to the reputation of the House, it would be utterly catastrophic for us to do that knowingly and having taken advice from the NAO.

Sir Patrick Cormack (South Staffordshire) (Con): I go along with much of what the hon. Gentleman says, and as a former member of the Commission and of the Members Estimate Committee I understand the difficulties of his task. I am grateful to him and his colleagues. I can understand the £25 threshold, but I am told by people in the House's own accounts department that requiring a receipt for everything—be it £1, £2 or 7s/3d—will cause enormous and disproportionate cost. Why was that recommendation made?

Nick Harvey: On 1 April, the receipt threshold was reduced from £250 to £25. That change has involved a far greater adjustment of the administrative load than the further—quite small—reduction from £25 to zero.

When we made that change, it was I who was sent to the media studios. The interviewers did not say, "This is entirely commendable. The House of Commons has reduced its receipt threshold from £250 to £25." The first question on the lips of every interviewer was, "Why are you sticking at this £25 threshold when the rest of the world expects receipts for everything?" *[Interruption.]* According to the evidence that we have been given, that is the case in many other walks of life.

There is a £30-a-day subsistence allowance for Members, also based on the practice that we have observed in other professions—the civil service, for example. We do not expect receipts for that. It is a small sum, and the way in which Members use it is at their discretion. Members have complained that they would not be able to get a receipt for the purchase of a newspaper or a cup of coffee. Those are exactly the sort of purchases for which the £30 daily subsistence rate is meant to provide. It is true that the receipt threshold is going down to zero for most purposes, but a small amount is still left to the discretion of Members.

Stephen Hammond (Wimbledon) (Con): Will the hon. Gentleman give way?

Nick Harvey: I will, but then I must make a little progress.

Stephen Hammond: I entirely support what the hon. Gentleman has been saying, but those in almost every other walk of life must submit a receipt for almost every item of expenditure. Can he explain the rationale for a £30 daily subsistence which will not involve receipts, and can he also explain why it is not being given to all Members of Parliament?

Nick Harvey: The £30 subsistence allowance is based on the subsistence arrangements in other professions, which are recognised by Her Majesty's Revenue and Customs. HMRC does not allow people a tax-free subsistence rate unless they are staying away from home. I think the hon. Gentleman is asking me about those who have only one home. He will have noted our proposal to increase the London subsistence rate and make it a London costs allowance. If he works out what that will deliver to him, net of tax, he will find that it bears a close resemblance to the subsistence allowance that is on offer to other Members.

Simon Hughes (North Southwark and Bermondsey) (LD): Will my hon. Friend give way?

Nick Harvey: I will give way to my hon. Friend, but then I shall try to finish my speech so that others can contribute.

Simon Hughes: I am grateful to my hon. Friend. I support the most robust of responses, which I think is what his Committee proposes. Can he tell us what is the difference between the proposal in his motion that the report

"should be implemented, subject to decisions of the Members Estimate Committee with respect to their introduction and application"

and the amendment tabled by the right hon. Member for Islwyn (Mr. Touhig), which appears to delay some changes until October this year, some until April next year, some until April 2010, and some until the end of the next Parliament? How soon will my hon. Friend's proposal be implemented? I want it to be implemented tomorrow, if that is possible.

Nick Harvey: I do not think it is possible to introduce such systems in the middle of a financial year. I believe that the earliest point at which we can implement most of them is 1 April next year, and that some of the more complex arrangements will take a little longer than that.

I have seen my hon. Friend's amendment asking for the proposal for central procurement for constituency offices to be brought forward, and inviting the Members Estimate Committee to produce a comprehensive plan before 22 July. With great respect to my hon. Friend, I must tell him that that is simply not possible. We are very keen for the system to be sound and reliable, and over the next year or 18 months, during which time some Members' leases will expire, we will seek opportunities to pilot the new system so that we can get it right for the majority of Members. That will take a little time.

My hon. Friend invites me to contrast the arrangements proposed in our report with what is proposed in the amendment tabled by the right hon. Member for Islwyn (Mr. Touhig). As I said earlier, it is impossible to please all the people all the time, and I do not believe that any one of the six members of the Committee is entirely happy with every last detail of the report. However, we have to decide collectively what is in our best interests. The problem with the amendment in the name of the right hon. Member for Islwyn is that it helps itself to the spoonful of sugar, but declines to take the medicine. The package that the report proposes was meant to be just that—a package, some aspects of which are to the advantage of Members, but in a context of there being greater controls that are more visible so that the public can see them and therefore understand. If we help ourselves to the goodies but decline to take the medicine,

[Nick Harvey]

the danger is that any progress that we are making in improving public perceptions of our practice and in improving the reputation of the House will be fundamentally undone. That is the danger if we take the sugar but do not take the medicine.

Mr. Don Touhig (Islwyn) (Lab/Co-op): Let me tell the hon. Member for North Southwark and Bermondsey (Simon Hughes) that the dates in the amendment I have tabled have not been made up, but that they are taken from the Members Estimate Committee report, so there is no difference between us as far as that is concerned. I hope that reassures him.

The hon. Member for North Devon (Nick Harvey) says the amendment would lead to our taking the spoonful of sugar, but not the medicine. That is a very lyrical turn of phrase, but will he tell us why the main thrust of this report involves an audit system that is uncosted? I sit on the Public Accounts Committee, and I am sure that this will cost the taxpayer millions. Does not the Members Estimate Committee have a responsibility not to waste public money?

Nick Harvey: It is not true to say that it is uncosted. We have explained in the report the possible range of costs, but in any event the cost of this system will be less than 0.5 per cent. of the Members' estimates. Surely a sum of less than 0.5 per cent. of the total cost of the allowances Members are drawing is a price worth paying for the purpose of trying to restore the reputation of this House?

Members will have seen over the course of the past week the media reaction to this report, and they will have seen in particular the response from the Committee on Standards in Public Life. It is perfectly clear to me that if the amendment in the name of the right hon. Gentleman is passed, any sense that we are putting our house in order—that we will have transparent systems of financial control that the rest of the world will recognise and respect—will be undone, and in no time at all Sir Christopher Kelly and his standards committee will be conducting their own separate inquiry, which they have thus far concluded they do not feel they need to conduct.

The right hon. Gentleman accuses me of being lyrical, but I believe that what I say about his amendment is accurate. It will go along with central procurement for constituency offices, which will cost a lot of money, and it happily cashes in on the fact that we are not suggesting reducing the value of the incidental expenses provision, as was suggested by the Senior Salaries Review Body. However, when we suggest having a light-touch system of financial control to try to restore the reputation of the House and faith in the systems we have, he does not want to take that fairly light and sweet medicine.

Mr. Touhig: Is it not a fact that it will cost £1,200 a day to bring in fat cats from the City accountancy firms to spend three days a year going around examining Members' office cost allowances? The hon. Gentleman is like Ethelred the Unready: pay them gold and they will run away. That is what he is trying to do: he is trying get rid of a bad headline by throwing public money at it, and thereby wasting that money.

Nick Harvey: The comment about being lyrical could be employed there, too. The proposals include measures that are intended to try to improve the reputation of the House, and we believe that they constitute a balanced package. I know that some Members are unhappy that we are getting rid of the so-called "John Lewis list"—*[Interruption.]*

Mr. Speaker: Order. Allow the hon. Gentleman to speak.

Nick Harvey: Let me rephrase my point, Mr. Speaker. There are those who are upset that the report recommends that Members ought not in future to be allowed to purchase items with their additional costs allowance. I think that they will have the devil's own job if we continue with the existing system. In an era when freedom of information requires every receipt to be perused by the public, they would have a difficulty in justifying the purchase of televisions, fridges, three-piece suites, curtains, carpets and whatever else. Every time that Members make any such purchase, it will not only be for the individual Member to defend it to his local paper; the reputation of the House and the impression given of us all will be demeaned by the process of that information coming out and being debated and haggled over in the public press.

Several hon. Members *rose*—

Nick Harvey: I give way, for the last time, to the hon. Member for Lanark and Hamilton, East (Mr. Hood).

Mr. Jim Hood (Lanark and Hamilton, East) (Lab): I thank the hon. Gentleman for giving way. Did his Committee at any time consider the Member of Parliament who has to spend thousands of pounds out of his or her own pocket, and then gets into trouble and criticised for trying to claim it back? Is not a better way to have fewer receipts and a system of audit and accounting, in which MPs do not have to spend as much of their own money? Let me give an example. I was away on NATO assembly duty last week and had to pay $1,500 out of my own pocket just to be on duty. That is outrageous, and this House should be looking at what it can do to help Members, so that they are not laying out their own money and having to claim it back.

Nick Harvey: I am grateful to the hon. Gentleman. A number of Members did make the point to us during our consultations that, across all the allowances, they end up having to shell out quite a lot of money up front and that it takes some time to get it back. I am very sympathetic to what he says and we continue to look at that as a live issue. I am sorry that we have not found a solution at this time, but we have absolutely logged the problem and we continue to explore ways of assisting with that.

Several hon. Members *rose*—

Nick Harvey: I have been speaking for a lot of this 90-minute debate, and I think it right that I shortly allow other Members to speak.

I commend the report, which provides a balanced package. We bring in for the first time systems that the rest of the world would recognise. We are not intending

to string up at the scaffold every Member who is found to have had the smallest administrative mishap. There will be a balanced approach. The hon. Member for Warrington, North (Helen Jones), who intervened on me earlier, said that things need to be proportionate and that is exactly what we intend them to be. Clearly, as we work our way through this system and as it matures, we will find a way of dealing with these matters that is fair to Members. The rules will be set by Members; the terms of engagement for those coming in to do the studies will be set by Members; the findings of those assurance teams will be reported to Members; and only if it is felt that something is of so severe a nature that it reflects on the standards will it be referred to the Parliamentary Commissioner for Standards and the Standards and Privileges Committee.

However, everybody involved in this—the Standards and Privileges Committee, the commissioner, the Members' Estimate Audit Committee and the practice assurance teams—will have to work out together how we are going to deal with these matters in a proportionate and graded way. I do not think that any Member will have anything to fear from this system. On the contrary, they will find it helpful, and within a short time we could have made substantial progress toward restoring the reputation of this House. However, if we do not take this step today and we vote through the amendment, we will be absolutely back to where we were in the dark days of January and February, and back to the sort of media coverage and public hostility that was being expressed towards this House.

4.18 pm

The Leader of the House of Commons (Ms Harriet Harman): I want to speak briefly in support of the motion on Members' home addresses, standing in my name. I have made my position clear on many occasions in this House and I have not changed my view. To do our job properly, we have to be able to speak freely in this House—without fear or favour. We must be able to say what we believe to be true about controversial issues, without feeling that to do so would put ourselves or our families at risk. If our addresses are published on the House of Commons website, it will inevitably result in some Members being inhibited about what they say in the House. If Members want to publish their own addresses, that is a matter for them, but I advise against it, for the same reason that I believe that it should not be required for the House authorities to put our addresses in the public domain.

Norman Baker (Lewes) (LD): The Leader of the House will know that I have campaigned on the issues of MPs' expenses and freedom of information, but it is perfectly possible to campaign for freedom of information and support the point that she is making. It is important that MPs have confidence that they will not be subject to improper and perhaps irregular approaches by members of the public. Keeping MPs' addresses confidential is important to that.

Ms Harman: I thank the hon. Genteman for his helpful intervention. He is absolutely right: the Freedom of Information Act 2000 was never intended to put anybody's security at risk or inhibit the democracy of this House.

Sir Patrick Cormack: Many of us who are concerned about this matter—I pay tribute to my hon. Friend the Member for New Forest, East (Dr. Lewis), who has played such a prominent part in the campaign—are concerned not so much for ourselves as for our families. Frequently, a wife, husband or partner is at home alone when a Member is here. If addresses are published, that can be an invitation to ne'er-do-wells.

Ms Harman: I absolutely agree with the hon. Gentleman. I, too, pay tribute to the hon. Member for New Forest, East (Dr. Lewis) for the work that he has done. I know that, like me, he believes that the problem is about not just current threats but those in future, either to an individual Member—whether a threat from what is described as a fixated individual or a threat to their involvement in a controversial issue—or to all Members from circumstances that pose new and unforeseen dangers. That could be a new terrorist threat focusing on Parliament.

Once someone's address is a matter of public information, they cannot make it private without moving. I have had the opportunity to have discussions with the Chairman of the Joint Committee on Security, my right hon. Friend the Member for Newcastle upon Tyne, East and Wallsend (Mr. Brown), and with the House's security co-ordinator. I thank them both for their important work and their advice to me as Leader of the House. The security co-ordinator takes the view that it would be a risk to put in the public domain our addresses, or anything that would lead to the identification of our addresses, such as our travel plans.

This is also about the security of Members' families, as the hon. Member for South Staffordshire (Sir Patrick Cormack) said, and the security of the public. The publication of our addresses would put at greater risk those who happen to live in the same block of flats as a Member.

Mike Gapes (Ilford, South) (Lab/Co-op): My right hon. Friend refers to information in the public domain. Would that include, for example, the address of a locksmith or glazier, whose receipts would be published as part of our general submissions and could give people the information that they need to get access to the property or constituency office of an MP for bad purposes?

Ms Harman: My hon. Friend is absolutely right. That is why we will take the advice of the security co-ordinator about all the issues that could lead to hon. Members' addresses being identified.

Bob Spink (Castle Point) (UKIP): Does the Leader of the House accept that we are not dealing with some theoretical threat? There are Members who have suffered from fixated individuals following them and seeking to interrupt their travel patterns. In fact, certain individuals have subsequently gone into mental institutions to be treated, having received two police harassment warnings after civil injunctions have failed to work. We are dealing with not a theoretical threat but an actual one to Members and their families.

Ms Harman: The hon. Gentleman makes an important point, and I absolutely agree with him.

[Ms Harman]

On the security of the public, I have mentioned members of the public who live in the same blocks of flats as Members. A further point is that the publication of our addresses would inevitably mean more incidents at our homes, which would mean more police tied up with the task of protecting us. I felt that very strongly when about 12 police had to be around my home, instead of policing in my constituency, when Fathers 4 Justice campaigners were on my roof.

Having discussed the matter with the Lord Chancellor and the Law Officers, I can tell the House that the Government intend to introduce a statutory instrument under section 7(3) of the Freedom of Information Act, which will exclude Members' addresses or any material that could lead to the identification of Members' address. We will bring it before Members on the Floor of the House before the House rises for the summer recess.

Stephen Pound (Ealing, North) (Lab): For those of us who are slow learners, can my right hon. and learned Friend clarify a point for me? Some of us do not claim for a second home and our only home address is always printed at the start of every election campaign, despite the risk of ne'er-do-wells. Will our home addresses no longer be published or does this apply only to those who claim for a second home?

Ms Harman: I am referring to a statutory instrument that would introduce an exclusion from the freedom of information legislation for the information that the House authorities hold on Members. The House authorities hold information about addresses beyond claims of additional costs allowances, because they hold information on destination of travel for Members. All that information about Members' addresses would need to be considered for exclusion.

Simon Hughes: Will the Leader of the House give way?

Ms Harman: I wish to press on, because I know that many hon. Members want to speak on these issues.

If I may, I shall now turn to the motion moved by the hon. Member for North Devon (Nick Harvey). The Government do not take an official position on the proposals in the MEC report, which is a matter for the House rather than the Government. However, it is right and necessary to have strengthened and independent audit of our expenditure on our offices, travel and accommodation, and that will be a necessary step in regaining the public confidence that has been so severely dented by the disgraceful actions of a tiny minority of Members. I will support the motion standing in the hon. Gentleman's name and reject the amendments.

I also wish to place on record my thanks to the hon. Gentleman and to the other two members of the MEC three. They have received little thanks in the House, but I wish to thank them for the dedicated work that they have done on behalf of us all.

4.27 pm

Mrs. Theresa May (Maidenhead) (Con): We had an important debate earlier on the future determination of MPs' pay, but this debate is every bit as important. Indeed, in relation to the need to show that hon. Members recognise the depth of concern outside this House, not only about the use of taxpayers' money, but the relationship of practices here to those in the outside world, this debate is in fact the more important.

Before I go into more detail, I wish to pay tribute, as the Leader of the House has just done, to the work of the group that came to be known as the MEC three—the hon. Members for North Devon (Nick Harvey) and for Middlesbrough (Sir Stuart Bell), and my right hon. Friend the Member for Penrith and The Border (David Maclean). Theirs has not been an easy task, but they have put in many hours of work on behalf not only of the members of the MEC, but of all hon. Members.

The debate is important for the following reasons. We all know that to do our jobs we need budgets to meet our office costs. There are probably as many structures as there are MPs, because we all do things differently. Our constituencies are different, and no one model can be imposed on us all. It is also right that we are able to claim for costs incurred for working away from home as would happen in any other field of employment. But the approach that has been taken by MPs to the use of taxpayers' money for expenses and allowances has over the years been seen by taxpayers to be secretive and to fail to follow best practice.

Above all, Parliament has been seen as failing to recognise that life has changed. Outside this place, in any other business, compliance is the order of the day. We have appeared to be willing to require others to do that which we are not prepared to accept for ourselves. Crucial to that is the issue of audit.

I chair the Audit Committee, which, under various Chairmen, has pressed for proper audit of MPs' claims since 2004, as the MEC report states in paragraph 27. In what other walk of life would it have been possible regularly to claim expenses for £250 a time without a receipt? In short, we have been seriously out of touch and careless of our duty to taxpayers. Members, before they vote on the issue, should have a care and consider the damage that that has done to the House.

We can argue about the media's role. They certainly have a lot to answer for, but frankly so do we. The reputation of the House has been damaged and today we have a duty to put in place the changes necessary to restore confidence in Parliament and in MPs' use of taxpayers' money and to make this institution fit for the 21st century. There are two areas where people have particularly found us to be out of touch. One is audit and the other is transparency. Transparency has been resolved following the High Court judgment. All Members' claims will be published with receipts later this year. That will, of course, be of some cost to the House but I believe that it is right to embrace that transparency. It will be an important means of showing taxpayers that their money is being properly spent. The only exception to transparency is the issue of addresses, which I shall touch on later.

On transparency, the official Opposition have already introduced a right-to-know form for Front Benchers. It reflects my right hon. Friend the Leader of the Opposition's strong support for transparency, which he has made clear in a number of public statements. I said that there were two areas in which people feel that we are out of touch. One is transparency and the other is audit. I want to refer to the Members Estimate Audit Committee paper, which is published in the MEC report. On the governance framework, it makes the point that

"the media and public perception of Members' actions and motives in this area is very poor. This perception has two main components, namely an apparent failure (i) by Members to lead by example; and (ii) by the House to achieve recognised minimum public service standards of accountability by installing adequate checks and balances."

I believe that the paragraphs and proposals in the report on audit and assurance are important, if not the most important, parts of the MEC report.

Traditionally, the view was taken that a Member's signature was sufficient for a claim and there should be no need for any proof. Today we live in a different age. That is not to say that we are not honourable Members, but we must accept that today in all walks of life people are required to be scrutinised and checked in their use of finances in a way that never used to be the case years ago. We cannot ignore that and we must be willing to accept for ourselves the same sort of regime as we expect others to adopt.

We must also not forget that the traditional practices are not good enough for the people we serve. We must be willing to institute procedures that are modern, clear and without room for interpretation.

Mr. John Spellar (Warley) (Lab): The right hon. Lady might be due to come on to this, but is she giving any account to the concept of proportionality? Given the amount that is fixed in what we pay, for example in our offices—the vast bulk goes on salaries—does she think that three days with an auditor from PricewaterhouseCoopers at £1,200 a day crawling all over our constituency offices is a proportionate response or good value for money?

Mrs. May: I believe that the proportionate response that is needed from this House is the restoration of its reputation and that is what the MEC report provides. That is why I believe that it is important that when hon. Members vote today they should recognise the need to think not just about our individual situations but about the damage that has been done to this House by our failure to adopt best practice in those areas before now. We need to show taxpayers that we have understood the depth of people's concerns and have been willing to respond, to get a grip on the problem and to sort it out. As the report says in its conclusions and recommendations:

"Our over-riding conclusion is that we must introduce a robust system of scrutiny for parliamentary allowances as a matter of urgency in order to build public confidence."

Tom Levitt (High Peak) (Lab): The right hon. Lady has talked about transparency and good practice. Is it not worth putting it on the record that Members of the House did not even know of the existence of the John Lewis list until a few months ago, so that it was not possible for us to be transparent or to show best practice?

Mrs. May: I certainly accept that, as the hon. Gentleman says, many—in fact, most—Members of the House did not know of the existence of the John Lewis list before the story appeared in the newspapers; it is worth putting that on the record. That does not change my view that we should effectively abolish the John Lewis list by taking away the right to claim for items that appear on it, including furniture and fridges.

The MEC report proposes two levels of assurance. One of them is what has been referred to as practice assurance. I noted what the hon. Member for Wrexham (Ian Lucas) said about how the term could be misinterpreted. It is important that the hon. Member for North Devon, who speaks on behalf of the House of Commons Commission, and I, as a member of the Commission, make it clear that the intention is to provide assurance about the financial arrangements for claiming taxpayers' money from the House. There is a difference between that assurance and audit. The practice assurance is as much about advice, help and support for Members as about scrutiny and checking on Members. The service will not only help Members to ensure that they properly understand what can be claimed through the green book, but help them to improve their record-keeping and their claims processes. Audit, on the other hand, is about scrutiny.

Sir Patrick Cormack: I am grateful to my right hon. Friend for giving way, but I would be even more grateful if she made one thing plain. When I first came to the House, there were no allowances for any of the things that we are discussing, and one had to provide everything for oneself. However, many hon. Members have come to the House since the allowances were available. There has been a fixed sum beyond which they could not claim, and the sum had to cover their rent. I know that many members of the shadow Cabinet made legitimate claims for furnishings when they were first elected to the House. Please may we move away from any insinuation that the behaviour of the vast majority of Members has been anything other than entirely proper?

Mrs. May: If my hon. Friend took my words as such an insinuation, then they were not what I intended. As I mentioned earlier, I am not saying that we are not honourable Members. However, our failure to recognise the concern outside this House about our processes, and the failure to recognise that people expect us to adopt the best practice that has been adopted elsewhere in the public and private sectors, has led to cynicism and damage to the reputation of the House, and we need to address that.

Over the years, Members of this House have claimed according to the rules that existed at the time, but the rules have changed. An important element of the process is ensuring that when we adapt the green book, Members are fully aware of, and are given proper advice by the Fees Office on, the rules that are in place.

Michael Jabez Foster: As the right hon. Lady says, the rules have changed; the broad-brush approach is no longer acceptable and every penny must be identified. However, Members spend large sums of money that do not count as recoverable expenditure, and will now do so to an even greater extent. Does she agree that that means that we should also look into the way in which Members are taxed? Perhaps they should be taxed as small businesses, rather than as employees, as they are at present.

Mrs. May: I know that the hon. Gentleman has tabled amendments on the issue, but I can only say that I would resist the temptation to go down the route of discussing MPs' tax status. That would lead us into a whole other set of debates. We are talking about the processes that the House adopts for claims that we Members of Parliament make.

[Mrs. May]

I accept the point made earlier by the hon. Member for Lanark and Hamilton, East (Mr. Hood) about the problem of sometimes having to wait a considerable time for claims to be met. The best option would be to be able to invoice the Fees Office directly, and for it to pay Members directly, rather than Members having to pay out themselves; but for many expenses, such as those covered by the additional costs allowance, that is not always possible.

Mr. Clive Betts (Sheffield, Attercliffe) (Lab): Will the right hon. Lady give way?

Mrs. May: I will give way one more time, and then I will make some progress.

Mr. Betts: Will the right hon. Lady make it absolutely clear to the House whether it is essential to have both the extra external audit and the extra assurance process? Surely that will mean significant costs as a result of external auditors being brought in, and extra staff in the finance department so that the assurance people can do their work. Extra staff are already needed because of the pressures resulting from reducing the receipts level to £25, and extra staff will be needed when the level is reduced to zero. In addition, MPs' office staff will spend extra time on the issues. Are those not all considerable costs, and could we not make do with just one of the elements?

Mrs. May: I believe that we need both, because they are different—as I have been trying to explain. I shall come on to the point about audit in a moment, but financial practice assurance is about giving support and advice to Members of Parliament as well as checking what they do. It is not just about claims: it is about best practice, and encouraging Members of Parliament to adopt best practice in their offices.

Audit is about checking and scrutiny, and making sure that MPs submit correct claims. Random audit by an external auditor—and the NAO's reputation inspires confidence in people outside the House—would give the public confidence that money was being spent properly. As the hon. Member for North Devon said, it would also put the House on the same basis as other public sector bodies.

Checking and scrutiny are extremely important and introducing them would—crucially—incorporate best practice in the House. I refer to the letter from the Chairman of the Committee on Standards in Public Life, which was mentioned earlier by my hon. Friend the Member for North-East Hertfordshire (Mr. Heald). It states:

> "In particular we were pleased to see the proposals for a more robust system of audit and assurance, based for the most part on claims backed by receipts, and by the implied acceptance of complete transparency about what is claimed...these seem to us to be significant steps towards the establishment of the robust regime that MPs and the taxpayer have the right to expect."

I agree with Sir Christopher Kelly: our responsibility as Members is not to think only about our personal interests, but to think about the House and to do what is necessary to restore trust in it. Amendment (d), in the name of the right hon. Member for Islwyn (Mr. Touhig), proposes a reduced level of assurance and does not incorporate external scrutiny. That is why I believe that it does not go as far as is necessary to ensure that we provide confidence and trust for members of the public. Voting in favour of that amendment, or against the main motion, would be to say to people outside the House that we do not accept that they are concerned, and that we are not prepared to take the steps necessary to improve the House's reputation. If we sent out that message, we would tarnish the House's reputation further. As the hon. Member for North Devon said, that would be catastrophic. Today is our opportunity to restore faith in the House.

I just want to say something about the ACA proposals. The MEC looked at three options, but I have never left my personal view in doubt, having said in public several times that my preference would be to abolish the ACA and incorporate it in salary. However, I know that that will not satisfy the House's requirements today.

I do not approve of per diem expenses, and that is why I am pleased that the £140-a-day option was not the one preferred by the MEC. I remain concerned—as, I know, does my right hon. Friend the Leader of the Opposition—about the element of per diem expenses incorporated in the ACA proposals, as that would mean that some money would be claimed for which there was no transparency.

However, the overall benefits of the MEC report package outweigh that concern. The proposals would tighten up how claims are made, introduce necessary audit procedures and bring the House's business and procedures in line with best practice elsewhere.

I fully support the Leader of the House's proposals on MPs' addresses. They are important for us, but also for those members of the public who reside in blocks of flats where MPs also live. They might feel that they would be a target if the addresses of MPs in one block were published.

This House has a very important decision to take today. We have the opportunity to start the process of restoring confidence in Members and the processes of the House. We can put our heads above the parapet and say, "We understand the degree of concern that exists outside this House, and we are willing to take the necessary action." I hope that the House will therefore support the motion in the name of the MEC.

Several hon. Members *rose—*

Mr. Speaker: Order. I call Simon Hughes, but before I do so, may I say that the Back Benchers have not been able to get in? I set a limit of eight minutes, but I am putting that limit down to six minutes so that I can at least get some Back Benchers in.

4.44 pm

Simon Hughes (North Southwark and Bermondsey) (LD): I am grateful for that, Mr. Speaker. I shall respect that timetable as well.

I support with enthusiasm the proposal from the Members Estimate Committee, and I hope that the House listens very clearly to the warnings that my hon. Friend the Member for North Devon (Nick Harvey) and the right hon. Member for Maidenhead (Mrs. May) gave, because unless we are robust on the issue, and unless the amendment in the name of the right hon.

Member for Islwyn (Mr. Touhig) is defeated, we will undermine all the work that people have been trying to do to ensure that we are seen to be absolutely transparent in our practices. It is completely unacceptable to propose, as the amendment does, an audit only for the additional costs allowance, rather than a full audit of all that we do with public money. It is completely unacceptable, and if the right hon. Gentleman and his colleagues win the vote, it will be a shameful day. I hope that colleagues—

Mr. Betts: Will the hon. Gentleman give way?

Simon Hughes: No, I will not give way, because I said that I would restrict my contribution to six minutes.

I hope that colleagues are absolutely clear about the need to turn over the page and introduce a transparent system with proper auditing, so that everybody here is affected and everybody out there knows that we have our expenses policed in the same way as everybody else who is in public service and in the public pay. I pray in aid—if I needed to—the chairman of the Committee on Standards in Public Life, who has been very clear that he and his colleagues will, as they should, keep on watching what we do. He has also made it clear that if we accept the proposals, it will be a good starting point but nothing more, and that watering them down will not do.

The proposals on properly managed arrangements for constituency offices are welcome, and as I said to my hon. Friend the Member for North Devon by way of my amendment, which I shall not press to a vote, the arrangements need to start as soon as possible. I am grateful for his assurance in respect of that. The separate mileage allowance proposal, which will entitle Members with large and sparsely populated constituencies to more than Members, such as me, with smaller constituencies, is also welcome.

The proposal to change the additional costs allowance is a good one. It will provide a cash sum of up to £19,000 for a second, London home for non-London MPs, and they will be able to do what they want with the money. It rightfully does not include furnishings and all the other stuff; it is a sum of money, and colleagues can decide how to spend it. That is the way other people are reimbursed when they have to work away from home, and that is how colleagues in this place should be reimbursed.

It is also right that we end the absolutely disgraceful way in which, under the current arrangements, colleagues from outer London have been able to take full advantage not only of their own home, but of a second home at the same rate, even though in some cases they have lived only a matter of 20, 30 or 45 minutes away from here. We have to be very clear about those things.

I have two final points. First, it seems right that travel allowances should be tightened further and given only to spouses or civil partners, rather than to other people in a relationship. That seems to be right and good, and we have to be tough about it. Secondly, on the point about addresses, I think that I am in as good a position as anybody to comment on the risks that people have to live with. I have lived under police protection, as have other colleagues, but the proposal to hide one's home address is a complete nonsense. The reality is that one stands for election as a public representative, one knows the risks when standing and declares one's address on the ballot paper.

Miss Ann Widdecombe (Maidstone and The Weald) (Con): *rose—*

Helen Jones *rose—*

Simon Hughes: No, I will not give way.

The only exception—[*Interruption.*]

Mr. Speaker: Order. I know that some Members disapprove of what the hon. Gentleman is saying, but he is entitled to be heard.

Simon Hughes: I am grateful for that, Mr. Speaker.

The only exception should be if one can demonstrate such threats that the electoral registration officer is persuaded to exclude one's name from the electoral register. Otherwise, we are all on the electoral register, anybody can find our constituency address and they should be able to do so. The only perfectly good and proper argument is that the addresses of colleagues' second, London homes, which they have when they work in Parliament, should not be a public matter, because they have nothing to do with their constituents. In the interests of security, those addresses should be protected.

Several hon. Members *rose—*

Simon Hughes: I am not going to give way, simply because I said that I would be very brief.

I am clear that many colleagues take a different view from mine. An order will come before the House to be voted on. I understand the threats under which people and their families live, but we need to err on the transparent and open side of the line. We are different from judges and other people. We are elected to be public servants accountable to our electorates, and the public should be absolutely aware of where our homes in our constituencies are, so that they can judge about where we live as well as know about us, the people whom they elect. The vote may not be won. It is less important than the other vote. However, I hope that the suggestion of a reduced audit is rejected, because introducing such an audit would be a catastrophically foolish and wrong decision.

4.50 pm

Mr. Don Touhig (Islwyn) (Lab/Co-op): The hon. Member for North Devon (Nick Harvey) and I exchanged some barbed comments. That is perfectly normal in this House and in no way diminishes my respect for him and other members of the Members Estimate Committee, who have done a difficult job. I greatly admire what they have done. However, I hope that those of us who disagree with elements of the report are not going to be cast as people who are against reform or transparency.

I cannot pay such a tribute to the hon. Member for North Southwark and Bermondsey (Simon Hughes). He can wear his hair shirt and be sanctimonious if he wants. As is typical of the activities throughout his political life, he thinks that there is a way of making smear some sort of progress in this House. Those of us who oppose some of the report are not anti-transparency or anti-reform.

In tabling the amendment, I strongly support the introduction of a robust system of scrutiny for parliamentary allowances in order to rebuild public confidence. The Members Estimate Committee has made

[Mr. Don Touhig]

some excellent recommendations, which many on both sides want to be implemented. However, although I accept most of the recommendations and the spirit of the report as a whole, I have tabled the amendment, with the support of others, because of my experience on the Public Accounts Committee.

Our amendment calls for 25 per cent. of Members' additional costs allowance claims each year to be audited and for the auditing of every Member's additional costs allowance every parliament. We are proposing a very thorough internal audit system performed by an in-house team set up on the model of the National Audit Office and working at arm's length from the House authorities, rather than by outside auditors from big City firms that would cost the taxpayer millions of pounds.

My experience on the Public Accounts Committee has taught me that unless auditing is approached in the right way, it can incur such disproportionate cost that, far from safeguarding taxpayers' money, it undermines the purpose of the audit in the first place. The report proposes a system of assurance audit of Members' office cost allowances. That proposal is ill-thought out. From what the hon. Member for North Devon has said, it appears not to be properly costed. There is no evidence that it is needed.

The lapses in standards that have besmirched the reputation of the House recently have all been to do with the operations of the additional costs allowance and salaries. I am not aware of any problems or failure of standards as far as the office costs allowance is concerned. If there were thought to be problems, we should have a report—and if problems were found, of course there should be a great deal of scrutiny and audit. I would support the recommendation on that basis. I stress that I am not opposed to the proposal; however, the Committee has given no grounds, made no proposals and given no information on how we can justify the spending of this vast amount of money.

Mr. Kevan Jones (North Durham) (Lab): When we attended the briefing from the Members Estimate Committee at lunch time, many of us were shocked to learn that despite what I thought were the rules—that we had to lodge contracts of employment and terms and conditions of employment with the Fees Office—87 Members refused to do so, and have been allowed to get away with it.

Mr. Touhig: My hon. Friend makes a good point; that is how the system is operating.

If we accept all the recommendations of the report, as proposed by the hon. Member for North Devon, we will commit ourselves to employing hundreds of accountants who will travel Britain at great cost to the taxpayer, checking on whether a Member from the north of Scotland has spent too much on paper clips and on whether a Member from the south-west could have bought toilet paper for his office staff cheaper at the Co-op than he could at Tesco.

Bringing in outside teams of auditors always sounds good, but it can be expensive and it undermines the objective of sensible spending. My colleagues on the Public Accounts Committee and I are forever upbraiding Government Departments for spending millions of pounds on consultants. Let us not make the same mistake. The Members' Estimate Committee wrote to Sir John Baker on the separate issue of Members' salaries and stated that the pay issue had got out of all proportion to its real significance to the public purse. With the proposed audit, we are in danger of making the same thing happen. There is a great danger that if we make that mistake on Members' allowances by spending a disproportionate amount of money on external auditors, we will have a high cost to pay at the end of the day. What is needed is not outside auditors but the development of auditing expertise within this House so that we do not create waste when we need transparency and good use of public money. Let us involve the National Audit Office in helping us to set up our own internal audit system so that we do not spend more money on things that we cannot justify.

The amendment that I have tabled, with the support of others, supports the continuation of the principle of the ACA to meet the necessary costs of MPs living away from home. I think that most fair-minded people would accept that the extraordinary situation of an MP needing to live both in his or her constituency and in London requires an allowance to support those costs.

However, there is no getting away from the fact that the confidence of the public in Members has been severely damaged by press stories about allowances and expenditure. That is why I support most of the recommendations in the report, which present the House with an opportunity to bring about a system that is transparent and open to scrutiny. It is a chance for Members to demonstrate that they are serious about restoring public faith in Members of Parliament. We are charged in this debate with restoring public confidence in this House and in our political system. We all recognise, I think, that it is imperative to put in place a system with clear guidelines and spot checks, but we must get the right system. Of course, underlying any debate on reform of the ACA is the fact that we should be seen in this House to be exercising the same type of restraint that has been asked for from others in the public sector. For that reason, my amendment supports the freezing of the communications allowance and the introduction of restrictions on Members claiming for travel.

At a time when public perception of politics and politicians is at an all-time low, the decisions that we make today will help to restore public faith in us. It is up to us to reaffirm that public service for its own sake is worth while and honourable. Given the way that the report has gone, I do not believe that we will currently be able to do that.

4.56 pm

Sir George Young (North-West Hampshire) (Con): I want to contribute briefly to this debate because the Committee that I chair monitors the arrangements for allowances, and we therefore have an interest in the issues under discussion. I begin by thanking our three colleagues for the speed and efficiency with which they conducted their report. I broadly agree with the direction of travel, but there are some interface issues between the existing regimes and what is proposed that we need to tease out and to which I shall turn in a moment. Given the tight time scale and the complexity of the issues under debate, I can understand why this time it was not possible to involve a wider range of interests in

the Committee's conclusions. If we go round the course again, it might be better to take slightly more time to resolve some of the issues that remain unresolved and to deal with some of the anxieties that have been expressed in this debate.

My Committee supports proportionate measures that drive up standards and reduce the likelihood of colleagues falling foul of the rules. There is some evidence that over the years we have made significant progress in that regard. If one goes back a number of years, the principal causes of complaint were on matters such as the non-disclosure of interests and the acceptance of cash for activities such as questions and lobbying. Firm action by the House has dealt with those. More recently, the complaints have been about misuse of allowances, and they have formed a prominent part of my Committee's work. We need the same robust approach to deal with those. The communications allowance is proving a fertile ground for complaints given the inevitably fine and not always clear line between a Member's parliamentary and party political roles. I am glad that the MEC has accepted the implementation of my Committee's recommendations on the communications allowance. I hope that that will reduce the risk of Members facing complaints about their publications, and I strongly commend the case for seeking pre-clearance from the Resources Department.

On accountability, we need to lead by example. Our arrangements should reflect best practice in the public and private sectors. That does not mean a hair shirt approach, but it does mean systems that are open and transparent about what we are reimbursed for and why, effectively administered and subject to independent audit. The MEC proposals move in the right direction, and I welcome that.

I want to make one general point and then put down two markers. The general point is this: having been Chairman of the Committee on Standards and Privileges for some seven years, it is my view that the vast majority of Members are honest folk who did not become Members to enrich themselves but to do a useful job in public life. They genuinely do their best to abide by our rules, which are often complex and less than clear. If they break the rules, the consequences can be terminal, as we have seen. I know that not everyone outside will accept that view, but I believe it to be the case, and it should be said.

The first marker is that it is important, as we improve transparency and accountability, that the House's arrangements for the independent investigation of complaints should not be compromised. My Committee would be concerned if the proposed practice oversight arrangements and the greater depth of external audit were to compromise the House's arrangements for the investigation of complaints. I welcome the undertakings given earlier in this debate by the hon. Member for North Devon (Nick Harvey) to consult the Parliamentary Commissioner for Standards and my Committee on the mechanics of implementing the relevant recommendations.

The second marker is this: as we look for greater accountability, we risk the regulatory pond becoming unduly crowded. Putting to one side the Committee on Standards in Public Life, which will have an ongoing interest in the issues that we debate, it seems likely that all the following bodies will have some direct interest in the practical operation of the revised arrangements: the Parliamentary Commissioner for Standards, my Committee, the Members Estimate Committee, the Speaker's advisory panel, the Department of Resources, the National Audit Office and the practice assurance teams and whatever new Committee they report to. The risk is clearly one of over-supervision, which, rather than improving clarity and assurance, would have the contrary effect as those bodies trip over one another.

In conclusion, I welcome the Members Estimate Committee report, and the cautious welcome that it has received from the Committee on Standards in Public Life. I assure the House that the Parliamentary Commissioner for Standards and my Committee will play their full part within the framework laid down by the House to ensure that any new arrangements work effectively, and that they help to rebuild confidence in allowance arrangements that are fair to the House and the wider public interest.

5.1 pm

Mr. David Winnick (Walsall, North) (Lab): The public's concern on this issue is not confined to—or indeed, in any way involved with—the filing system in our offices. It goes somewhat deeper than that. Virtually every reform on financial matters, apart from our salaries, has come about because of some scandal. The same is true of what we are debating today. As the hon. Member for North Devon (Nick Harvey), who spoke on behalf of the House of Commons Commission, mentioned, the scandal referred to in the report led to the recommendations before us today. Similar matters have arisen on previous occasions. In the late 80s and early 90s, there was the issue of payment for questions, and as a result of what *The Sunday Times* did—I congratulated that paper at the time—a number of reforms came about, which should have been put in place earlier.

I regret that this review has been entirely in house. The Chair of the Committee on Standards in Public Life said that a better way of doing things would have been through a committee of Members of Parliament and outsiders. I agree. I am not altogether certain that having a report from a body made up exclusively of MPs will restore public confidence in any way. One should not forget that it was only a year or so ago that attempts were made, supported, as I understand it, by the House of Commons Commission, to exempt Parliament from the Freedom of Information Act. What would the position have been if that had come about? Inevitably, there would have been a strong feeling that we were afraid of exposing our allowances. Everything would have been done on a voluntary basis, and it certainly would not have been done as a result of what has been decided by the Information Commissioner and the High Court. We would have been saying, in effect, that all other public bodies would be subject to the Freedom of Information Act, but that this House, which was responsible for introducing and passing that law, would be exempt. That would have been a disgraceful attempt at a cover-up, and I am pleased that it never became law.

We have to face up to the fact, which has been mentioned several times today, that there is a lack of public confidence in some aspects of the allowances system. Yes, the media play a role to some extent because they love to go on about our allowances, expenses and salaries, and give the very wrong impression about this money that is given to us each month. Of course, it

[Mr. David Winnick]

is nothing of the kind. Nevertheless, what has recently come out on what are described as second homes has understandably caused a great deal of concern. I am concerned that there has been a form of abuse, and that simply cannot be justified. The report does not deal with that. The public must be confident that the money that we claim for allowances and expenses is above board and legitimate. Except for the abuse that came to light and was duly exposed, there is no dispute about the secretarial allowance—the Fees Office pays it directly. However, the same does not apply to second homes. I happen to claim for rented accommodation. I claim the rent, the council tax and so on because the need for the accommodation arises from my parliamentary and constituency duties. I am happy for all the details to come out in October, but are we confident that everything about mortgage interest and so on is above board? Are we confident that what is claimed is what should be claimed, and that the public money that is claimed is justified? I have doubts about that, and the matter needs to be cleared up.

We are often our own worst enemies. We do an important job—parliamentary democracy depends on the House and we should receive allowances and so on that are justified. When I first became a Member of Parliament, there was no secretarial allowance. That position has rightly been changed. Many other matters that needed to be rectified have been put right. However, I remain of the view that we should be careful that, while we preach to others and set guidelines about public expenditure, we cannot be accused of abusing the system. Although I welcome some aspects of the report—they are good and should help matters—I am not certain that it will restore public confidence in the way we would like.

5.6 pm

Dr. Julian Lewis (New Forest, East) (Con): A few days ago, after the Leader of the House gave us the good news that she would table a motion to enable the privacy and security of our home addresses to be maintained, an honourable Labour Member approached me and said in all seriousness, "Julian, what do you think about the prospect of establishing a trade union for Members of Parliament?" I think that he had me in mind for the role of shop steward—not quite the climactic outcome that I had in mind after six long years as a shadow Defence Minister. However, he had rather a good point because, as the hon. Member for North Durham (Mr. Jones) revealed in a previous debate, no security information was apparently considered by the House authorities or put before the court before the crazy decision was made to release our home addresses en masse in easily accessible form for the benefit of any troublemaker or terrorist at home or abroad.

I did the Information Commissioner an injustice on a previous occasion because I assumed that he had first suggested releasing our addresses. In fact, the matter first arose when the information appeal tribunal said that private addresses should be revealed, and the three eminent judges, in their wisdom, upheld the decision. On 25 June, 50 to 60 Members of Parliament attended a meeting with the Information Commissioner and, consequently, he has issued a statement. I shall briefly put some of it on the record.

The Information Commissioner states that his office

"has consistently taken a cautious approach towards the disclosure of home addresses, whether in the context of the Freedom of Information Act or otherwise. In most cases, an address is an individual's personal data and is protected by the Data Protection Act. None of the Freedom of Information decisions about MPs' expenses made by the Commissioner has required disclosure of home addresses."

He goes on to say that

"if any disclosure of personal address information arising from a Freedom of Information request is required at all, it should normally be limited to the first three digits of the postcode."

He concludes that

"it would be prudent for the House Authorities first to give each MP"

about whom a freedom of information request is made—

"the opportunity to indicate whether they have a current or prospective security-related concern... The Commissioner considers that the House Authorities would then be entitled to withhold each address where such a concern is registered."

As the hon. Member for North Southwark and Bermondsey (Simon Hughes) pointed out, once every four or five years we have to reveal our constituency address in the process of getting elected. But the fact that we have to do that with some of our addresses, some of the time, is no reason whatever for our having to do it with all our addresses, all the time, in an easily accessible form. Of course, if someone who is targeting a particular MP and means to track him or her down in order to do him or her harm puts in enough effort, it will be possible to do so. However, that does not cater for a situation in which someone with a grudge, someone with an obsession, a follower of a political cause or a self-taught follower of al-Qaeda, at home or abroad—who will not even have heard of most of the Members of this House—goes on the internet, conveniently finds 646 addresses and sends 646 packages containing something explosive, horrible or, at the very least, abusive to 646 unprotected mail boxes. The proposal is absolutely insane.

Patrick Hall (Bedford) (Lab): Will the hon. Gentleman give way?

Dr. Lewis: If the hon. Gentleman will forgive me, I will not, because of the time.

Finally, let me say something to those hon. Members who are worried about what the press say about our deliberations today. This is my first experience of a total media black-out. Journalists have again and again admitted to me privately that they have no answers to the points that I have made, but time and again they have refused to put anything in their papers. Even *The Daily Telegraph* refused to publish a letter in reply. Could that conceivably be something to do with the fact that one of the people who took the case to court was a journalist on *The Sunday Telegraph* who then proceeded to write an inane half-page article about how vital it was to reveal our home addresses, to ensure that we were not fiddling our expenses? He ought to be ashamed of himself, as should the media. I am grateful to the Leader of the House, who has done her duty so well in this event.

5. 1 pm

Mr. John Spellar (Warley) (Lab): One of the problems with this debate is that most of us quite like the members of the Members Estimate Committee; we just think that

they are wrong in one or two areas. They are wrong in believing that their measures will do away with some of the criticism, particularly in the media, but also from some of the public. In August 1944, Gallup asked the public what they thought about politicians. Some 36 per cent. thought that they were acting in the country's interest and 57 per cent. thought that they were acting in their own or their party's interest.

Let me deal with the issue of the second residence. I say "residence", because it is important to get across the fact that the nature of our job means that, year in year out, most of us have to maintain two residences—one in our constituency and one in London. Helpfully, the report identifies the considerable costs of hotels, but even in spite of the cost, that is not a very suitable way to live, either for Members or their families. Members' families have to put up with a considerable amount of inconvenience anyway. To add to that is quite unjustifiable.

We should also recognise that both society and this House have changed. As our panel said in its evidence to the MEC, this is the first time that all three party leaders have young families. That is unprecedented. Many more Members of Parliament have young families. As we saw at Easter, school holidays do not always coincide with our recesses. We see that every year in the summer, too. Often, families want to be able to be together, which they cannot in a bare-boards room.

Another rather odd thing is the position that the MEC took on making the property habitable, rather than having just the four bare walls. The MEC makes a nod in that direction, saying:

> "We can see that new MPs setting up home in either a rented or purchased flat need a modest dispensation to use their allowance to equip it".

That is in the report, but it is not in the recommendations and no figure is identified, which is unfortunate. The MEC sees no justification for continuing with that arrangement—in other words, for replacing that furniture or those fittings. I presume that if even a prisoner's television breaks down or their bed wears out, they get a replacement. That is an inadequacy of the report and the amendment seeks to address it.

The MEC also implicitly assumes that there is one single pattern for Members' accommodation, namely that they have their main home in their constituency and an additional residence in London. I see one of the members of the MEC shaking his head, but that is exactly the way in which the report is written. In fact, that is true for about 80 per cent. of us. For a variety of reasons, about 20 per cent. of Members—often those who were Ministers before 1999—have to have their main residence in London, and they cannot keep on changing their residences back and forth.

We therefore need flexibility, rather than a rigid system. That is the problem with some of the recommendations, which would create a bureaucratic, uniform system. The report talks about an expanded green book—an ever-expanding rule book—but in a short space of time, that could grow to achieve the proportions of the tax code. That might be familiar to some of those in the Department of Resources, but I do not think that it is a sensible way for us to go.

If Members look at their own claims, they will find that the great majority relate to mortgage interest or rent, plus utilities and council tax, so we are going to spend large amounts of audit money dealing with a small part of our expenses. The same applies to office costs, because a large proportion of them is salaries. Will there be some cases in which there are problems? Yes, but they will be revealed not through an audit, not even with the £1,200-a-day PricewaterhouseCoopers people looking at the matter. They will be revealed by other discontented members of staff. That is true not only in our organisation but in all organisations.

We therefore need proportionality. All companies and organisations need to examine how much they spend on creating a system to ensure that there is proper expenditure of their money. They must ensure that this is done in a proportionate way and that they are not spending £100 in order to save 2s/6d. I fear, however, that in response to media campaigns, the MEC has gone overboard in this regard. One thing that I know about consultants is that they always want to find a reason for being employed on the next contract. If a consultant goes into an organisation and spends three days rooting around, they will end up wanting to run the business. They will end up trying to tell us how to be Members of Parliament, just as a previous standards commissioner here tried to take on cases and act as an ombudsman on whether we were doing our job properly. The process is expensive, undesirable and unnecessary, which is why the amendment is right.

5.17 pm

Miss Ann Widdecombe (Maidstone and The Weald) (Con): There is an immense naivety governing this debate. If we imagine that, by passing the well thought out motion tabled by the Members Estimate Committee, we shall somehow restore public confidence, or that by rejecting the amendment tabled by the right hon. Member for Islwyn (Mr. Touhig), we shall continue not to have the confidence of the public, we are living in cloud cuckoo land.

One of two headlines will greet us at breakfast tomorrow. If the recommendations of the Members Estimate Committee go through, the headline will be "MPs to get £30 a day just for turning up". If the right hon. Gentleman's amendment, which I intend to support, is passed, the headline will be "MPs vote to keep the John Lewis list". Whichever way we vote, we will continue to be vilified and ridiculed until we have the guts—which we certainly did not show in the previous series of votes—to stand up for ourselves, to defend the system and to tell people why we have that system.

We should tell people—because it is true—that if they pay someone less than a GP is paid, but demand, as they would not demand of a GP, that that person should then run—

Mr. Speaker: I am sorry to interrupt the right hon. Lady. I rarely interrupt her, but we must deal with the amendments to the motion on Members' expenses.

It being one and a half hours after the commencement of proceedings, MR. SPEAKER *put the Questions necessary to dispose of proceedings on the motions relating to Members' expenses and Members' home addresses, pursuant to Order [1 July].*

[Mr. Speaker]

Amendment proposed: (d) in line 2, leave out from '578)' to end and add

'recognises the need to strengthen the system of scrutiny and is of the opinion that a rigorous internal system of audit of the Additional Costs Allowance be introduced covering 25 per cent. of hon. Members each year, and every hon. Member each Parliament; and is of the opinion that—

(1) Recommendations 5 (staff contracts), 8 (constituency offices), 9 and 10 (communications allowance), 11 and 12 (travel), 14 (overnight expenses), 15 (resettlement), and 16, 17 and 18 (other SSRB recommendations) be approved; and

(2) that Recommendation 5 be implemented from 1st October 2008, that Recommendation 8 be implemented from 1st April 2010, that Recommendations 9 and 10 be implemented from 1st April 2009, that Recommendations 11 and 12 be implemented from 1st April 2009, that Recommendation 14 be implemented from 1st April 2009 and that Recommendation 15 be implemented at the end of the next Parliament.'.—*[Mr. Touhig]*

Question put, That the amendment be made:—

The House divided: Ayes 172, Noes 144.

Division No. 253] **[5.20 pm**

AYES

Ainger, Nick
Allen, Mr. Graham
Amess, Mr. David
Anderson, Mr. David
Anderson, Janet
Arbuthnot, rh Mr. James
Austin, Mr. Ian
Bailey, Mr. Adrian
Banks, Gordon
Barron, rh Mr. Kevin
Beckett, rh Margaret
Bellingham, Mr. Henry
Betts, Mr. Clive
Binley, Mr. Brian
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blizzard, Mr. Bob
Borrow, Mr. David S.
Brown, rh Mr. Nicholas
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butterfill, Sir John
Byers, rh Mr. Stephen
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Chapman, Ben
Chaytor, Mr. David
Chope, Mr. Christopher
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Dean, Mrs. Janet
Dobson, rh Frank
Donohoe, Mr. Brian H.
Dowd, Jim
Eagle, Angela
Eagle, Maria
Ennis, Jeff
Etherington, Bill
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Gapes, Mike
Gibson, Dr. Ian
Gilroy, Linda
Greenway, Mr. John
Griffith, Nia
Gwynne, Andrew
Hall, Mr. Mike
Hamilton, Mr. David
Havard, Mr. Dai
Hesford, Stephen
Hodgson, Mrs. Sharon
Hood, Mr. Jim
Howarth, rh Mr. George
Howarth, Mr. Gerald
Hughes, rh Beverley
Humble, Mrs. Joan
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Jenkin, Mr. Bernard
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Mr. Kevan
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Keen, Alan
Kidney, Mr. David
Killoyle, Mr. Peter
Kirkbride, Miss Julie
Laing, Mrs. Eleanor
Laxton, Mr. Bob
Levitt, Tom
Lewis, Mr. Ivan
Lloyd, Tony
Lucas, Ian
Mackay, rh Mr. Andrew
MacShane, rh Mr. Denis
Mahmood, Mr. Khalid
Mains, Rob
Marsden, Mr. Gordon
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIntosh, Miss Anne
McIsaac, Shona
McKenna, Rosemary
McNulty, rh Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Miller, Andrew
Moon, Mrs. Madeleine
Morden, Jessica
Morley, rh Mr. Elliot
Mudie, Mr. George
Murphy, Mr. Denis
Murphy, rh Mr. Paul
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Osborne, Sandra
Plaskitt, Mr. James
Prentice, Bridget
Prentice, Mr. Gordon
Prosser, Gwyn
Purchase, Mr. Ken
Raynsford, rh Mr. Nick
Robertson, John
Rooney, Mr. Terry
Rosindell, Andrew
Ruane, Chris
Russell, Christine
Seabeck, Alison
Sheerman, Mr. Barry
Sheridan, Jim
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Spellar, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Strang, rh Dr. Gavin
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Swire, Mr. Hugo
Tami, Mark
Tapsell, Sir Peter
Thomas, Mr. Gareth
Thornberry, Emily
Touhig, rh Mr. Don
Twigg, Derek
Ussher, Kitty
Vaz, rh Keith
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watkinson, Angela
Watson, Mr. Tom
Watts, Mr. Dave
Widdecombe, rh Miss Ann
Wilshire, Mr. David
Wilson, Phil
Winterton, Ann
Winterton, Sir Nicholas
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, David
Wright, Mr. Iain
Wyatt, Derek

Tellers for the Ayes:
Helen Jones and Anne Moffat

NOES

Alexander, Danny
Bacon, Mr. Richard
Baird, Vera
Baker, Norman
Balls, rh Ed
Bayley, Hugh
Begg, Miss Anne
Beith, rh Sir Alan
Bell, Sir Stuart
Berry, Roger
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Bradshaw, Mr. Ben
Brady, Mr. Graham
Brazier, Mr. Julian
Brennan, Kevin
Brooke, Annette
Browne, rh Des
Browning, Angela
Bruce, rh Malcolm
Bryant, Chris
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Byrne, Mr. Liam
Cable, Dr. Vincent
Cameron, rh Mr. David
Carmichael, Mr. Alistair
Clark, Ms Katy
Clarke, rh Mr. Kenneth
Cooper, rh Yvette
Corbyn, Jeremy
Creagh, Mary
Curry, rh Mr. David
Davey, Mr. Edward
Denham, rh Mr. John
Duncan, Alan
Dunne, Mr. Philip
Efford, Clive
Evans, Mr. Nigel
Fallon, Mr. Michael
Field, Mr. Mark
Fitzpatrick, Jim
Follett, Barbara
Foster, Mr. Don

Fox, Dr. Liam
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gerrard, Mr. Neil
Gillan, Mrs. Cheryl
Goggins, Paul
Goldsworthy, Julia
Goodman, Helen
Goodwill, Mr. Robert
Grayling, Chris
Green, Damian
Greening, Justine
Grieve, Mr. Dominic
Grogan, Mr. John
Hague, rh Mr. William
Hall, Patrick
Hammond, Mr. Philip
Hancock, Mr. Mike
Harman, rh Ms Harriet
Harris, Dr. Evan
Hayes, Mr. John
Healey, John
Hendry, Charles
Herbert, Nick
Hodge, rh Margaret
Hollobone, Mr. Philip
Holmes, Paul
Hopkins, Kelvin
Horwood, Martin
Hosie, Stewart
Howarth, David
Hughes, Simon
Huhne, Chris
Hunter, Mark
Keeble, Ms Sally
Keetch, Mr. Paul
Key, Robert
Kramer, Susan
Lamb, Norman
Lancaster, Mr. Mark
Lazarowicz, Mark
Letwin, rh Mr. Oliver
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Linton, Martin
Luff, Peter
Mactaggart, Fiona
Mallaber, Judy
Mann, John
Maples, Mr. John
Martlew, Mr. Eric
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McLoughlin, rh Mr. Patrick
Mitchell, Mr. Andrew
Moffatt, Laura
Mole, Chris
Morgan, Julie
Mulholland, Greg
Mullin, Mr. Chris
Murphy, Mr. Jim
Murrison, Dr. Andrew
Osborne, Mr. George
Palmer, Dr. Nick
Pound, Stephen
Purnell, rh James
Randall, Mr. John
Reid, Mr. Alan
Robathan, Mr. Andrew
Robinson, Mr. Geoffrey
Ruddock, Joan
Russell, Bob
Selous, Andrew
Skinner, Mr. Dennis
Smith, Sir Robert
Soulsby, Sir Peter
Spicer, Sir Michael
Spink, Bob
Straw, rh Mr. Jack
Stunell, Andrew
Swayne, Mr. Desmond
Taylor, Mr. Ian
Taylor, Matthew
Teather, Sarah
Timms, rh Mr. Stephen
Vara, Mr. Shailesh
Viggers, Sir Peter
Weir, Mr. Mike
Wicks, Malcolm
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wills, Mr. Michael
Winnick, Mr. David
Young, rh Sir George

Tellers for the Noes:
Nick Harvey and
David Maclean

Question accordingly agreed to.

Amendment made: (f), in line 18, at end add—

"4) any allowance for overnight costs arising from Parliamentary duties in London may not be used for accommodation expenses in respect of a residence designated by an hon. Member as his main residence for tax purposes.".—*[John Mann.]*

Main Question, as amended, agreed to.

MEMBERS' HOME ADDRESSES

Resolved,

That this House asserts that the freedom of Members to speak on any matter without the fear or threat of interference or molestation is essential to the effective conduct of parliamentary proceedings; notes that this freedom has long been recognised to be an integral element of the protection afforded to Members enabling them to participate 5 effectively in parliamentary business, and thus that Members must be able to speak on any matter in parliamentary proceedings without threat of interference or molestation; considers that this would be threatened by publication of Members' home addresses, patterns of travel or other information linked to addresses held by the House authorities revealing details that could threaten their security, and so would prejudice 10 the effective conduct of public affairs; and urges Mr Speaker to take account of these considerations in the discharge of his responsibilities.—*[Ms Harman.]*

BUSINESS OF THE HOUSE

Ordered,

That, in respect of the Criminal Evidence (Witness Anonymity) Bill, notices of Amendments, new Clauses and new Schedules to be moved in Committee may be accepted by the Clerks at the Table before the Bill has been read a second time.—*[Siobhain McDonagh.]*

NHS 60th Anniversary

Motion made, and Question proposed, That this House do now adjourn.—*[Siobhain McDonagh.]*

5.34 pm

Tony Lloyd (Manchester, Central) (Lab): As chair of the parliamentary Labour party, I am very proud to be introducing this debate today, because it was the Labour party that brought the national health service into existence, and that has subsequently built and fought for the NHS. I represent Manchester, Central in the city in which I was born, and 60 years ago Aneurin Bevan in effect opened the national health service at what was then called Park hospital a few miles from the centre of the city. Today, my city has one of the biggest hospital building programmes anywhere in the country, thanks to the current Labour Government.

Sixty years on, it is difficult for many of us to understand and make sense of what life was like for the poor who were sick before the NHS came into being in 1948. In those years, friends of mine saw their children die because they could not afford the health care that is taken for granted today. People lived their lives embittered because they lost children in the time before there was an NHS, when people relied on private medicine. The ramifications were dreadful, and great distress was caused to millions of people because there was no NHS.

The NHS has been one of the country's defining and civilising achievements, and people across the political spectrum now claim to be proud of it. It is an achievement built on the dedication of millions of people. I want to pay tribute to the nurses, doctors and other medical staff for the contribution they have made over those 60 years; they are there in people's hour of need. I also want to pay tribute, however, to people such as those in the ambulance service and the porters, the builders and even the bureaucrats, whom it is so easy to deride, but without whom the health service would not work.

I do not want to be too partisan in these days when even the Tory party says it loves the NHS. However, it might be worth pointing out that I understand that some hours ago the Tory party demanded access to some of the "NHS at 60" badges, which I am proud to be wearing. In earlier debates, I saw very few Conservative Members wearing those badges. *[Interruption.]* Some of my hon. Friends are telling and showing me that they are wearing their badges, but not so the Tories. It is a shame, though, that the Tories did not display the same dedication to the NHS in 1946 when the Bill to create it was being taken through the House. My namesake—but no relation, I think—Major Lloyd said that taking over the hospitals was like Henry VIII taking over the monasteries, but most of our constituents are delighted that our hospitals are now part of the NHS and safe in Labour's hands.

I wish the Tories had been so careful with the NHS. *[Interruption.]* The hon. Member for North-East Bedfordshire (Alistair Burt) laughs. Perhaps that is because he was part of a Government who ran down the NHS. When the Tories were in power there was real talk about dismantling the NHS and about different ways of providing a national health service, such as insurance funding. There was talk about the break-up of the NHS.

Alistair Burt (North-East Bedfordshire) (Con) *rose—*

Tony Lloyd: Because I have mentioned the hon. Gentleman, if he is very brief I will give way.

Alistair Burt: I offered a laugh of amusement because I fought a number of elections in which Labour produced leaflets talking about the privatisation of the health service. The hon. Gentleman talks about 60 years on and the health service being safe under Labour, but how does he feel about this Government doing so much to bring the private sector into the health service, which I am sure he would have vigorously opposed no more than five years ago?

Tony Lloyd: I will respond to that in a few moments, but let us first talk a little about the Conservative record. When Clement Attlee suggested that the opening of the NHS should be celebrated as a national institution and supported by the whole nation, Nye Bevan, the founder of the national health service, said:

> "The Conservatives voted against the National Health Act, not only on the second but on the Third Reading. I do not see why we should forget this."

The Conservative Government of the 1980s tried systematically to underfund and dismantle our NHS. Even then they could not break it completely, but they left it in a parlous state, which Conservative Members—including those few who are present—should be ashamed of.

It is also difficult to forget that the coalition against the building of the NHS and one of the greatest reforming Acts that this House has ever brought into being is just as real and alive today: the British Medical Association and the Conservative party, which joined forces then to scare and mislead, and which join forces today to scare and mislead on proposals to bring better services for patients throughout the country.

In this morning's edition of *The Times*, the Leader of the Opposition is quoted as saying that

> "Google can tell us more about our illness than our doctors".

I hope that my hon. Friend the Minister will give me an absolute guarantee that, although the citizens of Witney may want Google for their medical care, Manchester, Central will have real doctors, real nurses and real spending in our NHS, and not gimmicks. I do wonder whether the Opposition are serious, even today, about the NHS. We know that, in the end, the NHS is safest in the hands of the Labour party. Labour is proud of the NHS and has shown unflinching support for the values that the NHS is there to provide. Ours is the party that voted for it, built it, saved it, invested in it and rebuilt it when it was brought to such a low state under the last Tory Government, and we are now determined to deliver the quality of service that will help it flourish into the next century.

We have done an enormous number of things already since 1997 of which we are very proud. Let us look at the real facts about real people. Today, there are 50,000 people alive in this country who would have died from cancer; they have been saved by the improvements of this Labour Government. Some 150,000 people who would have died of heart disease have survived. There are 80,000 extra nurses in our health service and 38,000 extra doctors. These mind-boggling numbers show the scale of the investment that we have put into the health

service. For example, in 1997 just two thirds of people with suspected cancer were seen within two weeks of being referred; that number has now risen to 99.6 per cent. The difference in terms of people's lives is that they have peace of mind; and of course, early detection of cancer means increased survival rates. Many people survive precisely because of the investment that we have put in. Some 35,000 heart operations were carried out in 1997; in 2007, approximately 74,000 were carried out—almost twice as many. Again, that is a lot of lives saved.

The House knows that over the years, the NHS has been able to compare itself happily and proudly with other systems around the world. I think it fair to say that the NHS model really does work—we can compare our system with health systems around the world, and in particular the American model. Let us be honest: the American model certainly does produce enormous excellence, but it is enormous excellence for the very few, and enormous poverty of health care for the many who cannot afford health insurance, or whose health insurance falls through the system. Such a role for private insurance can never offer the people of this country what we demand from our health care. We know from other systems in different parts of Europe that there are standards that we would like in different areas, but there is no other system as universal and comprehensive as ours.

I know that my hon. Friend the Minister has shown her commitment to the NHS over a lifetime. Not so long ago, she was a working nurse in our national health service. She has given of her own life to the NHS and is proud to have done so. The very pride that she has in our national health service is the pride that every Labour Member of Parliament has. We know that in the end, the NHS still is the jewel in Labour's crown. It is the jewel in the nation's crown, because it is the one institution that, without peradventure, the public of this country love and cherish. It is the one institution that the public would not let go of, even when it was under attack in previous days from underfunding and there was a Government who would have dismantled it, had they felt that they could have got away with it politically. That is why I am here to say on behalf of every Labour Member of Parliament that we are still proud of our NHS, proud of our Health Ministers and proud in particular of what we will build for the future. We are proud of the contribution that the Labour party has made to this enduring jewel in British society.

5.44 pm

The Parliamentary Under-Secretary of State for Health (Ann Keen): I congratulate my hon. Friend the Member for Manchester, Central (Tony Lloyd) on securing this debate, which is so timely in the week when our national health service celebrates its diamond birthday. I am delighted to have the opportunity to celebrate it, a couple of days before the 60th anniversary of that famous day, 5 July 1948.

Yesterday, many Members and, more importantly, members of staff of the NHS past and present, and many of its patients, attended a most magnificent service at Westminster abbey. I am sure that the whole House would want me to thank the staff of the abbey for allowing us to hold the 60th anniversary service there. Many people were moved by the tributes that were paid in short contributions by Ashley Brooks, Ed Mayne, Louise Baxter and Elizabeth Farrelly. Elizabeth told us that when she was 21, she was appointed by Aneurin Bevan to be the first woman ever to sit on a hospital board, that of the Royal London hospital. She was with us yesterday and showed, in the contribution that she made before those from the Prime Minister and David Nicholson, the chief executive of the NHS, that she is very much a diamond to us.

My hon. Friend was kind to mention that I have spent some time in the NHS—more than 30 years, actually—so the anniversary has a special meaning for me. I started in administration as a clerk and then continued into nursing. In community nursing in particular, I saw the gross inequalities that existed in health, and I witnessed the waiting times throughout the '80s and '90s when I was a clinical nurse practitioner. I knew that the patients whom I visited would have a long wait for their pain to be relieved, particularly if it was hip pain that required a replacement operation, or cataracts, which restricted their ability to care for themselves.

I loved working in the NHS and am proud to say that I did so—just as proud as I am of its recent achievements. They include making significant inroads into driving down health care-associated infections and cutting waiting times from referral to treatment to a maximum of 18 weeks. The whole staff of the NHS need to be congratulated on that; not just the surgeons but the clerical assistants who administer the difficult record-keeping to ensure that patients are called at an appropriate time. Of course, we expect patients to meet those times and booking arrangements whenever possible.

It is not only myself and Members of all parties who are proud of the health service. According to a BBC poll published on Monday, we are not alone. Some 82 per cent. of respondents said that they, too, were proud of it, and half thought that it was the envy of the world.

It is hard to imagine what life was like before the NHS. The lowest-paid working men contributed a compulsory 4d a week to a system that provided them with the service of a panel doctor but not hospital care. Higher-paid workers and all women and children had to pay each time they saw a GP, usually laying the money on the desk as they walked in the door. Many older people, including my parents, tell me of the fear of a two-bob cough turning into a three-bob cough, and what a difference that shilling would make to the family budget if the cough worsened.

Paul Flynn (Newport, West) (Lab): I vividly remember the days before the war, when the cost of having a call from a doctor was 2s/6d. The total family income was a widow's pension of 8s/6d, which makes us understand the terrible choices that parents had to make. They had to pay three quarters of their weekly income to get the doctor to call for their two children. That was at a time when childhood diseases were killing children on a large scale. The NHS has lifted the burden of anxiety from a generation and allowed ordinary people greater peace of mind for 60 years.

Ann Keen: I could not agree more with my hon. Friend. That was the situation before the vision of the 1945 Attlee Government—

Mrs. Ann Cryer (Keighley) (Lab): I cannot resist mentioning a story about my first late husband, Bob Cryer, who was also a Member of Parliament for Keighley. When he was six in 1941, he almost died of diphtheria. The doctor's bills were so big that his mother, who was a skilled dressmaker, had to make dresses and suits for the doctor's wife to pay off the bills. That was the only way the family could pay them.

Ann Keen: My hon. Friend makes a worthy point and it is especially fitting that she should mention Bob in this debate.

Alistair Burt: My father was a GP in Bury and served the national health service for nearly 50 years. He told me that when he first arrived in Bury the practice was still collecting debts from people who had had to pay before the NHS was introduced. That that shameful practice does not go on today is a huge credit to the NHS and all who work in it.

Ann Keen: I thank the hon. Gentleman for his worthy remarks about his father's contribution to the health service. As a community nurse, I used to visit older people and they would still be concerned to offer me something in return for my visit. I was often offered some eggs and had to say that it was not necessary, but that generation still could not quite believe that they had the NHS, provided according to need and not ability to pay.

When it was created, the NHS was unique. It was the first time anywhere in the world that health care was provided completely free at the point of delivery, on the basis of citizenship rather than the payment of fees or insurance. It was also the first time that prevention, diagnosis and treatment were brought together under one umbrella organisation. The NHS is as unique today as it was 60 years ago. It has one of the world's largest work forces, and provides one of the world's most comprehensive national health services.

This week, "Our NHS, Our Future" set the future direction of the NHS for the next 10 years and beyond, with great emphasis on quality. It will see patients becoming more active, empowered and involved in their own care; more care closer to home in the community; a more personalised treatment system, rather than medicine for the masses; and prevention care climbing higher up the agenda. It will help to ensure that the NHS remains at the forefront of care, research and treatment, and continues to be the envy of the world.

Jim Sheridan (Paisley and Renfrewshire, North) (Lab): If my hon. Friend has 30 years' service in the NHS, as she said earlier, she must have joined it straight from school.

Despite the cynical voices of the Opposition about private investment in the NHS, the fundamental principle remains the same: it is free at the point of need.

Ann Keen: My hon. Friend's compliment is accepted. The principle to which he refers has always been, and always will be, the case for Labour Members.

Medicine and health care have to change, because they are dynamic. If we never changed, we would not be delivering health care as it should be delivered. People's needs change and so does the science, so delivery should also change. In 1948, cataract operations meant a week of total immobility with the patient's head supported by sandbags. Eye surgery is now over within 20 minutes, and most patients go home the same day. In 1958, hip replacements were still so unusual that the surgeon who invented them asked patients to agree to return them post mortem. The NHS now carries out more than 1,000 of those replacements every week. I remember my first time as a student nurse in theatre assisting with what was called the Charnley operation and seeing a hip removed. Seeing that patient free of pain was nothing short of a miracle.

Last year, staff at Harefield hospital grew a human heart valve from stem cells and this year, staff at Moorfields have already tested a revolutionary gene therapy for treatment of a type of inherited blindness, and patient choice has been extended on that to all NHS-approved hospital providers.

People are now living on average at least 10 years longer than in the past. Deaths from cancer and heart disease have fallen dramatically and Britain is one of the safest places in the world to give birth. As a former nurse, I know that dramatic improvements in the health service have not been easy to achieve, but I remember when money-collection buckets for equipment and for accident and emergency equipment were the norm. The friends of the hospital did not just provide some of the friendlier aspects of health care, such as art, music and the like; money was collected for big equipment, like scanners, and they were owned by the friends of the hospital and other charities, which performed much of the fundraising. That is no longer the case. We have first-class equipment in first-class buildings and we must always consider how we have to change and use the skills of the work force, in particular.

I want to pay tribute to the work force. Working for the health service is a huge commitment, and it is usually a huge commitment for the member of staff's family, too. The staff and volunteers, past and present, continually help to drive up standards and the quality of care for millions. I hope that the media recognises that this week. Yes, we sometimes get it wrong. The system can be inefficient and over-bureaucratic, but most of the time it is marvellous. The diamond is about the only stone that hardly has a flaw in it, but occasionally that will happen. The majority of the time, however, we have to stand up and be proud of the NHS.

We must be proud of the NHS's values—universal, tax-funded and free at the point of need. They remain as fundamental to the NHS today as they were when it was launched back in 1948. Yesterday, we celebrated at Westminster Abbey. We went across the road to the Queen Elizabeth II conference centre, where the amazing, wonderful world-class soprano, Lesley Garrett, sang "The impossible dream" to all those who attended the service. I do not intend to burst into song at this point – I know that I am disappointing Members by not doing so. She said, as Nye Bevan would have wanted, that to dream the impossible dream was what he and that Labour Government did. They fought the unbeatable foe and they won.

Aneurin Bevan said that a national health service would

"lift the shadow from millions of homes. It will keep very many people alive who might otherwise be dead. It will relieve suffering...It will be a great contribution towards the wellbeing of the common people of Great Britain."—[*Official Report*, 30 April 1946; Vol. 422, c. 63.]

He also said:

"No society can legitimately call itself civilised if a sick person is denied medical aid because of lack of means".

I hope that we all continue in that spirit. The constituency of my hon. Friend the Member for Manchester, Central surrounds Trafford, where the first NHS hospital was established. The north-west region is right to be proud of what it does today. We dreamed the impossible dream. We fought the foe at different stages of that journey. We still have a few fights to go, but we will be as brave as the song says and as Aneurin Bevan wanted us to be. I am grateful for the opportunity for this debate.

Question put and agreed to.

Adjourned accordingly at one minute to Six o'clock.

House of Commons

Monday 7 July 2008

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

WORK AND PENSIONS

The Secretary of State was asked—

Financial Inclusion

1. **Mr. Adrian Bailey** (West Bromwich, West) (Lab/Co-op): What discussions he has had with the Chancellor of the Exchequer on providing financial inclusion programmes in local communities. [216449]

The Parliamentary Under-Secretary of State for Work and Pensions (Mr. James Plaskitt): My Department works very closely with Her Majesty's Revenue and Customs and the Department for Business, Enterprise and Regulatory Reform in delivering the Government's programmes to promote financial inclusion. For example, we are currently establishing a network of regional and national champions, including for the west midlands, who will help to lead local partnerships to increase financial inclusion.

My hon. Friend might also be interested to know that already 12 west midlands credit unions and community development finance institutions are benefiting from growth fund investment from my Department.

Mr. Bailey: I welcome the Minister's response. I represent a constituency that still has a high proportion of low-income earners. What can my Department do to help those in my constituency who may be vulnerable to the activities of loan sharks?

Mr. Plaskitt: My hon. Friend represents a constituency in that situation, as do many others. The Department has done some mapping across the country to help to establish which areas are in the greatest need of additional resources. Several things are being done to address his specific concerns. First, as I have said, we co-operate with colleagues in the Department for Business, Enterprise and Regulatory Reform, and they are running crackdowns on illegal lenders in areas where they are at work. My Department is also doing some work through the growth fund, which is investing in credit unions and helping them to grow. Where we have invested, credit unions are growing rapidly, providing a source of affordable credit in the community so that people do not have to turn to, or rely on, doorstep lending or loan sharks.

Peter Luff (Mid-Worcestershire) (Con): The single most important thing that the Government can do to ensure financial inclusion in remote rural and deprived urban communities is to ensure access to cash. In that context, will the Minister assure me that the Department will do all that it can to ensure that it and all its agencies give equal prominence in, for example, every letter sent to benefit claimants to the opportunity to obtain cash at the post office through the Post Office card account? Will he join me in deploring the Pension, Disability and Carers Service in particular, which has been actively misleading clients about the future of the POCA and, in many letters, failing even to say that it is available?

Mr. Plaskitt: I believe that one letter was sent out locally that was incorrect, and we have retracted that statement and checked that the letters being sent out are correct. It is always our policy to ensure that benefit claimants or pensioners who wish to receive their benefits or pension in cash at a post office can continue to do so.

David Taylor (North-West Leicestershire) (Lab/Co-op): I was pleased to hear my hon. Friend the Minister refer to credit unions, because, as a long-term member in my area, I know how much they can promote financial inclusion. Does he agree that local post offices often best provide credit union facilities? Would it not therefore be a good idea if the Post Office card account contract were given to the Post Office itself? Any other decision would be deeply regrettable.

Mr. Plaskitt: My hon. Friend knows that the contracting arrangements for the successor to the existing Post Office card account are determined legally. The tendering process is under way, so it would be inappropriate for me to go any further. The Post Office has said publicly that it has put in a tender for the contract, which it describes as "strong", but I cannot go any further, as I am sure my hon. Friend will understand. Ministers are not involved in determining the tendering process, which is run by officials.

I strongly sympathise with my hon. Friend's point about possible stronger links between credit unions and the Post Office. He will be interested to note HMRC's announcement last week about reforms to the regulatory climate that applies to credit unions. It implies greater flexibility in the future and the long-term possibility of establishing closer links with the Post Office.

Child Poverty

2. **Mr. David Gauke** (South-West Hertfordshire) (Con): What steps he plans to take to achieve the target of halving child poverty by 2010. [216450]

3. **Andrew Gwynne** (Denton and Reddish) (Lab): What steps he plans to take to meet the Government's 2020 child poverty reduction target; and if he will make a statement. [216451]

The Secretary of State for Work and Pensions (James Purnell): "Ending Child Poverty: Everybody's business" announced an additional £950 million for tackling child poverty. Along with the commitments in last year's Budget and pre-Budget report, about 500,000 more children will be lifted out of relative poverty than otherwise would be.

Mr. Gauke: The Prime Minister told the House on 23 and 30 April that the Government were "on the road" to taking 1 million children out of poverty. Will the Secretary of State confirm that not only is the up-to-date figure closer to half the 1 million figure, but in each of the past two years the number of children in poverty, on the Government's own measure, has increased by 100,000?

James Purnell: No, we have lifted 600,000 children out of poverty and, as I said in my answer, another 500,000 are in the pipeline, so to speak. Interestingly, the hon. Gentleman refers to the Prime Minister, but his leader just made a speech about social breakdown in which he did not even mention child poverty. We are committed to the target; the Opposition are not. We care about child poverty; they do not. That speech shows that the Tories have not learned the lessons of the 1980s and would be exactly the same if they were to return to power. The hon. Gentleman should tell his leader to withdraw his speech.

Andrew Gwynne: Will my right hon. Friend ignore the doom-merchants opposite and commit the Government not only to meeting the 2020 target but to keeping the current definition of poverty? Will he reject the calls from some in this Chamber to redefine poverty rather than to tackle and abolish it, which is what the Government are committed to doing?

James Purnell: That is absolutely right. We are the only party that is committed to the target. We will keep the definitions that we have set out and the three targets. It is quite clear that the Opposition want not to reduce child poverty but to redefine it.

Mr. Speaker: Order. May I tell the Secretary of State that the point has been made about the Opposition, and from now on his answers should be about ministerial responsibilities?

Alistair Burt (North-East Bedfordshire) (Con): May I say that, on reflection, the Secretary of State might regret comments suggesting that caring about child poverty is purely a party issue? He might want to reshape those remarks when he gets a chance. Is he not concerned that the figures show that the percentage of children risking poverty in two-parent families is hardly different from 1997? In fact, percentage-wise, the figure has gone up slightly. In caring for children in poverty, will the Secretary of State see whether he could do something more about how welfare policies act on two-parent families, because we all care about the issue?

James Purnell: The hon. Gentleman is absolutely right that we need to support two-parent families as well as lone-parent families. The risk of child poverty is higher in a lone-parent family than it is in a two-parent family, but we need to support both. We need to get partners in two-parent families into work to reduce child poverty, and we need to do the same for lone parents, but caring about child poverty means doing something about it. That means spending money and having a target.

Mr. Frank Field (Birkenhead) (Lab): I again congratulate the Government on setting such an audacious target to abolish child poverty, given that no other Government have ever set themselves that task. Does my right hon. Friend agree that, despite all the Government's efforts, progress has stalled somewhat? Given that huge sums will not be available to increase tax credit payments still further, does he believe that the Government should reschedule the priority that they give to moving claimants from benefit into work so that we achieve the target?

James Purnell: My right hon. Friend is absolutely right to say that the figures for the past two years have been disappointing. We said that. That is exactly why we redoubled our efforts and put in the extra £1 billion. He is right, too, that reducing child poverty is not just about tax credits and benefits, but about getting people back into work. Our goal is to do both. Talking about only the causes of poverty ignores the fact that one of its causes is not having enough money. That is why we also believe in increasing the money that goes to tax credits and child benefit, which we did at the previous Budget.

Jenny Willott (Cardiff, Central) (LD): One group who can experience particularly severe poverty is disabled children. The Secretary of State will know that receipt of disability living allowance grants access to a range of other benefits that go alongside it, including disabled premiums on tax credits, and that, without it, families can miss out on upwards of £10,000 a year. Given that the Government are unable to provide figures on DLA take-up rates, what action will his Department take to increase take-up of DLA and reduce the dire poverty faced by those particularly vulnerable children?

James Purnell: We are working to increase the take-up of DLA among families with disabled children. I recently met the Every Disabled Child Matters campaign, and we are working with it and others to increase take-up. We are spending money on a take-up campaign to ensure that everybody who is entitled to DLA claims it. Hon. Members can play their part, too, by ensuring that their constituents know that they should be claiming DLA if their children face those issues.

Andrew Selous (South-West Bedfordshire) (Con): The Secretary of State talks about getting people back to work, and he is right to do so. He will be aware that half of children in poverty have a parent in work and that more than a fifth of poor children have a parent who works full time. What will the Government do to address the needs of that group of parents who earn enough to keep their children out of poverty but are then taxed to below the poverty line, even after receipt of tax credits?

James Purnell: The issue is about helping partners into work and making sure that we provide more money through tax credits, which is exactly what we did in the previous Budget. We want to consider how we can help partners to work, because very few families in which one partner works and the other works part time, or in which both work, are in poverty; I think that about 2 per cent. of children, a very low percentage, in such families are in poverty. We want to help people to work, and we want to give them more money, too. We want to tackle the causes of poverty and to give people more money through tax credits.

Disabled People (Budgets)

4. **Mr. Robert Flello** (Stoke-on-Trent, South) (Lab): What assessment he has made of the effectiveness of independent budgets and direct payments for disabled people. [216452]

The Secretary of State for Work and Pensions (James Purnell): We know from research that people in receipt of direct payments value the freedom and flexibility that they give, but take-up has not been as widespread as had been hoped. Individual budgets were piloted so that we could see whether the benefits of greater choice and control could be provided for people who did not want a direct payment. Researchers are analysing the findings from the pilot and a report will be published later this year.

Mr. Flello: I am grateful to my right hon. Friend for that reply. People with disabilities face enough difficulties and barriers in society without their care package being one of them. Will he commit to accelerating the roll-out of individual budgets, while ensuring that people with disabilities and their carers have full support, so that we can be sure that they can use the packages?

James Purnell: My hon. Friend is absolutely right that individual budgets can give disabled people, as well as other groups, control over the support that we give them. The vast majority of disabled people are very happy with the support that they get, but that where they are not, or where they feel that they could do better themselves, we must consider how we ensure they have control. We will actively look into that issue in the next few weeks.

Mr. Mark Harper (Forest of Dean) (Con): I recently saw for myself how successful the In Control project, which has cross-party support, has been in Oldham, and what a difference it has made to the lives of disabled people. The Government want 1.7 million people to be able to have independent budgets over the next three years. How many of those people does the Secretary of State expect to be able to have independent budgets by the end of next March?

James Purnell: As I said, we will consider that issue in the Green Paper, and the hon. Gentleman will have to wait until it is published.

Mr. Brian Jenkins (Tamworth) (Lab): My right hon. Friend will know of the small problem with recipients seeking and finding the information they need to make the right choice about individual budgets. Is he aware that no one seems to have responsibility for compiling and maintaining a directory of services that those people could buy into?

James Purnell: My hon. Friend is right to say that one of the early findings from the pilots is the importance of advocacy and support. That is not a reason to think that the principle is not right; it is just a lesson that we need to learn to make sure that the system works effectively in practice. I will look into the point that he makes about a directory, and I will write to him.

Jobshop (York)

5. **Hugh Bayley** (City of York) (Lab): When Remploy plans to open a jobshop in York city centre to assist people with disabilities who were not previously Remploy employees in finding jobs. [216453]

The Parliamentary Under-Secretary of State for Work and Pensions (Mrs. Anne McGuire): Remploy continues to search for suitable premises in York city centre. In the meantime, Remploy opened a facility on 9 April at York university, which is available to help all disabled jobseekers in York. Remploy is also working in partnership with Future Prospects, a local specialist provider, which means that any disabled jobseeker in York will be able to access Remploy services through Future Prospects' city-centre facilities.

Hugh Bayley: When the Minister made the case for closing the Remploy factory in York, she said that, if it closed, a city-centre jobshop would be established and that it would get 50 disabled people who were out of work—not former Remploy employees—into work each year. The facility on York university campus helps former workers from the York Remploy factory, but it is essential that a new facility is provided in the city centre as soon as possible; otherwise, the Government will not meet their target of getting 50 disabled people into work each year.

Mrs. McGuire: My hon. Friend has taken a keen interest in the situation in York, and I congratulate him on his advocacy for his local facility. There have been difficulties in trying to get premises in York city centre, not least due to access issues, but I assure my hon. Friend that Remploy is actively and positively looking for facilities in York city centre.

Miss Anne McIntosh (Vale of York) (Con): The Minister will be aware that the closure of the Remploy facility in York caused disabled people particular problems in getting back into work, but will she accept that the number of people in work in York has gone down hugely, particularly in the past three years? The latest closure was of an HMRC office. What plans does she have to find another facility, perhaps locally, so that those currently working there can continue to work in York?

Mrs. McGuire: With Remploy, we looked specifically at how we support disabled workers into employment. If we are talking about the generality of people who can access jobcentre facilities, that is a slightly different issue. I hope that the hon. Lady accepts that Remploy in York has been working very actively to support its disabled employees, who wanted to maintain themselves in employment. Outside this forum, I will be delighted to share with her some of the real success stories that have come out of York about former Remploy employees.

Ann Clwyd (Cynon Valley) (Lab): As my hon. Friend knows, I was very pleased that Remploy in my constituency was removed from the list of closures, but its continuing existence depends on it securing contracts. It supplies health care products to England and to Scotland but has no contracts in Wales. I made every effort to secure those contracts, but what else can the Government do

to ensure that the factory, which is very important to our area given the high percentage of disabled people, continues in existence?

Mrs. McGuire: I thank my hon. Friend for championing her local Remploy factory and for supporting the modernisation programme. She is right—there was extreme disappointment that the Welsh health service did not renew its contract with her local Remploy factory. I can assure her, however, that Remploy's management are still optimistic about getting more work not only into her Remploy factory but into Remploy factories across the country as part of its modernisation programme.

Poverty (Elderly People)

6. **Ann Winterton** (Congleton) (Con): If he will make a statement on trends in levels of poverty among the elderly.[1] [216454]

The Minister for Pensions Reform (Mr. Mike O'Brien): The number of pensioners in relative poverty has fallen by 900,000 since 1997, and the number in absolute poverty has fallen by 1.9 million.

Ann Winterton: The Government's fuel poverty target has, according to their own advisers, been missed, so I wonder what warm words they can offer elderly people and pensioners who face dramatically increased fuel costs. The Government appear to have no clear strategy for addressing fuel poverty among the elderly, who will be too afraid to turn up or even to switch on the heating in case they incur very large bills. What action will they take to assist this most vulnerable section of our community?

Mr. O'Brien: I would have thought that the hon. Lady had informed her constituents that winter fuel payments will increase this year. There will be an extra £50 a week for those aged between 60 and 80 and an extra £100 for those aged over 80, bringing to £250 the amount that the Government provide to the elderly each year to help with their winter fuel bills. An extra £400 in winter fuel payments will be paid to those aged over 80. Indeed, we are going further than that by taking powers in the Pensions Bill, which is currently going through the other place, that will enable the data sharing of information with suppliers so that poorer pensioners can be put on to lower social tariffs: ensuring that they pay lower bills and get insulation. Warm Front has given 1.7 million homes assistance on insulation: an average of £2,700 has been provided to ensure that homes are insulated and fuel bills are kept down, so quite a lot is happening in this respect.

Ms Sally Keeble (Northampton, North) (Lab): I welcome the progress in tackling pensioner poverty. Does my hon. and learned Friend agree that one of the most important safeguards against pensioner poverty, especially for women pensioners, is the chance to have a work-related pension pot, and will he say what progress is being made on the development of personal accounts?

Mr. O'Brien: We certainly need to ensure greater pension equality for women. We reformed the state pension system to ensure that the number of women who receive a full basic state pension will rise from about a third to 75 per cent. in 2010, and, indeed, up to 90 per cent. in the 15 years thereafter. That will give them equality with men, but it is only the basis of change. We are introducing automatic enrolment, which will ensure that the employers of millions of women currently unable to get a private pension will be obliged to provide one, into which the women will be automatically enrolled. Millions of women will be able to build a pension pot to give them a more secure retirement.

Hywel Williams (Caernarfon) (PC): Last month, the town council of Pwllheli in my constituency wrote to the Secretary of State expressing concern about pensioner poverty. The reply referred to the availability of pensioner credit, housing benefit and council tax benefit. Is the Minister satisfied with the take-up of those benefits, and, if so, will he tell the House, and Pwllheli town council what the take-up level is?

Mr. O'Brien: I am not satisfied with the take-up of pension credit, which is why we are undertaking reforms, including, as of October this year, making pension credit, council tax benefit and housing benefit more easily accessible. We will introduce a series of changes whereby an application for one will automatically entitle someone to the others. Help the Aged and Age Concern have requested the change for a number of years, and it will be introduced from October. I hope that the hon. Gentleman is assured that action is being taken.

Michael Jabez Foster (Hastings and Rye) (Lab): Our Labour Government's passion for eradicating pensioner poverty should be applauded. Until April of this year, it could be said with certainty that no pensioner was worse off as a result of a Labour Government, and that the poorest were £40 a week better off. Given recent inflation figures, does my hon. and learned Friend believe that the rate of inflation, rather than the retail prices index, should apply to pension increases next year?

Mr. O'Brien: We have addressed the matter of uprating, but we want to restore the link with earnings, which, as my hon. Friend knows, the Conservatives removed some time ago. We have said clearly that we intend to restore the link by the target date of 2012, or in the course of the following Parliament, and we aim to use its restoration as a foundation block on which to build better pension entitlement for the long term.

Mr. Nigel Waterson (Eastbourne) (Con): Does the Minister accept that the latest figures, which show that an extra 300,000 of our older citizens now live in poverty—well above 2 million—are bad enough, but that since the statistics were prepared even more pensioners will have been driven into poverty by the recent surge in energy and other living costs? Is it not time that the Government got serious about tackling pensioner poverty?

Mr. O'Brien: I have to ask the hon. Gentleman whether he remembers that it was his party that broke the earnings link—this party is committed to restoring it. Does he remember that his party left millions of pensioners destitute and in poverty, on £68.80 a week? Under us, the minimum that people have a right to receive is £124, and we hope to be able to continue to increase it. We have lifted 1.9 million people out of absolute poverty—poverty that his party left those people in.

1. *[Official Report, 10 July 2008, Vol. 478, c. 12MC.]*

Mr. Dennis Skinner (Bolsover) (Lab): Whatever happens in the course of the next winter, one thing is certain: I do not expect anybody from our Front Bench to tell old-age pensioners to knit a woolly hat or to take a hot-water bottle to bed, just like the Minister did in those grim Tory years. What was her name? It was Edwina Currie, and there are a load of them on the Tory Benches that act just like her.

Mr. O'Brien: My hon. Friend is entirely right. We do not need to say that, because we will provide additional help to pensioners so that they can turn up the heating rather than worry about having to knit. The Conservative party's attitudes are exemplified by that comment, and this Government's attitudes are exemplified by the fact that we are increasing payments to pensioners at the very time when fuel bills are going up. We acknowledge that, and we are doing something to help pensioners.

Mr. Nigel Evans (Ribble Valley) (Con): The Minister will know that the elderly tend to look to their families to give them some support after they have retired, which no doubt saves the Treasury hundreds of millions of pounds. However, if their children have emigrated, particularly to Commonwealth countries, and they follow them to those countries, we treat them as second-class citizens and do not uprate their pensions. They can therefore become impoverished. When are we going to bring justice to British pensioners who decide to emigrate to Commonwealth countries to live closer to their families in retirement?

Mr. O'Brien: The hon. Gentleman will know that the long-standing policy, which both the Conservatives and this Government have adopted, is that we will not uprate the pensions of those in non-EU countries unless we have an agreement for reciprocal uprating with those countries. Although a case can be made for those who live in other countries, if there is additional money to spend and there are still issues of pensioner poverty in this country, which there are, my priority ought to be to reduce that poverty. If there is any extra money, that is what I intend it to be spent on.

Child Poverty

7. **Mr. Clive Betts** (Sheffield, Attercliffe) (Lab): What recent discussions he has had with the Chancellor of the Exchequer on measures to reduce levels of child poverty. [216455]

The Minister for Employment and Welfare Reform (Mr. Stephen Timms): We discuss the child poverty strategy regularly with Treasury Ministers. For example, I shall meet the Financial Secretary to discuss that subject later today. We have a shared commitment to make further progress in reducing child poverty, building on what has been achieved so far.

Mr. Betts: I welcome my right hon. Friend's commitment, but may I draw his attention to an anomaly? Many children in this country have parents who work but do not pay income tax, because they do not earn enough. Parents in those same families could well be paying council tax, because the level at which council tax is paid is lower than that at which income tax is paid. Will he consider raising the threshold for both council tax benefit and housing benefit? At a stroke, he could take a step that would take thousands of children out of poverty and go a long way towards helping the Government meet their targets.

Mr. Timms: My hon. Friend makes an interesting point, which, as he will know, the Select Committee on Communities and Local Government raised last year. Of course, council tax is a tax on property rather than on income, so it is not too surprising that the conditions are a little different. We said in our response to the Committee's report that we were prepared to examine the viability of aligning council tax benefit eligibility with other parts of the tax and benefits system over time. It cannot be done very quickly, but my hon. Friend is right to draw attention to the case for greater alignment, and we will examine the viability of that.

Phil Wilson (Sedgefield) (Lab): Will my right hon. Friend join me in congratulating the Sure Start children's centres in Chilton, West Cornforth, Dean Bank, Fishburn, Newton Aycliffe, Thornley, Wheatley Hill and Wingate in my constituency on their work in alleviating child poverty? Does he agree that that is a crusade for this Government, not just an aspiration, as it is for the Opposition? They had 18 years to get it right, and they did nothing.

Mr. Timms: I agree completely with my hon. Friend and join him in paying tribute to those Sure Start centres for their achievements and lamenting the absence of a commitment from the Opposition. Sure Start has not only provided the best possible start for young children and made a very important contribution to tackling disadvantage among children, but is increasingly providing places where support can be directed to parents. There is help back into work, advice on applying for and receiving tax credits and other help that people need.

I recently visited a Sure Start centre in Lambeth, where a back to work course being delivered by Tomorrow's People was doing a great job. We want Sure Start centres to be used increasingly in that way.

Benefit Claims

8. **Mr. John Heppell** (Nottingham, East) (Lab): What progress has been made on the use of voice recognition analysis in respect of benefit claims. [216456]

The Parliamentary Under-Secretary of State for Work and Pensions (Mr. James Plaskitt): Voice risk analysis is being piloted by 14 local authorities for claims and reviews of housing and council tax benefits. Those pilots are going well, and so a further 15 are being arranged. We are also piloting that technology in Jobcentre Plus for jobseeker's allowance and income support claims. Full evaluation results from the initial pilots will be available later this year.

Mr. Heppell: I welcome anything that tackles benefit fraud, but will the Under-Secretary assure me and the House that those analyses will not be used to target vulnerable people or, indeed, result in the withdrawal or withholding of any benefits without real evidence?

Mr. Plaskitt: I can give my hon. Friend that absolute reassurance. The technology that is in use does not in itself prove benefit fraud. All that it does is indicate levels of potential risk in the call, which lead us to decide which verification process to follow to establish the merit of the claim. When there is a question about any claimant having difficulty in pursuing a claim over the telephone, we will establish that early and always make alternative arrangements such as home visits or face-to-face meetings. Although we are also tackling benefit fraud, our objective throughout is to ensure that we pay the right benefits to the right people at the right time.

Occupational Pensions

9. **Mr. David Heathcoat-Amory** (Wells) (Con): What recent estimate he has made of the number of defined-benefit occupational pension schemes in which the liabilities exceed the assets. [216458]

The Minister for Pensions Reform (Mr. Mike O'Brien): On the Pension Protection Fund's assessment basis, 5,000 schemes.

Mr. Heathcoat-Amory: The final salary schemes in the private sector have been shutting for many years as unaffordable. The decline in the investment market has made many more extremely vulnerable. Does the Minister believe that the Pension Protection Fund, which he has just mentioned, to which vulnerable schemes have to contribute, is adequate to fund possible insolvencies in the years ahead?

Mr. O'Brien: The Pension Protection Fund is best placed to make an assessment of the adequacy of the amounts that it needs, and it has done so and levied accordingly.

Benefit Simplification

10. **Willie Rennie** (Dunfermline and West Fife) (LD): What recent progress his Department has made on the simplification of benefits. [216459]

The Minister for Employment and Welfare Reform (Mr. Stephen Timms): Simplification is essential to reform. For example, the local housing allowance, rolled out from April, has simpler and clearer rules than the previous housing benefit system. Last month, following successful pilots, we agreed with the Local Government Association on a simpler approach to claims when starting a job. From October, two current benefits—incapacity benefit and income support on health grounds—will be replaced by one: the new employment and support allowance. Those are all examples of simplification.

Willie Rennie: I recognise that some progress has been made on simplifying the benefits system, but much more needs to be done. Will the Minister investigate the case of my constituent, Sara McGlynn, who is suffering because she is not ill enough to earn an invalidity benefit? She has not earned enough in the past, because she is too young and does not receive incapacity benefit, and as her partner earns just above the minimum income level, she does not receive income support. Will the Department investigate the case so that complexity does not rule out that person's receiving Government support?

Mr. Timms: I am happy to consider the details of that case if the hon. Gentleman will forward them to me. However, it does not sound to me like a problem of complexity. The system has been effective in increasing employment—we have more people in work in Britain today than ever before, and that is partly the result of the success of welfare reform. However, I agree that simplification is important. For example, we will explore further the idea of a single working age benefit, which would be a radical simplification and would perhaps partly deal with the case of the hon. Gentleman's constituent. I repeat that I am happy to look at the details of the case.

Mr. David Kidney (Stafford) (Lab): Will the Minister consider simplifying the double benefit rules, especially regarding carer's allowance and the state retirement pension? Will my right hon. Friend be willing to examine that rule, which is of long-standing concern to pensioners? I am sure that the designers of the welfare state in the 1940s could not have expected so many pensioners to be carers for other pensioners—whether spouses or elderly parents. It is a shock to the system to find that, when they receive state retirement pension, their carer's allowance stops.

Mr. Timms: My hon. Friend is right to make the point that people are often concerned when they get into that position and discover that that is the rule. He will know, however, that it is a long-established principle of the benefits system that we do not pay two benefits in those circumstances. I cannot hold out for him the prospect that that will change imminently. However, he will know of the carer's premium in pension credit, which is helping to address the problem that he rightly highlights, and we will of course see whether there is more that we can do.

Mr. Peter Bone (Wellingborough) (Con): A number of my constituents have come to me and complained that their incapacity benefit was stopped after a medical and that, although they then went to appeal and won the case, they experienced a huge delay before their benefit was restored. If that benefit can be stopped immediately, why can it not be started again?

Mr. Timms: When an appeal is successful, benefit should come back into payment very quickly. Again, if the hon. Gentleman wants to draw my attention to any particular problems, I should be happy to look into them; however, anybody who experiences a delay will have their arrears paid in full.

Defined-benefit Pensions

11. **Mr. David Amess** (Southend, West) (Con): What estimate he has made of the number of defined-benefit pension schemes which are open to new members. [216460]

The Minister for Pensions Reform (Mr. Mike O'Brien): About 2,400 defined-benefit pension schemes remain open to new members.

Mr. Amess: Given the Prime Minister's disastrous decision in his first Budget as Chancellor of the Exchequer in 1997 to raid pension funds to the tune of £5 billion, does the Minister share my concern that the take-up in defined-benefit pension schemes has dropped by 1 million in the past year and that, as I understand it, about 4,000 schemes have closed? If the Minister shares my concern, what are the Government going to do to address the present parlous situation?

Mr. O'Brien: The hon. Gentleman will be aware that pensions are for the long term and that investments go up and down. Therefore, deficits appear in schemes at different times, which sometimes go into surplus. Such changes occur. The only people immediately at risk would be those in a scheme where the employer moved into insolvency and there was a significant deficit. That is why the Pension Protection Fund has been set up. I remind the hon. Gentleman that the Government have restored confidence in pensions, not only by setting up the PPF, which ensures that people have a kind of insurance scheme, and creating the regulator that oversees risk in the pensions market, but by sorting out the financial assistance scheme and ensuring that those 140,000 people got justice. We are in the process of restoring confidence in pensions—a confidence that was seriously damaged by his Government.

Post Office Card Account

13. **Mark Pritchard** (The Wrekin) (Con): If he will make a statement on the tendering process being undertaken by his Department for the new Post Office card account. [216462]

The Parliamentary Under-Secretary of State for Work and Pensions (Mr. James Plaskitt): I was under the impression that the question had been withdrawn, but I am pleased that the hon. Gentleman is here.

Mr. Speaker: The Minister is right. However, because the hon. Gentleman arrived in the Chamber before his question was called, I used my discretion. My apologies to the Minister.

Mr. Plaskitt: I am delighted that the hon. Gentleman is here. The tendering process is that which is set down by law. It commenced in May 2007, with the publication of the official contract notice, and is proceeding in accordance with the established timetable. In accordance with the rules, the process is being led by officials. Ministers are not directly involved. An announcement on the successful bidder will be made as soon as possible.

Mark Pritchard: I am grateful for your generosity, Mr. Speaker; I did not expect to be in the Chamber at this time. I am glad that I am and that the Minister cannot get off the hook that easily. Given that the Government have basically decimated post offices in Shropshire, not least in my constituency, closing Sambrook, Church Aston and King Street, Wellington, will the Minister give an undertaking, not only to post offices in Shropshire but to those throughout the country, that the tender process will be transparent, open and fair, and will allow those postmasters who want to continue to provide this service every opportunity to do so?

Mr. Plaskitt: The process will certainly be fair, because we are scrupulously following the strict rules laid down by the Public Contract Regulations 2006. If the hon. Gentleman cares to study those regulations, he will see that the process is led by officials and that Ministers are not involved. I cannot therefore give him any reassurances about the outcome, and it would be inappropriate for me to make any comment about any potential bidder. At this stage, I know that the Post Office is a bidder because it has publicly said so. I am unaware of who the other bidders are, however, and that is as it should be. As I have said, the process is being led by officials, and there will be an announcement as soon as we can make one.

Topical Questions

T1. [216439] **Andrew Gwynne** (Denton and Reddish) (Lab): If he will make a statement on his departmental responsibilities.

The Secretary of State for Work and Pensions (James Purnell): Employers have a key role to play in helping us to reach our aspiration of an 80 per cent. employment rate, which is why we have developed our local employment partnerships. The partnerships are flourishing and by the end of last month more than 2,800 employers had recruited through the partnerships, providing work for nearly 13,000 people. I am pleased to be able to report that the number of jobs coming through the programme is increasing week on week and that, in the last week of June, for the first time ever, more than 1,000 people found work through the partnerships in a single week.

Andrew Gwynne: I very much welcome what my right hon. Friend has just said, but does he agree that one of the best ways of tackling future pensioner poverty is to encourage today's workers to save for their future, and that it is therefore potentially damaging for employers to pressurise their employees to opt out of existing company pension schemes?

James Purnell: My hon. Friend is absolutely right, and we are reforming pensions exactly so that people will be automatically enrolled into a company pension or a personal account. That is also why it will be compulsory for employers to match employees' contributions, and why we are taking powers in the Pensions Bill to ensure that employers cannot act in the way that my hon. Friend describes. Any employer who sought to dissuade people from joining a personal account could be fined and might have to pay back the money that people have missed out on as a result.

T2. [216440] **Mr. Philip Hollobone** (Kettering) (Con): Does the Minister recognise the depth of concern among my constituents in Kettering and across the country about the potential loss to Post Office Ltd of the Post Office card account? Given that 4 million people a week access their benefits through their local post office branch, and that those transactions bring about £200 million a year to the post office branch network, what weight will be given to those factors when the Government make their decision on the successor account?

The Parliamentary Under-Secretary of State for Work and Pensions (Mr. James Plaskitt): Information about the account is available in the tendering document, and if the hon. Gentleman studies it, he will see that we are explicitly calling for whoever provides the contract to be able to do so in at least 10,000 outlets and for it to have national coverage. We have also said repeatedly that if any benefit recipients or pensioners wish to access their benefits or pensions in cash at a post office, they will continue to be able to do so.

Mrs. Linda Riordan (Halifax) (Lab/Co-op): The Pensions Bill will provide a welcome transformation in UK pensions, with its automatic enrolment and compulsory employer contributions. However, may I urge the Minister to make a firm commitment now to introducing index-linked pensions by the end of this Parliament?

The Minister for Pensions Reform (Mr. Mike O'Brien): The Government's position on restoring the earnings link is that we will do so by 2012 or during the course of the next Parliament. The Government have been very explicit about that. The reason that we enshrined that commitment in law in the Pensions Act 2007 is that it is a fundamental part of our view that we need to restore full confidence in pensions as a whole. If the current operating policies were to continue, the value of the basic state pension would be about £45 a week, and more than 75 per cent. of the pensioner population would end up on pension credit by 2050. We therefore have to reform the system. Uprating the basic state pension by earnings from 2012 will more than double the basic state pension by 2050, compared with its value if current uprating policies continued. The basic state pension earnings uprating, together with other reforms, will mean that about 30 per cent. of pensioner households will be entitled to pension credit by 2050, compared with over 75 per cent. if the present policies continued. The reform is therefore fundamental.

Chris Grayling (Epsom and Ewell) (Con): We on the Opposition Benches all spotted the Secretary of State carefully positioning himself ahead of a possible Labour leadership contest. How does he think that his decision to make it more difficult for people with disabilities to claim benefits will go down with the people whose support he will need?

James Purnell: The hon. Gentleman is making an imaginary claim; we have no intention of doing that at all. What we intend to do is to help more people into work—providing more support for people but expecting more of people. What we have been doing for the past 10 years is creating an active welfare state, whereby people are required to do more but they get more in return.

Chris Grayling: Well, "breathtaking" is all I can say. Let me quote for the Minister his own Department's equality and impact assessment of the decision to cut the time that is available to make a claim:

> "In particular, customers who have mental health impairments or communication difficulties may not always be in a position to make their claims within the 3 month period, because they are not aware of the existence of these benefits or fail to understand the process for making a claim (due to the nature of their impairment), and have no one to advise or assist them."

Why, therefore, is his Department taking decisions that will disadvantage some of the most vulnerable people in our society?

James Purnell: We want to help more people to claim the benefits, which is exactly why we are making claiming automatic, why we are going to make it possible to claim the benefit in one telephone call, why Age Concern and Help the Aged support the package that we have brought in, and exactly why for housing benefit as well we have reduced significantly—by half—the time that it takes to claim. That is why we think that a three-month backdating process is exactly right. It is exactly the right way of helping people—ensuring that they can claim their benefits quickly, and getting them more help when they need it.

Julia Goldsworthy (Falmouth and Camborne) (LD): My constituent is seeking repayment of benefits that she was entitled to but did not receive as a result of an inaccurate assessment last autumn—undertaken without interviewing her. Inverness special payments team received her case in March, but the team tell me that, as of 27 June, they were processing claims received in October 2007. My constituent faces a nine to 12-month delay in having her case processed. What is the Minister doing to tackle that delay, and what assurances can he give that those who experience most hardship will not face further difficulties as a result of the Government's maladministration?

Mr. Mike O'Brien: I am more than content to meet the hon. Lady to discuss that case. It is obviously important that we resolve those matters properly and as quickly as the administrative system reasonably can, so if she wishes to let me have the case details, I shall happily meet her to see what can be done to help resolve it.

Mr. Gordon Prentice (Pendle) (Lab): The Minister, the Member for Warwick and Leamington (Mr. Plaskitt), told us a few moments ago that the tendering documents for the Post Office card account would stipulate that it would have to be available in a network of 10,000 post office branches. Given that the shrunken number of branches under the Government's proposals will be 11,500, why stipulate a number smaller than the post office network for which the Government are aiming?

Mr. Plaskitt: The document, which I have in front of me, actually says around 10,000 outlets, and it is of course perfectly in order for any company submitting a tender to offer the service in more than—substantially more than—10,000 outlets if it wishes to do so.

T4. [216443] **Mr. Edward Timpson** (Crewe and Nantwich) (Con): The Secretary of State may be aware that although Department for Work and Pensions employees in Crewe are to be re-housed in an extensive new building, staff at Her Majesty's Revenue and Customs in Crewe face job losses as a result of HMRC's wish to downsize its estate and the staff's inability to travel to Stoke-on-Trent by public transport, owing to time, distance and the adverse effect that it would have on their families and children. Is there not some potential for joined-up government, or for any extra capacity in the new DWP building in Crewe to be used to re-house the HMRC staff?

James Purnell: The hon. Gentleman makes a good point. We are working closely with HMRC and conducting pilots to see how we can co-locate HMRC and DWP employees. Work is being done in a number of local authorities, and we are looking to roll it out, so I would be happy to discuss with the hon. Gentleman how it might be done. However, we have reduced by 30,000 the number of people who work in the DWP. The Office for National Statistics recently said that that represented a 20 per cent. increase in our productivity, and I am sure that the hon. Gentleman agrees that, if we can provide the same or a better service for less money, the taxpayer will welcome it.

T7. [216447] **Mr. Henry Bellingham** (North-West Norfolk) (Con): In an interview in *The Times*, the Secretary of State said that nobody had a right to benefits. He went on to say that unemployed people could have their benefits stopped for up to six months if they did not co-operate in looking for a job, that sick and disabled people would be expected to work if they were physically able to do so, and that drug addicts who refused treatment would be stripped of welfare support. Those are draconian proposals. Has the Secretary of State discussed them with the MSP Margaret Curran, and will they apply to the residents of Glasgow, East?

Mr. Speaker: Order. The hon. Gentleman is totally out of order.

Mr. Bellingham: The first part was in order.

Mr. Speaker: The first part might have been, but the hon. Gentleman should have known that that was the only part that was in order.

James Purnell: We want to provide more support for people to get back into work, and that is exactly why we are making sure that everybody can have access to pathways. However, we will also expect more in return; that will mean more people getting back into work. People do not have a right to a life on benefits if they can work. I would have thought that the hon. Gentleman agreed.

T8. [216448] **Mr. David Gauke** (South-West Hertfordshire) (Con): In 1997, Labour was elected on a platform of welfare reform and getting people off benefits and into work. Eleven years on, there are parts of this country, including parts of Glasgow, where 50 per cent. of people of working age are on out-of-work benefits. Is it not clear that the Government have failed in certain parts of the country to get people off benefits and into work, and that they have let down the people of Glasgow, East?

Mr. Speaker: Order. I say again that topical questions are not for questions about by-elections; those are for the candidates out there. [HON. MEMBERS: "Labour has not got one yet. "] Well, that is another point.

James Purnell: Since 1997, the number of unemployed people has gone down by 50 per cent. In Glasgow, the number has also gone down by 50 per cent. The number of people on incapacity benefit is down by 25 per cent. I recently visited Glasgow and spoke to Steven Purcell, who, with the Commonwealth games coming, is bringing in a fantastic programme with an offer of apprenticeships for all young people. That is in sharp contrast to how the Tories ran down that city and abandoned people when they were in power.

David Taylor (North-West Leicestershire) (Lab/Co-op): Can the Secretary of State give the House a concise and precise report on the state of play with the Child Support Agency? I am not sure whether my experience is typical, but after a long lull, I am now seeing a substantial spike of new cases and new reports of incompetence in that organisation.

Mr. Plaskitt: I can give my hon. Friend the broad picture, which is one of improvement, notwithstanding what he has said. We are implementing the operational improvement plan, as a result of which the agency has collected £1 billion in maintenance for the first time since it was established. Furthermore, thanks to that improvement plan, 200,000 more children are now being supported by £200 million more of maintenance payments.

At the same time, the agency is making progress on reducing the backlog of cases. The new scheme backlog has dropped from more than 200,000 to about 100,000 and the old scheme backlog has dropped from 65,000 to 27,000. All that is progress, although it does not mean that the agency is yet performing perfectly. We all know that there are still difficult and problematic cases. If my hon. Friend has particular cases on which he wants further assistance, I shall be happy to meet him about them. However, the overall story is one of steady improvement.

Mr. Peter Bone (Wellingborough) (Con): A number of my constituents on incapacity benefit have claimed that the Department for Work and Pensions has asked them to go for a medical and that their benefits have then been withdrawn. They have then gone to appeal and had them restored. How many such people have been required to go for medicals, how many of them have been taken off incapacity benefit and how many have had their benefits restored on appeal?

The Minister for Employment and Welfare Reform (Mr. Stephen Timms): The hon. Gentleman has already raised that matter, and I have said that I will happily look at the examples to which he has referred. It is, of course, right that there should be tests once somebody is in receipt of incapacity benefit. Increasingly, we want people who are able to move back into work to do so. Medical interventions can assist with that. People can be pointed towards help and assistance—drawing on the access to work programme, for example—in order that they can move back into work. That will be a stronger feature of the new employment and support allowance than it is of the current arrangements. If there are particular difficulties in the hon. Gentleman's area with delays once appeals have been won, I would be happy to look at them.

Mr. David Kidney (Stafford) (Lab): A few minutes ago, the Secretary of State spoke about the co-location of Jobcentre Plus and Her Majesty's Revenue and Customs staff. How innovative is he prepared to be on co-location, as other people provide services that must also be

complementary to Jobcentre Plus? I am thinking of physiotherapists and health workers in order to get people ready for work; and of job trainers, job searchers and skills trainers, all of whom—whether in the public, private or very important voluntary sector—could work complementarily with Jobcentre Plus staff if they were co-located.

James Purnell: We are prepared to consider anything that will improve the service. My hon. Friend is absolutely right that others could be brought into job centres. In the pilots, for example, we already work with people from local authorities. It may also mean our Jobcentre Plus advisers, who do a fantastic job, going into other locations. I recently visited a doctor's surgery in South Shields, where we have a Jobcentre Plus adviser who is helping people to get back into work, where I was told that inactivity is itself a cause of ill health, and where there was already good evidence that having Jobcentre Plus advisers working side by side with GPs could improve people's health while reducing unemployment and inactivity.

Bovine TB

3.30 pm

The Secretary of State for Environment, Food and Rural Affairs (Hilary Benn): With permission, Mr. Speaker, I wish to make a statement about the Government's plans for tackling bovine TB in England. In doing so, I would like to thank the Select Committee on Environment, Food and Rural Affairs both for its comprehensive and thoughtful report and for allowing me additional time to respond to it, which I have now done. I am also grateful to Professor Bourne and the members of the Independent Scientific Group for their thorough scientific study.

Bovine TB is not a new problem. For more than 70 years, successive Governments have implemented cattle controls based on surveillance, testing and the slaughter of reactors. Those have been designed to protect public health, reduce the economic impact of the disease on farmers and, more recently, to comply with our obligations under European legislation. By the mid-1970s, the incidence of TB in cattle had reached an all-time low. However, since the 1980s, disease incidence has increased again—with a significant rise following the 2001 foot and mouth epidemic—and last year, nearly 3,200 new TB incidents were recorded and 18,543 reactor cattle were slaughtered in England.

Bovine TB is a serious problem, particularly in the south-west and the midlands. Although more than 90 per cent. of herds are TB free at any one time and some significant cattle farming areas are largely without the disease, I know from listening to farmers living with it just how difficult it is, and, for those most seriously affected, I know that the economic and human consequences are simply devastating. That is why we should take the right decisions to help.

Bovine TB is transmitted between cattle, and between cattle and badgers, but what has dominated the debate is whether badger culling could be effective in controlling the disease. The 10-year randomised badger culling trial overseen by the Independent Scientific Group on cattle TB, culled some 11,000 badgers to discover what impact it would have. The ISG's final report, published last year, concluded that reactive culling—killing badgers in areas where there had been local TB breakdowns—made the problem worse; and that proactive culling, which involves taking an area of about 100 sq km and repeatedly culling badgers over a number of years, produced only marginal benefits because although TB was reduced in that area, it increased outside of it because of the disturbance and movement of badgers.

While scientists agree that a prolonged and effective cull over even larger areas—some 250 to 300 sq km—could reduce the incidence of bovine TB, the ISG's judgment was that the practicality and cost of delivering a cull on that scale meant that

"badger culling cannot meaningfully contribute to the future control of cattle TB".

Having listened carefully to a wide range of views from scientists, farming, veterinary and wildlife organisations, and many others, and having considered all the evidence, I have decided that although such a cull might work, it might also not work. It could end up making the disease worse if the cull was not sustained over time or delivered effectively, and public opposition, including the unwillingness of some landowners to take part, would render that more difficult. It would not be right to take that risk. Therefore, in line with the advice that I have received from the Independent Scientific Group, our policy will be not to issue any licences to farmers to cull badgers for TB control, although we remain open to the possibility of revisiting that policy under exceptional circumstances, or if new scientific evidence were to become available.

This has been a difficult decision to take, and I know that farmers affected will be disappointed and angry. We all want the same thing—to beat this terrible disease—but I have had to reach a view about what will be effective in doing so, guided by the science and the practicality of delivering a cull. Having made a commitment to farmers and others that I would take a decision, now that it has been made, we need to put all our efforts into working together to take action that can work in all affected areas.

I have therefore also decided to make vaccination a priority, as recommended by the Select Committee. Effective vaccines could in future provide a viable way of tackling disease in both badgers and cattle. We have invested £18 million in the past 10 years in vaccine development, which has delivered good results, including: evidence that vaccinating young calves is effective; making progress towards developing a test to distinguish between infected and vaccinated cattle; showing that injectable BCG can protect badgers; and developing oral badger vaccine baits. I now intend to increase significantly our spending on vaccines by putting in £20 million over the next three years to strengthen our chances of successfully developing them. I will also provide additional funding to set up and run a practical project to prepare for deploying vaccines in future.

It could be some time before an oral vaccine for badgers, or a cattle vaccine, becomes available, so for now we must reduce the spread of the disease, and try to stop it becoming established in new areas. We have cattle controls in place to tackle TB, and have strengthened them in recent years with the introduction of pre-movement testing and the targeted use of the more sensitive gamma interferon test. But the action that individual farmers take, in particular to deal with the risk of importing disease into their herd, will also remain critical.

Disease control is not just a matter for Government, notwithstanding the considerable cost. Farmers have the main interest—the burden of controls falls most heavily on them—and they must be involved in working out how we go forward. It would be possible to tighten cattle measures still further as recommended by the ISG report, but that would come at a high cost. Whether it would be worthwhile is as much, if not more, a question for the industry as it is for Government. There is a choice to be made. That is why I have decided to set up a bovine TB partnership group with the industry to develop a joint plan for tackling bovine TB. We will discuss with the industry who should be on the group and how it should work, and I want to get started as quickly as possible.

The group will have full access to information on the TB budget and will be able to make recommendations about its use. It will be able to propose further practical steps to tackle the disease, including, for example, whether there should be tighter cattle controls. It will help to reach decisions about the injectable vaccines deployment

[Hilary Benn]

project. It will be able to look at ways of helping farmers to manage the impact of living under disease restrictions, for example by providing incentives for biosecurity, or maximising the opportunities to market their cattle by looking again at the restrictions around red markets and encouraging the establishment of more exempt and approved finishing units. I am prepared to make additional funding available to support such initiatives if the group makes a strong case for doing so.

The House is united in its determination to overcome bovine TB, and much as we would all wish it, there is no quick or easy way of doing so. But our best chance is to work together, and I therefore hope that the industry will respond to my proposals so that we can get on with it.

Mr. James Paice (South-East Cambridgeshire) (Con): I thank the Secretary of State for his statement, and for allowing us prior sight of it. I also congratulate the Environment, Food and Rural Affairs Committee on its report.

This is the Government's response to a consultation on badgers that began three years ago. Never have three years produced so little substance. Can the Secretary of State explain why he waited until the day after the royal show before making his statement, given that its contents were widely known during it? Was the reason that he did not wish to upset farmers before he attended?

Given that Lord Rooker has said that the EFRA Committee report was "absolutely first-class", that the "buck stops here" and that

"the present situation is unsustainable",

and given the widespread rumours of threatened resignation, can the Secretary of State assure us that his statement has the full support of his ministerial team in both Houses? Will he also confirm that since 1997 more than £600 million has been spent on combating the disease and 200,000 cattle have been slaughtered—for what benefit?

In that time, as the Secretary of State has said, the Government have produced just two initiatives, pre-movement testing and gamma interferon. Last year another 28,000 cattle were slaughtered, and perhaps the Secretary of State will confirm that according to figures for the period up to the end of April we are on course to slaughter 40,000 this year. There have been more than 1,400 new incidences this year, and nearly 5,500 herds were affected at the end of April. What would the Secretary of State say to a farmer to whom I spoke recently, who had just had a number of pedigree cattle taken? Yes, she had been compensated, but her complaint was about the waste of good cattle and taxpayers' money, and about the fact that we were getting nowhere.

The Secretary of State referred to the budget. Is he now able to answer the questions to which he has so far been unable to provide written parliamentary answers? How much is he planning to spend on TB in each of the three years of the current comprehensive spending review, and what is the projected number of cattle to be slaughtered in the setting of those budgets? If the number does rise to 40,000 or more, how will he accommodate that—or will he cut compensation further? According to Department for Environment, Food and Rural Affairs' 2004 paper "Preparing for a new GB strategy on bovine tuberculosis", the annual costs will rise to more than £300 million by 2012-13. Is that still the Secretary of State's estimate?

The Secretary of State obviously pins his hopes on vaccines—rightly, in some ways—but his predecessors have done the same. In 1998 the Government had a five-point plan, one of whose points was "developing a vaccine". In 2003, the right hon. Member for Scunthorpe (Mr. Morley) said

"The development of a TB vaccine is one of the key objectives of our TB research programme."—[*Official Report*, 1 April 2003; Vol. 402, c. 638W.]

In 2005, the right hon. Member for Derby, South (Margaret Beckett) announced a 10-year framework, which stated

"We will actively continue with vaccine research looking at options for both badger and cattle vaccines."

Can the Secretary of State tell the House how many cattle he expects to be slaughtered annually by 2013, even if an oral vaccine is available then, and how much of England he expects to be infected? Is it not the case that, given a public service agreement to limit the spread of the disease to no more than 17 new parishes this year, the Government have effectively given up on any hope of control?

The Opposition have consistently called for a comprehensive package of measures to combat this disease. We do not believe that simply targeting badgers is the solution, but even Professor Bourne has said that the disease cannot be eradicated unless the wildlife reservoir is addressed Let me therefore ask the Secretary of State some questions about the components of such a package.

Now that pre-movement testing has been in place for two years, is the Secretary of State satisfied that it is cost-effective, and that farmers are not moving stock without tests? While we welcome the extra resources for vaccine development, given his predecessors' commitments, how much more quickly does he expect it to produce results? What steps is he taking to examine other factors, such as the role of maize and possible trace element deficiencies in the spread of TB? Does he believe that the current frequency of testing is adequate, especially in areas that are adjacent to infected areas? Let me also ask him about the European context. Is it not the case that we are required to have a programme to eradicate TB? Has he discussed his statement with the European Commission to establish whether the Commission believes that his proposals have any hope of success?

The Secretary of State has set up yet another new study group. Have not the industry and most vets already told him what should be in the plan? What powers will the group have to do anything? He spoke of more money being available. Will he tell us how much, and where it will come from?

The right hon. Gentleman, as he said, has declined to control badgers and, in doing so, has gone against not only the demands of farmers but the recommendation of the Select Committee, the advice of Sir David King and even the evidence collected by the ISG. [*Interruption.*] It is true. Did not that evidence show clearly that removal of badgers in hot-spot areas caused a reduction in incidence and, most importantly, has not the continued monitoring of those areas since the final report now shown a reduction in incidence in excess of 50 per cent.? Would not the suggested area in north Devon have been

an opportunity to run a selective removal programme, either using local knowledge—as the proponents suggest—or to validate the use of the PCR—polymerase chain reaction—test to establish whether setts contain infected animals? If it can be shown that removal was primarily of infected animals, would not that make it more acceptable and in the interests of badgers as well as cattle? I know that some of the right hon. Gentleman's advisers will say that the PCR test is not sufficiently accurate, so why is he content to slaughter thousands of cattle using a test with a sensitivity of only 80 per cent.?

Nobody wants to remove large numbers of badgers but the Secretary of State cannot deny that this is also a disease that affects them. Badgers with TB die a nasty, lingering death. They are evicted from their family setts and wander around the country spreading the disease. Surely it is in the interests of a healthy badger population, as well as a healthy cattle population, that we tackle the disease from all angles. It is clear from the statement today that the Government are not prepared to do so.

Some three weeks ago, the farming press carried a comment by me about the Secretary of State, in which I said that he is a nice man who has failed to deliver. I am grateful to him for proving my point.

Hilary Benn: First, I am happy to confirm that the statement represents the Government's policy on what we should do. The hon. Gentleman did not really respond to the question about badgers and the evidence. I disagree with his interpretation. In the end, it is no good taking a decision to allow something to happen that might not deliver the desired effect. The ISG report came as a great surprise to lots of people, as the hon. Gentleman will be only too well aware, and Professor Bourne made clear that what it found was counter-intuitive. But in the end the ISG's conclusion was, and I repeat it, that badger culling cannot meaningfully contribute. I have listened very carefully to that advice and have formed my judgment. I remain very clear in my view that it is the right decision to take.

Secondly, the budget will depend on the progress of the disease, so it is not possible to give a forecast of the spend. It will depend on what happens, and the same is true for any forecast about the number of cattle that might be slaughtered. If the hon. Gentleman looks at the figures for England over the last five or six years, he will see that the number has gone up and down during that time. Investment in vaccines will give us greater prospect that a usable vaccine will be found and, in the end, we need to focus our effort on something that will enable us to deal with the problem of bovine TB in all the areas where it is to be found. Even those who advocate selective culling would recognise that that is not a policy that would work everywhere. We have absolutely not given up on control, and the PCR test is not capable of being used in the way that the hon. Gentleman described it.

On the effectiveness of our current measures, these are precisely the questions that I want to put, but not to another "study group." The hon. Gentleman will be aware of how we have worked with the industry in tackling bluetongue, and that has been a successful partnership group. Why? Because we have sat down together, put the problems on the table, shared the responsibility and taken decisions accordingly. That is exactly the model that I wish to use now that I have taken a decision about badger culling.

The hon. Gentleman asked about Europe. I am happy to tell the House that I spoke to the Commissioner earlier this afternoon.

Dr. Gavin Strang (Edinburgh, East) (Lab): I thank the Secretary of State for his statement and his response to the Select Committee report. Does he accept that bovine TB is the biggest challenge facing our livestock sector? Over the past five years up to last March, it has cost the Government well over £400 million, and in addition there is the huge commercial cost and the misery and suffering resulting from herd breakdown. Will the Secretary of State say a little more about not only cattle-to-cattle spread, but herd-to-herd spread?

Hilary Benn: I agree with my right hon. Friend about the impact of the disease and the effect it has on the farmers who are suffering as a result of it. We need to take all the measures that the evidence says will work and which are effective in dealing with the problem. That is why we have made changes in recent years, including bringing in the pre-movement testing which began for animals over 15 months of age in March 2006, and then extended to all cattle aged over 42 days. The straight answer is that it is probably still too early to tell exactly what the impact of that has been, which is why we must continue to monitor. It is important that we maintain the controls we have in place, and have an honest conversation with the industry about whether further cattle controls is the right step to take. I think it is right and proper to ask the industry what its view is precisely because of the impact on farmers, as opposed to me standing before the House today and saying that I have decided to impose those controls myself.

Mr. Michael Jack (Fylde) (Con): I thank the Secretary of State and the Opposition Front-Bench spokesman for their kind words about the Environment, Food and Rural Affairs Committee's report. However, I must tell the Secretary of State that as a result of what he has said today there will be anger in the hot-spot areas and there will be fear in those areas where TB has yet to arrive. He said nothing in his statement about epidemiology. What steps will he take to address once and for all the question of how the disease is transmitted, for without that understanding there can be no effective biosecurity measures, and what specific proposals does he have to help farmers, particularly in the hot-spot areas, deal with biosecurity measures at a time when the livestock industry is under great financial pressure?

Hilary Benn: I know there will be anger—indeed, I referred to that in my statement—because I know how strongly lots of people on both sides of the argument feel about the issue. However, in the end I have to follow what the science says and make a judgment about the practicality and effectiveness of a course of action, and that is what I have done. The group that I will establish will look at precisely the question the right hon. Gentleman raised, including what further steps might be taken to support farmers in providing biosecurity and also including better evidence. I agree that it would be good to understand better the precise means of transmission, but all I can say to him on that is that, as his Committee's report set out very clearly, we still do not know quite a lot and it is important to continue with research to try to find the answers, but it is even more important that we make sure that effective controls are in place.

Mr. Roger Williams (Brecon and Radnorshire) (LD): I should like to thank the Secretary of State for giving me an early sight of his statement. I also wish to draw attention to my declaration of interests in the register, and to say that the farming business for which I have a responsibility recently underwent a tuberculin test and three cattle were found to be reactors and the results for 11 were inconclusive. That is the first time that that herd and that farm have experienced TB for more than 50 years.

I commend the Secretary of State for one thing this afternoon: that he has come to a decision. It is difficult to know, however, whether that decision was made on the grounds of populist appeal or sound science.

Following the Bourne report, Sir David King propounded a larger scale cull to overcome the reservations of Bourne's conclusions, but the Secretary of State has completely ignored Sir David King's views. The EFRA Committee suggested a pilot large-scale cull, possibly in the south-west, to test Sir David King's views, but the Secretary of State has also ignored its recommendations.

The Secretary of State says that further evidence may reverse the decision on culling. Where does he see that evidence coming from, and what research has he commissioned on that? The right hon. Gentleman says he will invest more money in vaccine development, yet the Select Committee was given evidence that the limiting factor in vaccine development is time, not resources. He says that some landowners may not have supported the badger cull, but how many farmers will support the proposed bovine TB partnership group when they feel so let down and demoralised at the moment? With outbreaks of bovine TB increasing rapidly, what will the cost to the country be over the next three years? Will the Secretary of State revisit the compensation payments for pedigree and highly valuable stock?

The situation of the farming industry and the Government is very sad, and no one would wish to cull wild animals for the sake of it. But the role of badgers as a reservoir for TB infection is unquestioned, and the Secretary of State has no answer on how to eliminate it.

Hilary Benn: I agree with the hon. Gentleman when he describes the situation as very sad, and I am sorry to hear about the effect on his herd. However, the answers were not based on populism: they were based on an assessment of the science. I assure him that I ignored nothing. I apologise to the House for having taken a year to reach a decision on this issue, but I took the responsibility placed on me very seriously. I have looked at all the evidence and I have talked to all those who have a view.

Sir David King looked at the science and said what the effect would be if we met all the conditions. By his own acknowledgement, he did not consider the practicality. In reaching a decision, I am bound to consider both the science and the practicality. Self-evidently, if all the badgers were, for the sake of argument, to be culled—[*Interruption.*] I know that no one has argued for that, but my point is that the science only takes us so far. I also have to consider practicality and effectiveness, and whether a cull could be delivered. My judgment is that it might not work in those circumstances. The evidence base is strong, because the one substantive bit of evidence that we have about the impact of culling is the randomised badger trials, which were carried out over 10 years.

I met the teams who are working on the vaccines about six weeks ago. The advice that I have received is that putting more money in will help to improve the likelihood of getting a successful vaccine, but will not of itself speed up the process. On the issue of compensation, we are awaiting the outcome of a judicial review, and it would be prudent to see what that judgment is. How many of those in the industry will support the group that I am establishing? I hope that people will support that group, because whatever the anger, disappointment and other strong feelings that they will have about the decision that I have made—and announced to the House today—the disease will remain, we will have to deal with it, and we will be able to do that only by working together.

Mr. David Drew (Stroud) (Lab/Co-op): I thank my right hon. Friend for listening to the totality of the ISG report, rather than picking parts of it. I also thank him for ignoring the former chief scientist, because some of us have grave doubts about the part that he played and the way in which he chose to reinterpret the evidence. Will my right hon. Friend say something more about the vaccination programme? He will know that I have part of it in my constituency. As much as time and money are of the essence, surely there is a need to test the vaccines in several different places and ways so that we can find the solution—and the only solution is vaccination—as soon as possible?

Hilary Benn: I thank my hon. Friend for his words, although I must point out that I have not ignored anyone's opinions, including those of Sir David King, but considered them all extremely carefully. There is a three and a half year injectable badger vaccine field trial under way, and work is also going on to develop an oral bait. The demonstration project, which I wish to work with the new partnership group to put in place, is intended to build confidence in the industry in the potential of vaccines to help to deal with the problem.

In the case of a cattle vaccine, which is a bit further away, the first requirement is for an effective DIVA—differentiation of infected versus vaccinated animals—test to distinguish between infected and vaccinated animals. Secondly—and this will be an issue that the House will need to address—European legislation forbids the vaccination of cattle to deal with bovine TB. If and when we get a vaccine and a satisfactory DIVA test, I would hope that the whole House would think it sensible to argue the case for vaccination as a better way to deal with this disease in the medium to long term than culling, of cows or badgers—when the science shows that that could make things worse.

Mr. Geoffrey Cox (Torridge and West Devon) (Con): Farmers in the intensely infected area of Devonshire that I represent will regard this decision as a spineless abdication of responsibility. Why, if the considerations that the Secretary of State has taken into account are so compelling, have the Welsh Executive decided to pilot a trial of just the type that the Select Committee on Environment, Food and Rural Affairs, on which I have the honour to sit, has recommended to him?

Hilary Benn: With respect to the hon. and learned Gentleman, I do not accept that characterisation of my decision. The Welsh Assembly Government have made

their own decision and of course I considered that. I weighed very carefully in my mind what the Select Committee had to say. It was an outstanding report, but, in all honesty, I formed the judgment that I have, which I have told the House about today. The judgment had to be made about whether, in the light of the science, it was worth taking the risk when one could not guarantee that a cull on such a scale could be sustained given the strength of feeling about the question on both sides of the argument. That was the judgment that I formed and the decision that I took.

Charlotte Atkins (Staffordshire, Moorlands) (Lab): Representing as I do a hot-spot area, I know that many farmers will be disappointed by this decision. May I invite the Secretary of State to visit a hot-spot area such as mine to discuss with farmers a number of issues, including the level of compensation for farmers, particularly those with pedigree animals at risk, and biosecurity measures, as we have had a huge increase in the number of badgers in farms? How will he monitor the cull in Wales and draw lessons from it so that we learn from that initiative?

Hilary Benn: On my hon. Friend's last point, the Welsh Assembly Government have announced that a cull in one area is intended to form part of their intensive treatment programme. We do not yet have any details about where that would be or how it would be undertaken. Of course, I will look carefully at the effect of that. That is why I said in my statement that we would revisit the decision if the scientific advice changed.

I am always happy to visit and to talk to farmers. At the royal show on Friday I talked to a couple from Devon who have been badly affected by bovine TB. I have visited a farm as part of the process of gathering evidence and views in order to take the decision. We will, as I indicated earlier, have to work with farmers in all parts of the country, particularly in the hot-spot areas, to find effective ways of dealing with the problems that they are experiencing.

Angela Browning (Tiverton and Honiton) (Con): Having been a member of the Government who set up the original Krebs inquiry, I was disappointed that Krebs did not take into account the work done in the Republic of Ireland by the East-Offaly project. The Secretary of State says today that proactive culling gives only limited benefit, but why has he not looked more closely at trials in places such as the Republic of Ireland and modelled his project on well-researched and long-established work done just across the Irish sea?

Hilary Benn: I have looked at all the evidence. Clearly, the circumstances in the Republic of Ireland are different from those in England. It is true that the Republic has culled badgers. As the hon. Lady will be aware, herd incidence fell from 6.4 per cent. in 2002 to 4.9 per cent. in 2004 in the Republic. It has subsequently risen again to a provisional figure of 6.1 per cent. in 2007. Based on those figures, it is difficult to form a judgment about the impact of culling or other measures that the Government in the Republic of Ireland are taking. I draw the hon. Lady's attention, too, to the experience in Northern Ireland, where, as she will know, there has been no culling. Cattle measures were tightened in Northern Ireland and the herd incidence decreased from 9.9 per cent. to 5.4 per cent. between 2002 and 2007. That tells us just how complex the relationship is between the policies that are pursued and the outcome in terms of disease control.

Mr. Eric Martlew (Carlisle) (Lab): I congratulate the Secretary of State on making the decision, because it must have been very tempting to kick the issue into the long grass and go on holiday. Time will tell whether the decision is right or wrong, but is not the reality that the science did not justify a cull, and that the practicalities make a cull impossible? Many of us believe that the Welsh decision will never be implemented. Does he not think that more money should have been spent on research into a vaccine long before now?

Hilary Benn: I am sure that my hon. Friend will believe me when I say that the easiest decision that I could have taken would have been to announce another study, another review, another piece of work— *[Interruption.]* No, I could have done that, as opposed to finally taking a decision in light of a 10-year scientific study, in which the Government have invested £50 million, or we could have culled badgers to see what the impact would be. The study is our strongest evidence base from which to work. We have already invested a lot of money in vaccines, and I hope that the House will welcome the fact that I have announced a significant increase today.

Mr. Stephen O'Brien (Eddisbury) (Con): Words will not describe the despair of the farmers in Eddisbury and Cheshire at the uncharacteristically weak and gutless arguments advanced by the Secretary of State today. They will be looking for reassurance that he has a sufficiently open mind to allow them, as an earnest of intent, to volunteer their area as a pilot area, or hot spot, for the removal of badgers to limit the spread. That is a sensible idea, as Cheshire is contiguous with Wales. It would be a good test bed for the same reasons as Wales is, which he hopes to monitor. May I ask him to comment on that?

Hilary Benn: I am the first to understand how the decision will be received by those who think that culling is the right thing to do, but that does not change my decision, because I have weighed all the evidence. In the end, my responsibility is to take decisions to do things that will be effective, and not to take decisions that might result in the disease being made worse. We have an evidence base, on which I have drawn in reaching that view. On whether I have an open mind about the future, I hope that the hon. Gentleman knows me well enough to recognise that I do. I have had to take the decision on the basis of the evidence that we have thus far. That is why I have taken the decision that I have.

Dr. Nick Palmer (Broxtowe) (Lab): I thank the Secretary of State for receiving representations from many of us with concerns on the issue, and for taking this courageous decision. He is putting scientists before pressure groups, in contrast to both the main Opposition parties, whose motto in these matters is, "If in doubt, kill something."

Hilary Benn: I thank my hon. Friend for acknowledging that the decision that I have taken is based on the science. This has been an exceptionally difficult issue to grapple with, and an exceptionally difficult decision to

[Hilary Benn]

take. No matter what has been said in the Chamber today, many hon. Members on both sides of the House recognise the difficulties of the question. In the end, we have to respect the different conclusions that we have drawn, but it does not mean that either of the views taken are wrong in their own terms, and I stand by the decision that I have reached.

Mr. David Heath (Somerton and Frome) (LD): There will indeed be a great deal of anger among people in the farming communities in the west country, not least among those who, like several of my constituents, run closed farms. There are cases where there has been no cattle movement on or off a farm, and where all the biosecurity measures that can legally be taken have been taken, yet TB has appeared within a dairy herd. They will not know what to do next. May I raise a question, asked by the hon. Member for South-East Cambridgeshire (Mr. Paice) on the Conservative Front Bench, about the welfare of the badger population? We have a large number of badgers in Somerset, and TB is endemic among them. Is nothing to be done to rid the badger population of bovine TB?

Bill Wiggin (Leominster) (Con): They are suffering.

Hilary Benn: The hon. Gentleman talks about the suffering of badgers. As he will be aware, section 6 of the Protection of Badgers Act 1992 allows someone to put down a badger if it is seriously injured or in such a condition that to do so

"would be an act of mercy".

That is what the law currently says.

I understand the frustration felt by those with closed herds, but the evidence from the randomised badger culling trial was that the reaction would be, "I've got a closed herd, there are badgers, it must have come from them, let's cull them." That is reactive culling, and the evidence was very clear that reactive culling makes the disease worse. That may not be what people would assume to be the answer to the question, but it is. A lot of badgers were culled in order to provide that information, on the basis of which I have made my judgment.

Sir Peter Soulsby (Leicester, South) (Lab): I welcome the Secretary of State's measured statement. It is clear that he has considered the overwhelming scientific advice and the conclusions of the Environment, Food and Rural Affairs Committee report. Will he join me in regretting the statement made last week by the National Farmers Union, which described the culling of cattle as a

"needless waste of productive animals"?

Does he agree that, while the NFU has a job to do in reflecting the genuine concern and distress of its members, it should not pretend that the culling of badgers is some sort of panacea? It should be well aware of the evidence and therefore know that it should not pretend that there is any realistic prospect of culling doing anything other than making the situation even worse.

Hilary Benn: Nobody wants to cull any animals unless it is necessary. At the moment, the culling of cattle is an important part of the disease control system for bovine TB that we have in place. We have already discussed at some length the evidence regarding the culling of badgers. I agree with my hon. Friend. As I said, we should all want to be able to move to a different way of dealing with this disease. That is why a significant investment in vaccines must be the right thing to do for the medium to long term. As in other areas, as vaccines are developed, we can provide protection without having to resort to culling, and that is surely the way that we should go in future.

Mr. Anthony Steen (Totnes) (Con): Devon has been savagely hit by this disease. Many thousands of animals have been destroyed and multi-millions of pounds have been paid in compensation. If the badgers cannot be culled and there is not to be widespread inoculation against TB, what are farmers supposed to do?

Hilary Benn: I accept entirely the difficulty faced in Devon and other hot-spot areas, and I recognise the frustration that farmers feel because they think that culling is the way to deal with the problem. All that I can do is to draw attention to the experience of trying to respond by culling, which can be found in the RBCT report, and to the conclusions of Professor Bourne. That is not what people expected, but it is what was found, and I must act on that judgment. I recognise that it is very difficult. We know that badgers are infected and are a source of infection—no one argues about that. The question is what is the effective way of dealing with it, and the only way to do so currently is to seek to develop a vaccine. That is why one of the things that I want to do, working with the new partnership group, is to develop the vaccine deployment project. Perhaps that could be tried in Devon; I am open to suggestions.

Paul Flynn (Newport, West) (Lab): The Secretary of State is to be warmly congratulated on his courageous decision, which is evidence-based and science-based. He has taken on the irrational claims of Opposition Members, not one of whom has given any examples of how culling works. It has never worked anywhere. It did not work in Ireland, where there are hardly any badgers left but there is still a high level of TB. Is not the best way forward to attack the real problem—cattle-to-cattle infection—by having farmers insure their own sheep instead of relying on compensation, and to cut down the number of animal movements to markets and shows, many of which are unnecessary?

Hilary Benn: We need to use all the measures that will be effective, including the cattle controls to which my hon. Friend refers, but it will also be important, as I have acknowledged, to find a way of dealing with BTB infection in badgers. The evidence is that culling is not an effective way of doing so; vaccination could be, and I hope that the House will support it.

Mr. Richard Benyon (Newbury) (Con): I refer hon. Members to my entry in the register.

What will be the statistical measure of the success or failure of the Secretary of State's policy: the number of cattle infected or culled, the geographical spread of the disease, or the financial cost? Will he agree to come back to the House if the point is reached, based on any of those three criteria, where it is apparent to the wider public that his policy has failed?

Hilary Benn: I am happy to come back to the House on any occasion to report on the progress made in fighting bovine TB, and to be held to account for that and for any other decisions that I make. However, having formed a judgment that the course of action that some have urged upon me would not help us to deal with the disease, I hope that the hon. Gentleman will understand why I have taken the decision that I have. Why would I want to do something that might make the matter worse, leading to more cattle being culled and more money being spent on compensation?

Mr. Frank Field (Birkenhead) (Lab): May I invite the Secretary of State to emphasise that his statement today was not about whether we should kill or not kill animals, but about which animals we should kill? So that we can educate our constituents more fully, will he remind us—for the last period he has easy access to—how many animals were killed, and what the cost of that was to taxpayers?

Hilary Benn: For England, the number of cattle slaughtered in 2007 was 19,800. The previous year it was 16,000; the year before, it was 23,000; the year before that, it was 17,300; and the year before that, it was 17,551. The House will see that the numbers go up and down, depending on the progress of the disease. The total cost of compensation in 2006-07 was £24.5 million, but that is a Great Britain, rather than an England-only figure.

Mr. Speaker: I call Mr. Liddell.

Mr. Ian Liddell-Grainger (Bridgwater) (Con): Thank you, Mr. Speaker. Mr. Liddell at your service.

Will the Secretary of State accept that the march of TB across Exmoor and into the Levels, which the hon. Member for Somerton and Frome (Mr. Heath) represents, has become absolutely unstoppable? It has got into areas of my constituency that have not seen TB for over a generation, and it is getting worse. Since the Secretary of State has mentioned it twice, will he come down to Somerset and meet some real farmers on Exmoor? They want to know why they should be in livestock production when every time they test their herds, they find TB again, and they go round in a circle of slaughter and re-equipping. Will the Secretary of State meet those farmers?

Hilary Benn: I would be happy to do so. I spend quite a lot of my time meeting farmers, and I am very willing to do so. The Under-Secretary of State for Environment, Food and Rural Affairs, my hon. Friend the Member for Chatham and Aylesford (Jonathan Shaw), has met farmers in Exmoor to discuss the problem.

Ms Angela C. Smith (Sheffield, Hillsborough) (Lab): I welcome today's announcement that the proposed cull will not be going ahead. I welcome, too, the Secretary of State's commitment to work with the industry and to consider funding practical measures to deal with bovine TB. Recent media reports, however, have suggested that some farmers may be tempted to take the law into their own hands. Will he join me in making it clear that the full force of the law should be brought to bear against anyone who kills badgers illegally?

Hilary Benn: The legal position is extremely clear under the Protection of Badgers Act 1992. I very much hope that no one will be tempted to do what my hon. Friend described, with regard to the controls in place. Whatever the strength of feeling, which I acknowledge, it is important that we keep the current controls in place because they are the best hope that we have of dealing with the disease.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): Although the Secretary of State is a very reasonable man, farmers in Gloucestershire, where the hot-spot areas are, will greet his announcement with absolute dismay and annoyance. In the past 10 years, 200,000 cattle have been slaughtered and we may be on course for 50,000 cattle to be slaughtered this year alone. That is a huge cost in human and animal misery, and in financial terms. The Secretary of State said, even today, that a proactive cull with hard boundaries may well produce some results. Why has he rejected that option?

Hilary Benn: Because, in the end, I have made a judgment about the likelihood that such a cull could be successfully delivered. It may be successful, and it may not. I say to the hon. Gentleman that his constituents would not thank me if I pursued a policy that ended up making the disease worse. That has weighed heavily on my mind in taking this decision.

Anne Snelgrove (South Swindon) (Lab): I sympathise with my right hon. Friend, who has had to make a very difficult decision. He has made the right one, and done so on the basis of practicalities as well as scientific evidence. Was one of the practicalities that he envisaged that, in constituencies such as mine, with a densely populated centre surrounded by great swathes of countryside, it would be very difficult to undertake a cull and persuade people in the densely populated centre that that was the right thing to do?

Hilary Benn: That was one factor that I was bound to take into account in reaching my decision, because there are strong views on all sides and public opinion can have an impact on the practicality of a cull. It was entirely legitimate for that to be one of the factors that I weighed up in my mind, but above all the decision has been taken as a result of the science.

Ann Winterton (Congleton) (Con): The dairy farmers in Cheshire to whom I spoke on Saturday were disappointed and angry at the lack of progress made on this important matter in more than a year. While prime dairy cattle are being put down and farming businesses put into limbo, the badger population is rising exponentially. Why are the epidemiological studies referred to by my right hon. Friend the Member for Fylde (Mr. Jack), the Chairman of the Select Committee on Environment, Food and Rural Affairs, only now being set up? Why have they not been done before? If a vaccine is eventually produced, what guarantees are there that the European Union will allow us to use it?

Hilary Benn: On the last point, we would have to argue our case, and I am sure that the hon. Lady would join me and others in doing so vigorously. Why would we not want to pursue a vaccine if it could be shown to work?

Ann Winterton: What would they do?

Hilary Benn: The EU could change the current rules that forbid it.

Ann Winterton: Are there guarantees?

Hilary Benn: There are no guarantees in dealing with this disease, but that should not stop us trying to pursue the right policy. We will be in a much stronger position to argue the case for changing that European rule when we have a vaccine. I look forward to going with the hon. Lady to argue our case when we have the opportunity.

David Taylor (North-West Leicestershire) (Lab/Co-op): Having served on the Environment, Food and Rural Affairs Committee since its inception, I am in a reasonable position to say that our report had more effort and energy put into it, under the leadership of the right hon. Member for Fylde (Mr. Jack), than any of our other reports.

A chilling statistic that we found in the epidemiological evidence was that the rate of infection was doubling every four and a half years, with every potential to speed up. We said that culling could never be the cornerstone of TB control, but what priority has the Secretary of State told the partnership group to give to our suggestion, which should be pursued, that post-movement testing of cattle moving from high-risk to low-risk areas should be accelerated if it is possible and effective?

Hilary Benn: I am happy to say to my hon. Friend that I personally undertake to put that, and all the other suggestions that have been made about further steps that we can take, on the partnership group's agenda, so that we can discuss them. It is right to do so with the industry instead of my deciding now to impose them. All the controls have a cost for the industry, which is already bearing a considerable cost. It is right and proper that we should sit down with the industry, consider them all and decide between us what is the best thing to do. Most hon. Members recognise that that is right.

Daniel Kawczynski (Shrewsbury and Atcham) (Con): As chairman of the all-party group on dairy farmers, I am absolutely devastated by the Secretary of State's decision. No doubt it will have to go to judicial review and be decided in the High Court. There will be extraordinary anger among dairy farmers in Shropshire, many of whom are on their knees as a result of bovine TB. There is an extra six-week waiting list there for infected animals to be collected.

Will the Secretary of State initiate an inquiry into the leak of this announcement? Why did we yet again have to hear about such a matter on the BBC over the weekend? Why have we learned very little in the House over and above what we found out from the BBC? That is an absolute disgrace, and I want to know who leaked the information.

Hilary Benn: I would like to know that, too, but I take seriously my responsibility to come and report first to the House on the decisions that I have reached. That is exactly what I have done today.

Mr. Nigel Evans (Ribble Valley) (Con): We will be having an inquiry into that, then, won't we?

The Secretary of State's decision has been described as "courageous". When Sir Humphrey used such terminology in "Yes Minister", it was normally to dissuade his Minister from making that decision. Is the right hon. Gentleman certain that he has made the right decision? If 18,543 cattle were culled last year and he says that he will keep the decision under consideration, how many cattle will need to be culled before he revisits it?

Hilary Benn: A number of adjectives could be used to describe the decision that I have reached. I have thought long and hard about it and I am convinced that it is right. That is why I am standing before the House to report it.

As I said earlier, the number of cattle that may be culled depends on the progress of the disease. However, that would not change my view about whether badger culling can "meaningfully contribute", in the words of John Bourne. I have great respect for the hon. Gentleman and I ask him to have another look at the ISG report. It is a thorough, 10-year study and, although it did not produce the result that people expected, when the science shows that a course of action that people believe to be right turns out not to be, we should all give that careful attention, and that is what I have done.

Mr. Speaker: I understand that the hon. Member for South-East Cambridgeshire (Mr. Paice) wants to make a point.

Mr. Paice: On a point of order, Mr. Speaker, before I responded to the statement, I omitted to remind hon. Members of my declaration in the register, for which I apologise.

Biofuels

4.26 pm

The Secretary of State for Transport (Ruth Kelly): With permission, Mr. Speaker, I would like to make a statement on biofuels.

There is widespread agreement in the House and the country that we must step up efforts to tackle climate change through dramatic and global cuts in greenhouse gas emissions.

One of the most difficult challenges that we face is the use of fossil fuels for transport. Our cars and other forms of transport are the third largest source of carbon dioxide emissions in the UK. That is why the use of a clean, renewable energy, which can partly replace carbon-based fuels, was seen by experts, environmental campaigners and Governments around the world as a welcome and practical way of slowing emissions growth.

In March 2007, after four years of encouraging biofuel use, the EU went further and set an ambitious target of 10 per cent. of transport fuel from renewable sources by 2020. In the UK, the Government introduced the renewable transport fuel obligation, which came into force earlier this year. That requires biofuels to make up 2.5 per cent. by volume of road transport fuel sales in the UK, increasing by 1.25 per cent. a year to 5 per cent. by 2010-11.

The UK has also been at the forefront of global efforts to develop robust, and workable, sustainability standards for biofuels. As part of the RTFO, we introduced a requirement that transport fuel suppliers should report on the environmental performance of their biofuels. That will give us evidence on the impact of biofuels, as well as creating an incentive for suppliers to source the best biofuels.

We also made a commitment to introducing at the earliest opportunity legally enforceable standards, which will ensure that biofuels are produced sustainably. However, in recent months questions have been asked about the more intangible, indirect effects of biofuels on food supplies and prices and on deforestation, and their overall impact on greenhouse gas emissions.

I am sure the House will agree that our policy on biofuels should be based on the best possible science. So in February, I asked Professor Ed Gallagher, the chair of the Renewable Fuels Agency, to examine the latest available evidence. I welcome the publication of his report today and want to thank Professor Gallagher and his team for their thorough work on a highly complex matter.

Let me outline Professor Gallagher's main findings. Overall, the report confirms that biofuels can play a role in tackling climate change and that

"there is a future for a sustainable biofuels industry".

It finds that by 2020

"biofuels have the potential to deliver annual global greenhouse gas savings of approximately 338 to 371 million tonnes of carbon dioxide".

But Professor Gallagher also concludes that there is a risk that the uncontrolled expansion and use of biofuels could lead to unsustainable changes in land use, such as the destruction of rainforest to make way for the production of crops. That might, in turn, increase greenhouse gas emissions, as well as contributing to higher food prices and shortages. The Gallagher report therefore concludes that the introduction of biofuels should be slowed until policies are in place to direct biofuel production on to marginal or idle land and until these are demonstrated to be effective. The detail of these control mechanisms would need to be agreed internationally.

However, the report rejects calls for a moratorium on biofuels. It concludes that

"a moratorium will reduce the ability of the biofuels industry to invest in new technologies"

and

"will make it significantly more difficult for the potential of biofuels to be realised".

In short, the report concludes that

"the Government should amend but not abandon its biofuel policy".

The report recommends that the rate of increase in the RTFO in the UK should be slowed to 0.5 per cent. per annum, so that the RTFO reaches 5 per cent. in 2013-14, rather than in 2010-11 as currently planned.

At the EU level, the report concludes that a mandatory 10 per cent. renewable transport fuel target is not currently justified by the scientific evidence, but that a target of 10 per cent. by 2020 could be possible if a number of important conditions are met. Those conditions include sufficient controls on land use change being enforced globally, as part of a new climate agreement, and new evidence providing further confidence that the target can be met sustainably. In the meantime, Professor Gallagher says that a more appropriate range for the 2020 biofuel target would be around 5 to 8 per cent. by energy.

I agree with those key findings. Given the uncertainty and the potential concerns that Professor Gallagher sets out, it is right to adopt a more cautious approach until the evidence is clearer about the wider environmental and social effects of biofuels. We also need to allow time for more sustainable biofuel technologies to emerge. I therefore intend to consult formally on slowing down the rate of increase in the RTFO, taking the level to 5 per cent., as Gallagher recommends, by 2013-14, which would be subject to further confirmation in 2011-12.

Professor Gallagher's findings are particularly significant in the context of ongoing debates about biofuel targets across the EU. To help to ensure that sustainability is put at the heart of those debates, the Environment Secretary and I are today jointly sending a copy of the Gallagher report to the relevant European Commissioners and to all EU Environment and Transport Ministers. In response to those concerns, including over rising global food prices, the Prime Minister has today been pushing for the G8 to work to develop new global benchmarks for sustainable biofuel production and use.

The Government believe that the EU target of 10 per cent. renewable transport fuels by 2020 can remain an overall objective, but subject to clear conditions. I would like to set those out. First, the EU-level sustainability criteria currently being negotiated must address indirect, as well as direct, effects on land use. Secondly, the 10 per cent. target must be subject to rigorous review in the light of the emerging evidence, so that we can make an informed decision at EU level in 2013-14 about whether the target can continue. As Professor Gallagher also suggests, I agree that we should aim to target support on the development of lower carbon and other so-called "second generation" biofuels.

[Ruth Kelly]

Looking ahead, we will continue to work with our international partners and the scientific community to decide what further work needs to be done to reduce the uncertainties in the science and ensure that the right biofuels are supported. We will also continue to investigate other technological solutions that have the potential to deliver a low-carbon transport system, such as hybrid and electric vehicles.

I believe that the approach that I have set out today is the responsible one. It acknowledges that biofuels can have an important role in reducing carbon emissions and combating climate change, but also recognises that we need to proceed cautiously until we can be certain that their expanded growth and use maximises the benefits and minimises the risks to our world. As I have demonstrated today, I will not hesitate to alter our policy if that is what the science suggests is appropriate. I commend this statement to the House.

Mrs. Theresa Villiers (Chipping Barnet) (Con): I thank the Secretary of State for advance notice of her statement. The Opposition have been telling the Government for months to think again on their biofuels policy. The Conservatives were the only political party to vote against the renewable transport fuel obligation. Although we believe that biofuels can have a role to play in tackling climate change, there must be safeguards to ensure that they come from sustainable sources and we must address the impact of biofuel production on land use and fuel prices. Frankly, the RTFO does neither of those things, and the statement provides only limited reassurance. The RTFO has come under sustained attack from groups such as Friends of the Earth, Oxfam, the Royal Society for the Protection of Birds, the Royal Society and the Environmental Audit Committee, and today the Government's own Gallagher report confirms that biofuel targets set by the Government could lead to unsustainable changes in land use, higher food prices and a net increase in greenhouse gas emissions.

I welcome the fact that the Secretary of State has acknowledged today that there is a serious problem with her biofuels policy, but what have we actually got from her statement? We have got another consultation, and a review of the 5 per cent. target in 2011-12. I certainly welcome the slowdown that the Government have suggested they might undertake in relation to the 5 per cent. target, but a partial retreat is not enough. I repeat today the question that I asked the Secretary of State in January: will she now suspend the RTFO, in the light of the serious problems revealed by the pressure groups and confirmed in many respects by the Gallagher report?

The fact is that a mere slowing down of the targets will not address the problems that are occurring today. The rain forest is under threat right now, and the habitat of orang-utans is being wiped out right now by palm oil plantations. When will the Secretary of State introduce the vital binding rules on sustainability? Why were they not in her statement to the House this afternoon? Why did she not commission and publish this report before designing the RTFO and bringing it into operation? Why did she steam ahead without carrying out a thorough investigation of the facts?

Will the Secretary of State tell us how many litres of biofuel covered by the RTFO have been imported since its inception in April, and from which countries? What can she tell us about the source of those imports? Were any of them instrumental in deforestation? How many of them are made up of palm oil, a substance that Friends of the Earth says has been responsible for 87 per cent. of the recent destruction of the rain forest in Malaysia and Indonesia? Why did she introduce the RTFO before conducting a thorough assessment of the impact of the displacement of crops to areas where they could cause deforestation?

When is the Secretary of State going to start publishing this kind of information and an analysis of how the RTFO is operating in practice today? How many litres of biofuels from unsustainable sources does she expect to have been imported into this country before we get real, lasting and serious reform of the RTFO? How can she possibly justify the Prime Minister's posturing about this issue on the international stage while at home she presses ahead with policies that encourage the use of biofuels that could actively damage the environment?

The Gallagher report is an admission of failure by the Government. Their RTFO biofuels policy is a failure. It has failed industry and farming, because the uncertainty caused by Government dithering is jeopardising investments, not only in existing programmes but in second generation biofuels and in renewable and green technology generally. It has failed the poor of the developing world because it was introduced without safeguards to tackle the problems that are caused when biofuel crops compete with food production. It has failed the environment because it contains no effective measures to guarantee that the biofuels it promotes come from sustainable sources. The Government have made no move to address those failures today.

It is deeply irresponsible to press ahead with a policy that risks driving up food prices and actively encourages people to rip up the rain forests, with the consequent loss of hugely important carbon sinks and wildlife habitats. Why will the Secretary of State not address the facts that are staring her in the face, admit that she has got her policy on biofuels seriously wrong, and suspend the operation of the RTFO?

Ruth Kelly: The hon. Lady has posed a series of questions, and I will answer as many as possible in the parliamentary time available. Let us avoid political point scoring for a moment and take a step back to look at the report in front of us. Surely she and her colleagues will acknowledge that—as Gallagher found in his comprehensive review of the evidence—there is a future for a sustainable biofuels industry. Indeed, just three years ago there was consensus on the issue among the Government, industry, environmentalists and, of course, her own party. It was only at the end of 2005, at a speech to the Renewable Energy Association, that her party leader, the right hon. Member for Witney (Mr. Cameron), said:

"Five per cent. of all fuels sold in the UK to come from biofuels is a start, but it is a minimum step: we will need to go further in the future."

The hon. Lady must also acknowledge that the UK has been at the forefront of efforts to promote sustainability in respect of biofuels. She asked why we did not set up the review to examine indirect land use change before we introduced the RTFO. When she has time to read the Gallagher review, she will see that it says very clearly that the RTFO was established before evidence of the

scale of possible indirect effects was known. Indeed, a particularly influential paper from a US economist in February changed the terms of the debate, and the evidence has changed very rapidly over the past few months. It was precisely because the scientific evidence had been changing that I asked Professor Gallagher to review the evidence—the latest evidence—and to make recommendations about the way forward.

We now face a clear choice: either we do as the hon. Lady suggests—abandon our biofuels policy and put the RTFO on hold or, indeed, abolish it—or we amend our policy and proceed more cautiously while collecting the evidence, narrowing the range of uncertainties and putting in place the appropriate safeguards. Professor Gallagher is very clear about the responsible way forward, and he thinks we should continue with our policies because there are such things as good biofuels. We need to encourage them and to put in place the sustainability that the hon. Lady and I both want, but we cannot risk all the investment in the sector, not only throughout the world but in our country, which might make it possible. Biofuels have the potential to produce very serious greenhouse gas emissions reductions if indirect land use change is avoided. That is the Gallagher review's overall finding, and it is one I accept.

Mrs. Louise Ellman (Liverpool, Riverside) (Lab/Co-op): My right hon. Friend refers to investigating other technological solutions. Will she outline the additional resources that will be employed in doing so, and exactly what she means by that statement?

Ruth Kelly: My hon. Friend will know that I have committed the Government to work with their international partners, particularly in the European Union but further afield as well, to ensure not only that we understand the indirect land use change effects more fully and put in place global mechanisms to try to prevent such land use change, but that we encourage the industry to innovate and to produce second generation biofuels that will not by definition avoid land use change but may help in producing greater greenhouse gas emissions reductions. One recommendation of the Gallagher review is a specific target, negotiated at EU level, to try to encourage the production of advanced or second generation biofuels. We all need to think about that very carefully.

Norman Baker (Lewes) (LD): I welcome the early sight of the statement from the Secretary of State for Transport, although I saw most of it in the *Financial Times* this morning. If one knows where to look, one can generally find Department for Transport statements in the press before they are delivered to the House. Will she take steps to ensure that the House is informed before the press about statements on such important matters?

I broadly welcome the statement, although it might have been made a little earlier. The Environmental Audit Committee reported on the matter quite thoroughly, but the Secretary of State went to Professor Gallagher, who has come out with roughly the same statement as the Committee. Nevertheless, the broad conclusion that we should not abandon but amend the policy on biofuels is correct. Clearly, some biofuels are being produced unsustainably, but we should not throw out the biofuel baby with the bathwater, as some apparently would wish.

I have some questions. First, will the right hon. Lady provide a figure for the impact of biofuel production on food prices? The estimates seem to vary widely, and I have seen figures of between 3 and 75 per cent. in various reports. Secondly, what steps is she taking to improve the sustainability criteria and certification of existing biofuels so that there are no problems with them, given the poor EU regulations on the matter?

Thirdly, what discussions is the Secretary of State having with businesses involved in the development of second generation biofuels, which we all agree we should promote? There is an opportunity to progress that, and I hope that she can take it forward. Fourthly, what is she doing about what I think are the improper subsidies for biofuels from the US? I am thinking particularly of corn-based ethanol and the disgraceful splash-and-dash arrangements, which mean that adding 1 per cent. of US diesel qualifies the fuel for subsidies when it comes into this country. That is bad for climate change as well as for the economy.

Lastly, I welcome the Secretary of State's recognition that the transport sector has a major role to play in tackling climate change. Is she seeking to replace the carbon reduction losses that there will now be as a consequence of the reduction in the biofuels target? Will she apply the logic behind trying to ensure that the transport sector deals with carbon emissions to her aviation policy as well?

Ruth Kelly: First, I should say to the hon. Gentleman and the House that I take my obligations to the House extremely seriously. The press speculation about the content of this statement was not always well informed and certainly did not reflect the detailed content of the report. However, I welcome the tone of the hon. Gentleman's comments.

We do face a choice whether we should abandon the greenhouse gas savings that may come from biofuels—if not now, then potentially in the future—or whether we should scrap our commitment to biofuels and argue that Europe and the wider world should do so too. As I said, Professor Gallagher is clear about his view: we should proceed, albeit more cautiously than we had assumed we should in the past.

The hon. Gentleman asked about food prices; the report has a chapter about the impact of biofuels on those. Professor Gallagher is clear that biofuels are not the only reason food prices have increased in recent years. Other, more important factors include smaller harvests last year because of droughts, higher fertiliser prices, rising gross domestic products and changing diets in the far east. The Gallagher review concludes that increasing demand for biofuels contributes to rising prices for some commodities, notably oil seeds. However, it says that the price rises are rarely more than 5 per cent. for most crops. That is one of the reasons it is suggesting a more cautious approach. In some areas, there is a marked impact, particularly in the short term, on particular populations in respect of some crops and some biofuels. That is why Professor Gallagher says that we ought to identify those specific effects and take global action to try to mitigate their impact.

The hon. Gentleman asked about sustainability criteria. We are currently negotiating such criteria in the EU context. The renewable energy directive, which should conclude later this year, will propose sustainability criteria. We want to insist that it should now also include the

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indirect effects of biofuels use. He also asked about second generation biofuels. One of the more surprising conclusions of the Gallagher review was that such biofuels do not always have a clear advantage over first generation biofuels, particularly when land use change is taken into account.

First generation biofuels often produce co-products that can be used as a protein substitute for animal feed—as will happen at the Ensus plant in the north-east, for example. When such use is made of co-products, the impact on land use change can be minimised. Overall, the picture is much more complex than it sometimes appears at first sight; nevertheless, there is potential in exploring further the contribution of second generation biofuels.

We will use the report to try to influence the debate at EU level and in the US. The hon. Gentleman asked about the contribution of the transport sector in tackling climate change. The Gallagher report says that a 10 per cent. transport renewables target could still be appropriate, provided that certain evidence emerges and that appropriate safeguards are in place. It is important, of course, that we should keep that under rigorous review and take any necessary action if evidence emerges that the target is too ambitious.

Jeremy Corbyn (Islington, North) (Lab): Is the Secretary of State aware of the enormous problems created by the production of maize-based ethanol, as pointed out by the hon. Member for Lewes (Norman Baker)? In central America, the price of tortillas has gone up by 35 per cent. in the past year, causing real hardship to the very poorest people. Have we not an obligation to do all we can to reduce the production of maize-based ethanol, which is neither particularly effective nor particularly efficient and damages the livelihoods of many of the poorest people all around the world? The whole strategy ought to be about reducing the consumption of fuel by private road transport. It seems obscene that we should allow people in central America and other parts of the world to go hungry to feed the gas guzzlers of the United States and parts of western Europe.

Ruth Kelly: My hon. Friend gives a very specific example of bad biofuels. He is absolutely right to suggest that we have a moral obligation to try to weed out, as it were, the impact of bad biofuels on food prices, as well as the potential risk of increasing overall CO_2 emissions. The Gallagher report is clear, however, that there are sustainable biofuels and that we should direct their growth on to idle and marginal land. That is one way of minimising their impact.

My hon. Friend also asks about reducing the consumption of fuel, and my answer is that he is absolutely right to say that biofuels are part of a much wider and bigger picture. How do we feed the world's poor in years to come? The answer does not lie in biofuels or necessarily in the contribution of the transport sector, although it has a role to play. We have sizeable moral obligations as Governments across the world to try to think through the wider implications of how we feed the world.

Mr. Philip Hollobone (Kettering) (Con): What extra incentives are the Government going to introduce to encourage innovation in the hybrid and electric vehicles that the Secretary of State mentioned?

Ruth Kelly: It is true that hybrid and electric cars may well have an important role to play in the future. Indeed, Professor Julia King, who looked into the fuel efficiency of cars and potential technological solutions in future as a means of minimising the impact on the environment, suggested that those vehicles could have an important role after 2020. I have already had conversations with people who are interested in bringing more electric vehicles into the country. It is not necessarily a matter of financial incentives, as it is more about facilitating, particularly through the planning system, the infrastructure necessary to promote the use of those vehicles. Clearly, when people drive such a car, they need somewhere where they can plug it in to charge up. We are having discussions about this issue across government, but it is absolutely right to say that electric cars could have an important role to play in the future.

Mr. David Drew (Stroud) (Lab/Co-op): I hear what my right hon. Friend says. Speaking as someone who saw the advantages of the RTFO, I have not quite changed my mind, although I can also see some of the dangers. The reality of the statement is that we should be entering into international discussions with countries such as Brazil, where the biofuels industry is a major factor in development, and try to persuade them to look at using waste products such as molasses rather than corn or wheat, which my hon. Friend the Member for Islington, North (Jeremy Corbyn) mentioned, as a way of producing biofuels—with all the consequent dangers to the Amazon. We should be doing that as a matter of priority, so I hope my right hon. Friend will take it into account.

Ruth Kelly: I thank my hon. Friend for his comments. One of Gallagher's interesting conclusions is that the best and worst forms of greenhouse gas savings on biofuels are currently achieved from sugar cane. Even within Brazil, there are very good examples of biofuel production that are energy efficient and high yield. Some Brazilian mills even export electricity to the grid. What we need is a debate in global forums as well as within the EU about how to encourage the use of sustainable biofuels. One challenge that we have set the Renewable Fuels Agency, which will operate at arm's length from the Government, is to use the report and work with our international partners to establish more evidence and to try to encourage people to think differently about the way biofuels are currently grown.

Mr. John Redwood (Wokingham) (Con): How will the Secretary of State ensure that all future crops for fuel in this country are grown on currently idle land?

Ruth Kelly: The right hon. Gentleman makes an incredibly important point. In the north-east of England with the Ensus site, but also on other sites, the production process has very substantial direct greenhouse gas savings from well to wheel. Part of the reason for that is, as I have explained, that the co-products are also used to substitute for animal feed. What it does not take into account is the indirect impact. The report suggests that even in those cases we ought to think through the indirect impact. Clearly, we do not currently have a mechanism for measuring the indirect impact, or for safeguarding against the potential greenhouse gas consequences or the increase in food prices that might

result. In future, however, we should aspire to that. The report sets out a cautious approach that will give us time to have those global negotiations to put in place progressive measures to control land use, and to make sure that as far as possible—it will not always be possible—first or indeed second generation biofuels are produced on idle or marginal land.

Mark Hunter (Cheadle) (LD): Does the Secretary of State share my concerns about the conclusions of the Environmental Audit Committee, which came out in favour of a moratorium? Does she not agree that the way forward is through greater and better certification and regulation? The consequence of throwing the baby out with the bathwater is that without investment in first generation biofuels, damage will be done to the potential for future investment in second and third generation biofuels, which are likely to have a much more beneficial impact.

Ruth Kelly: I agree with the hon. Gentleman, who makes an important point. The reason that investors are prepared to invest in clean technology and think about second generation biofuels is that there is a market for biofuels. Part of our approach must be to take that into account and to think about how the risks can be minimised, while examining the evidence and collecting the data necessary to make good judgments in future, and ensuring that sufficient investment takes place in those innovative technologies.

Mr. Nigel Evans (Ribble Valley) (Con): The rush to biofuels seems to have led to at least three unexpected consequences: first, higher food prices; secondly, deforestation; and, thirdly, a sliver of sanity belatedly creeping into the Government. The Secretary of State knows that the 10 per cent. by 2020 target is dear to the heart of José Manuel Barroso, the European Commission President. Although she is clearly doing the right thing in sending out signed copies of the report to any interested parties in the EU, she must also remember that the largest biofuels producer is France, which has just taken over the presidency of the EU. What else will she do to ensure that a sliver of sanity also breaks out in Brussels, and that it reconsiders its targets on biofuels?

Ruth Kelly: I thank the hon. Gentleman for his comments. I will seek to persuade my European partners and the European Commission to take such evidence seriously, and to encourage them and their scientific experts to work with those in the RFA in examining it. However, to say that biofuels inevitably increase food prices is a bit simplistic. One of the messages of the report is that some biofuels have a significant impact, especially in the short term and on certain types of rural poor. In the longer term, the effects are much mitigated, and the world should perhaps be thinking about policies to mitigate those impacts in the short term too. It is important to have a balanced approach, and to encourage France and Italy, which are already showing signs of working with us in this area, to continue the pursuit of a sustainable biofuels industry.

Mr. David Heathcoat-Amory (Wells) (Con): Following that reply to my hon. Friend the Member for Ribble Valley (Mr. Evans), does the Secretary of State recall that when the House debated such matters last month, the Department for Business, Enterprise and Regulatory Reform willingly signed up to and endorsed the 10 per cent. target for biofuels in transport fuels by 2020. A month later, the Secretary of State is resiling from that, saying that it is unsustainable and unobtainable. Given that the decision on the draft EU directive will be taken by majority voting, what confidence does she have that her new conditionality and different target will be accepted, as the directive is, after all, mandatory?

Ruth Kelly: I said that we should be arguing for a non-binding target, but a target of 10 per cent. conditional on certain elements: first, second generation biofuels should emerge; and secondly, unsustainable land use change should be avoided and sustainability safeguards adopted. I said that we should review the evidence in 2011-12, and again later, to confirm those targets.

That is an approach for which we shall negotiate very hard in Europe. I believe that it is beginning to gain currency in France and Italy, and I hope that other countries will also see the merits of adopting a conditional rather than a binding target.

Bob Spink (Castle Point) (UKIP): Will the Secretary of State explain why she has confidence in the sustainability criteria that she is currently negotiating with the European Union? I should like to know why she feels that she could possibly have confidence in those. Will she also tell us what direct control she will exercise to ensure that biofuels used in the United Kingdom come from sustainable sources?

Ruth Kelly: The hon. Gentleman asks what confidence I have in the sustainability criteria that are currently being negotiated. The report concluded that they ought to be made more sophisticated. Although we have tried to capture the direct impacts on greenhouse gas emissions from well to wheel, we have not yet attempted to calculate the impact of the indirect effects of biofuel production, which is an incredibly difficult calculation. Before January this year, hardly anyone with an interest in the subject even considered the possibility of significant indirect effects on either greenhouse gas emissions or food prices. One of the challenges that we face is to work with our European partners intensively over the next few months to develop a set of sustainability criteria that include a measure of indirect impact.

Mr. Henry Bellingham (North-West Norfolk) (Con): The Secretary of State admitted a moment ago that growing food shortages and soaring food prices had rendered the redirecting of cereal and root crops to biofuel production highly questionable. She is presumably aware that much of our current biodiesel production results from the refining of used cooking oil. Can she tell us what percentage of it comes from that source, and has she any idea of the potential annual tonnage?

Ruth Kelly: I am afraid I cannot give the hon. Gentleman the figures that he seeks today, although I shall be happy to provide them if they are available. However, I have talked to suppliers about their innovations in that regard. The hon. Gentleman is right to suggest that the current developments are having an impact—particularly in Scotland, I understand. This is what is typically known as second generation biofuel. Again, the impact on both greenhouse gases and food prices will depend

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on the indirect effects, which are not currently captured in our sustainability reporting mechanisms, although that is what we aspire to for the future.

Mr. Peter Bone (Wellingborough) (Con): I listened to the statement with growing concern. Last year, I purchased a biofuel car believing that I was saving the planet. Could the Secretary of State give me some clear advice? As she will know, a biofuel car can run on biofuel or petrol. When I next pull into Morrisons in Welingborough, should I go to the petrol pump or the biofuel pump?

Ruth Kelly: My advice is that the hon. Gentleman should adapt to the evidence, as the Government have. However, let me make a serious point.

The Gallagher review has made it clear that investment in biofuel production should be encouraged, and in particular that it should rise above the current level of 2.5 per cent., so that investors are confident enough to proceed with the investments in bioethanol that are planned in the United Kingdom.

Points of Order

5.3 pm

Helen Jones (Warrington, North) (Lab): On a point of order, Madam Deputy Speaker. The hon. Member for Forest of Dean (Mr. Harper), to whom I have given notice of my point of order, visited my constituency on Friday with no notice. I understand that although he was quite far north in Warrington, he believed that he was in Warrington, South. Although I am cheered by the fact that Opposition Front Benchers cannot even find the constituencies they are supposed to be targeting, will you take this opportunity to remind them that they too should observe the courtesies of the House, and perhaps even buy a map?

Madam Deputy Speaker (Sylvia Heal): Although that is not a point of order for the Chair, the hon. Lady would be right to approach the other hon. Member about this matter. It is a courtesy of the House for Members to inform other Members when they are visiting their constituencies.

Mr. Tim Boswell (Daventry) (Con): On a point of order, Madam Deputy Speaker. Given the success yesterday of the British grand prix held at Silverstone in my constituency, have you received any representations from Ministers to make a statement on the implications of contracts for that event after 2010? If it is to move from Silverstone, it is essential that an alternative venue be up and ready at that time. If not, there is a real risk that we may lose the British grand prix altogether.

Madam Deputy Speaker: That is not a point of order for the Chair, but the hon. Gentleman's comments are on the record and members of the Transport team are present to have heard them.

David Taylor (North-West Leicestershire) (Lab/Co-op): On a point of order, Madam Deputy Speaker. That race may be coming to the Castle Donington circuit in North-West Leicestershire, but my point relates to the fact that ETS Europe was given £156 million by the UK taxpayer to handle the key stage 2 and key stage 3 marking process. It has just announced that it will not be able to post the key stage 2 results for a further eight days and the key stage 3 results for a further 11 days. That is utter and depressing incompetence. Has there been any indication from the Secretary of State for Children, Schools and Families that he wishes to make a statement on this, particularly for those parts of the country, such as Leicestershire, where the schools break up this Friday? The results will be given in the summer holidays, causing substantial inconvenience.

Madam Deputy Speaker: Once again I have to say that although that was not a point or order for the Chair, I understand the hon. Gentleman's concern and his remarks are now on the record. I have not been advised that the Secretary of State wishes to come to the House to make any such statement.

ESTIMATES DAY

[3RD ALLOTTED DAY]

ESTIMATES, 2008-09

DEPARTMENT FOR TRANSPORT

Public Transport

[Relevant documents: The Fifth Report from the Transport Committee, HC 84, on Ticketing and Concessionary Travel on Public Transport, and the Government response, HC 708.]

Motion made, and Question proposed,

That, for the year ending with 31st March 2009, for expenditure by the Department for Transport—

(1) further resources, not exceeding £8,777,927,000, be authorised for use as set out in HC 479,

(2) a further sum, not exceeding £7,136,325,000, be granted to Her Majesty out of

the Consolidated Fund to meet the costs as so set out, and

(3) limits as so set out be set on appropriations in aid.—[*Alison Seabeck.*]

5.6 pm

Mrs. Louise Ellman (Liverpool, Riverside) (Lab/Co-op): I very much welcome the decision to have in this important estimates debate a discussion on the Transport Committee's report on ticketing and concessionary travel on public transport. That report focuses on the new national concessionary local travel scheme for older and disabled people. It also discusses a number of other important issues, including integrated ticketing, smartcard technology and revenue protection, which includes looking at how to minimise fare dodging. All those issues are extremely important for passengers and public alike and it is extremely important that we have the opportunity today to discuss both the report and the issues raised in it.

A great deal of attention was attracted by the inquiry. More than 40 organisations and individuals submitted written evidence and the Committee held four oral evidence sessions, questioning 24 witnesses including the Under-Secretary of State for Transport, my hon. Friend the Member for Glasgow, South (Mr. Harris). The Government published their response on 16 June.

The English concessionary free bus travel scheme, benefiting up to 11 million older and disabled people at a total cost of £1 billion, is extremely welcome. We have been discussing the scheme for England. Of course that is because the schemes for Scotland and Wales have already been operating following decisions from the devolved Administrations. It is an important scheme about which there was a great deal of campaigning over a long period.

It is important that the scheme be properly funded and that the extra £223 million allocated to local authorities by special grant this year—with more to follow next year and the year afterwards, in addition to the £31 million provided for the new passes— reimburses operators and authorities fairly. There is currently a great deal of dispute, not only about the amount of funding made available but about the way in which it is allocated. Perhaps through the review of the bus service operators grant, this matter can be addressed. It is extremely important that a scheme that is popular and welcome should be funded properly and fairly. Although the concessionary passes are Integrated Transport Smartcard Organisation—ITSO—compliant smartcards, only 5 to 10 per cent. of the bus fleet will be equipped to process them by the end of 2008. Part of the reason for that appears to be the cost to the bus operators of installing the equipment to use those cards to their full. That is not a satisfactory situation. The Government must speed up this process, both to secure the best and optimum use of the card and to obtain more accurate information about who is travelling using the card. That is extremely important in relation to the revenue issues to which I have referred.

Sir Nicholas Winterton (Macclesfield) (Con): Will the hon. Lady address the inequality of the service in respect of those areas of the country where there are no public bus or coach services? I fully support and welcome a Government—or taxpayer—contribution to public transport, but what are we going to do for the people who live in those rural areas where there is no, or very little, bus transport?

Mrs. Ellman: The hon. Gentleman makes an important point, and anticipates my next comment. The report considered this issue. Concessionary fare schemes are very much to be welcomed, but the transport has to be there for people to be able to enjoy them. The Committee raised the question of community transport, and called for more support to enable more community transport to be provided and for that to be eligible for the concessions, or equivalent concessions, so that people, and particularly those living in rural areas, would be able to benefit from widened opportunities in terms of transport. That is what the scheme is all about.

Daniel Kawczynski (Shrewsbury and Atcham) (Con): I wish to reiterate what my hon. Friend the Member for Macclesfield (Sir Nicholas Winterton) said about rural counties. In Shropshire this month, many bus services are being stopped. Although it is great that the Government want to have concessionary travel, my constituents are extremely concerned that if there are no services in some places, there will be two classes of citizen. Those who live in London and other cities can take advantage of such schemes, but those who live in rural areas such as Shropshire cannot.

Mrs. Ellman: The absence of bus services in some areas is a very important issue, and it is one of the consequences of deregulation. That issue is being addressed through the new Local Transport Bill, which is before Parliament. It is important that that Bill is sufficiently strengthened to enable the services that are required to meet local needs to be developed.

Mr. Eric Martlew (Carlisle) (Lab): Does my hon. Friend agree that although the inequalities that have been talked about do exist, this system is of benefit even to people who live in rural areas, because when they visit towns or go on holiday or come to London, they can now travel on the buses if they have a pass, whereas before they had no service whatever?

Mrs. Ellman: My hon. Friend makes an extremely important point. A point that was consistently raised during the long campaign for such a national scheme

[Mrs. Ellman]

was that when people went away from where they lived to other areas, they were not able to take advantage of concessionary local transport. Because of the existence of this concessionary scheme, people can take advantage of such local transport schemes everywhere, even in places where they do not live.

Tim Loughton (East Worthing and Shoreham) (Con): The point the hon. Lady makes rightly suggests that, as the Government have acknowledged, the number of people visiting tourist resorts, including coastal towns such as mine of Worthing, is likely to put greater pressure on bus services in those areas, leading to the costs falling disproportionately on those areas. Does she think the formula the Government have drawn up to decide how to reimburse local authorities accurately reflects those extra pressures, particularly on tourist areas?

Mrs. Ellman: The important point the hon. Gentleman makes underlines the need for an evaluation of the way the scheme is working and a closer look at how the available revenues allocated to local authorities are to be disbursed. His point has been raised by a number of local authorities, and our Committee's report talks about the importance of evaluating the scheme and of a re-evaluation of how the money is allocated. The point he makes was one of the ideas that we had when we put that proposal forward.

Peter Bottomley (Worthing, West) (Con): I share the concern of my hon. Friend the Member for East Worthing and Shoreham (Tim Loughton). Would it not have been better if the Government had said that, for the first couple of years, local authorities would be able to work out their costs, indent for them, and then have an evaluation and a formula? Instead, we will have winners and losers and will have to work out what to do about that. If local authorities could claim their actual costs, it would be much fairer to our rate payers, nearly half of whom are elderly and are having to bear the costs of the Government's error.

Mrs. Ellman: It was important that the scheme went ahead, and it is equally important that a proper evaluation is made and anomalies are put right.

Mr. David Drew (Stroud) (Lab/Co-op): Does my hon. Friend also accept the obverse argument on the evaluation, expressed by some of the companies, that local authorities have not always made the payments for the number of passengers carried? Much as I would want to comment about the services that the companies offer, evaluation is needed by both sides, as I am sure she would agree.

Mrs. Ellman: My hon. Friend raises an important issue. Discussions are needed between the transport authorities and the operators, as well as the Government. Many of the issues involve the accuracy of information on who is travelling, when they are travelling and where they are travelling. That is why it is important that the appropriate technology is installed as quickly as possible on the buses involved.

The Committee's report also looked at the broader question of integrated ticketing, or having a single ticket to cover several legs of a journey—if not the whole journey. Here we found a great difference between rail travel and bus travel. On rail, because of the Government's actions in ensuring that provision was made through the franchises, arrangements ensure through ticketing on the national network, and that is of great importance to passengers. However, wider concerns remain about the wider issue of ticketing, including the availability of tickets.

Closure or minimal staffing of ticket offices may force passengers to use the internet or ticket machines when they do not want to. Indeed, some tickets are available only on specific websites and machines do not operate for all ticket types. It is important that all passengers have access to all tickets and can get the best deal when they travel by train.

Since the report was completed, announcements have been made that fares, and the tickets that go with them, are to be simplified. It will be important to look at that in more detail. Simplification of the fare structure is to be welcomed, but concerns have been raised about whether the simplification will mask large price rises. That is a matter that we will need to look at in the future.

The situation with integrated ticketing on buses is highly unsatisfactory. Concerns about breaching competition law have impeded action in addressing the problem that several different tickets may be required for one journey. The Government must ensure that the new Local Transport Bill provides the means, perhaps through quality contracts, to resolve that. It is important that any measures introduced should be strong enough.

I am pleased to see in the Government's reply to the report that they will consider a recommendation that traffic commissioners have the power to arbitrate if local authorities and bus operators cannot agree on the pricing of multi-operation travel cards. More needs to be done on integrated ticketing on buses, and the Bill may help, but we must ensure that the problems are resolved. The Committee also noted that insufficient attention is given to travelling by coach. Many people travel by coach, yet there is little integrated ticketing and little attention is given to coach travel as a mode of transport.

We were told in one of our Committee sessions by the director of fares and ticketing at Transport for London that tickets were introduced in 1853 to prevent bus conductors from pocketing fares. He told us that 70 per cent. of revenues used to disappear and that was why tickets were introduced. It now appears that tickets are giving way to the plastic smartcard and, indeed, to other technologies. We looked at the successful Oyster card scheme in London and at other local smartcard schemes. TFL anticipates that the Oyster pay-as-you-go system will be linked to the national rail network in London by 2010. Indeed, we received evidence from many people who told us that they wanted the Oyster scheme to be linked more widely to the national network.

The Government should articulate a clearer strategy for integrated ticketing in general and smartcards in particular, but they must show the costs and the benefits of the high expenditure involved. Industry experts assess the costs of smartcards and rail franchises at £100 million per scheme and it costs £3,000 to equip a bus with equipment for the cards. Technology is important but the Government must show the benefits and how the cost is justified.

Tim Loughton: To go back to the subject of concessionary fares, and as the hon. Lady has been talking about trains, did her Committee consider the merits or otherwise of extending the concessionary fare scheme for pensioners to allow them to travel on trains, too? Obviously, train operators have expressed some concerns that they are losing out on some of their custom. Given her talk about integrated ticketing systems, does she think that the future for concessionary bus fares is that they will be extended to rail services, too?

Mrs. Ellman: We received some limited evidence on that issue. We felt that we were not in a position to make recommendations, but that it might well be considered in the future. We stated that it was very important for local additions to the national scheme to be considered locally.

We also looked at revenue protection and preventing fare dodging. We felt that that should have a much higher priority, particularly as fare evasion is often linked to antisocial behaviour. In 2006-07, there were 299 recorded attacks on staff connected with revenue collection in London stations alone. The Association of Train Operating Companies reported that 8 per cent. of revenue—that is, £400 million—is lost through passengers not paying fares. How much of that is deliberate evasion is unclear. It is clear that the availability of staffed ticket offices is important both to prevent fare evasions and to minimise aggressive behaviour, which has been reported when there are no staff in the area.

Mr. Philip Hollobone (Kettering) (Con): Should not the train operating companies and bus operators that allow off-duty police constables on their services for free be applauded? When fare evaders are caught, they can often cut up rough, and it is reassuring for passengers and revenue protection officers if off-duty police constables are encouraged to use public transport where appropriate.

Mrs. Ellman: I agree with the hon. Gentleman. Indeed, we recommended that there should be additional staff involved and we were sorry that the Government did not accept some of our recommendations on that. We also called for a more independent appeals process for passengers who were accused of deliberate evasion. Again, we regretted that the Government did not feel able to support our cause. We hope that they will reconsider.

I praise the work that Passenger Focus, the national passengers' group, has done to draw attention to the issue of penalty fares and how passengers are treated; the subject needs more attention from Government, and Passenger Focus has done very good work on it.

The Committee's report welcomed the beginning of the new concessionary fare scheme. We looked to the future and suggested that concessionary schemes for young people could be considered. We decided to broaden the terms of reference of the inquiry that we are conducting on school transport to enable us to consider in more detail matters such as concessionary schemes for young people. I hope that we will receive appropriate evidence on the subject, because it is extremely important. All the issues that the Committee considered in its inquiry—concessionary fares, ticketing, revenue protection and integration—are important for passengers. They all contribute to the important task of making public transport accessible and attractive.

Sir Nicholas Winterton: The hon. Lady has not really touched on the issue of the complexity of buying the best value ticket. I am concerned about the elderly who need to use public transport, whether they travel by bus, coach or train. Is she concerned about the fact that elderly people, in particular, may not be getting value for money or a fair deal, because the system is so complicated that they do not understand how to go through it, and ticket sellers at bus stations or railway stations will not always give them the best-priced ticket?

Mrs. Ellman: The hon. Gentleman is right to emphasise that point. The Committee conducted an inquiry on the issue, in which it drew attention to the problems that older people and other passengers had in accessing the best value tickets simply. Earlier this afternoon, I referred to people being forced to use the internet or machines, and mentioned the problems relating to that. The announcement that there are to be simpler fares and ticketing is to be welcomed, but the charges need to be looked into more fully.

The Government gave a full, considered reply to the Select Committee. Some of our recommendations have been accepted, some have been ruled out, and others are being considered. I say to my right hon. Friend the Minister of State that all the issues in the report are important. We welcome the Government's considered reply, but we look forward to action, and hope that it is taken very soon.

5.27 pm

Mr. Robert Goodwill (Scarborough and Whitby) (Con): I congratulate the hon. Member for Liverpool, Riverside (Mrs. Ellman) on the way in which she presented the report. The Transport Committee, of which I was a member for my first 18 months in Parliament, has a reputation for having formidable Chairmen, and I am sure that she will establish her credentials in that regard. First, I must declare a non-pecuniary interest: one of the largest employers in my constituency is the Plaxton coachworks, part of the Alexander Dennis group, which makes not only coaches but buses. Some 550 people in my constituency rely on the public taking buses and making coach journeys, so I certainly have a constituency interest in promoting the use of buses and coaches.

I am pleased that we have an opportunity to discuss concessionary fares, particularly the new national concessionary bus scheme introduced in April this year. Both the Government and the Opposition face problems in selecting subjects for such debates. In our case, we are spoiled for choice, having to choose from a long list of issues on which we wish to expose the Government's shortcomings. Conversely, the list of topics that could be considered relatively safe ground for the Government, which includes the topic that we are discussing, is rapidly dwindling.

Tim Loughton: My hon. Friend describes concessionary bus fares as a relatively safe topic, but he might like to know that the Minister for Local Government had to make himself available between Christmas and new year to deal with a very irate group of councillors and chief executives from councils in Sussex, who were protesting at the fact that our constituents will have to subsidise the scheme to the tune of more than £600,000 this year. Perhaps it is not as safe a topic of debate as he suggests.

Mr. Goodwill: I thank my hon. Friend for that intervention. My speech contains good news and bad news; I will not disappoint him by coming to the bad news soon.

Some people have described the concessionary scheme for the disabled and over-60s as a vote-catching gimmick. I reject that categorically, as to judge from the polls it has not caught many votes. I suspect that last month some of the voters of Crewe and Nantwich may even have used their concessionary tickets to go to the polling stations to vote Conservative for the first time. Eleven million people are now able to take advantage of their new right to off-peak bus travel across the borders of their travel concession authorities, whereas previously they could only use that concession locally. Our concern is about how the scheme may have been implemented and funded, and that is echoed by many of the points raised in the Select Committee's report.

I do not often say this, but in many ways the Government have been a victim of their own success.

The Parliamentary Under-Secretary of State for Transport (Mr. Tom Harris): Hear, hear.

Mr. Goodwill: The Minister should not get carried away.

Since April, there has been a significant increase in the number and length of bus journeys made. Nationwide, the use of concessionary fares has increased by between 30 and 50 per cent., and by even more in some areas—for example, Gloucester and Cheltenham have experienced growth of 120 per cent. In Greater Manchester, passenger journeys have increased by more than 10 million since the introduction of free travel for the over-60s and disabled. That is in the context of falling bus ridership outside London.

The bill is picked up by the local authority where the trip originates. That has led to an increase in costs for some authorities, particularly in hot-spot destinations such as coastal towns and urban centres, where the share of the extra £212 million for this year has fallen short of the demand. Other local authorities in places such as Surrey have made a profit where resources have been over-allocated. Examples include Basildon, where a £500,000 shortfall was projected this year. In Blackpool, a £200,000 shortfall was projected. That does not cover the scheme that the council has had to introduce for its trams—because no one would use the trams when they had a concessionary ticket to use the buses, the authority has had to introduce a parallel scheme for the trams at additional cost to it. In Carlisle, a £272,000 shortfall has been projected. All the Essex authorities, including Chelmsford, Maldon—

Mr. Martlew: Will the hon. Gentleman give way?

Mr. Goodwill: By all means; I thought that I might have provoked the hon. Gentleman.

Mr. Martlew: I suspect that most of those are Conservative authorities. Can the hon. Gentleman tell the House what his party would do?

Daniel Kawczynski: This is meant to be about scrutinising the Government.

Mr. Goodwill: As my hon. Friend says, this debate is about scrutinising the Government. We are arguing not with the overall budget for the scheme but about its allocation—some local authorities have been allocated more money than they have used. The Government have patently failed to identify where the expenditure would be needed, and places such as coastal resorts and cities where people go shopping have borne the brunt.

Mr. Martlew: I interpret the hon. Gentleman's remarks as meaning that the Conservative party will take money away from some local authorities to give it to others. Is that correct?

Mr. Goodwill: My point is that it is important that the money allocated for the scheme is allocated correctly.

Carlisle told us that it had a £272,000 shortfall. If the hon. Member for Carlisle (Mr. Martlew) would like to dispute that figure, I would be pleased to hear his estimate, but the council tax payers of Carlisle are certainly picking up that bill.

Mr. Martlew: The hon. Gentleman is drawing me into this; I did not want that to happen. The reality is that the Conservative party in Carlisle said that it would cut the hours of the scheme to after 9.30 am, then changed it and said that the disabled could travel all the time, and then, three days before the local elections, found extra money to say that everybody could travel all the time. The idea that it had a shortage of money is absolute nonsense.

Mr. Goodwill: Perhaps I could run this one past the hon. Gentleman. If he thinks that I am mentioning only Conservative-controlled authorities, Barnsley metropolitan borough council, which is hardly a Conservative stronghold, told us:

"I do feel our local authority is receiving inadequate compensation from Central Government for funding concessionary fares."

This is not restricted to Tory authorities. Because of that uncertainty about take-up, which the Government failed to predict, local authorities are having great difficulty in planning ahead.

On the alphabetical list, I started with the Bs, and I shall end with the Ws. Winchester has a shortfall of £300,000; Worthing has a £600,000 shortfall; and Wyre has a £100,000 shortfall.

Tim Loughton: I am grateful to my hon. Friend for the mention of Worthing. In fact, the figure for the Worthing and Adur authorities combined, which are in partnership, is about £624,000 for the current year. When I brought the deputy leader of Worthing council, Ann Barlow, and the leader of Adur council, Neil Parkin, to see the Minister, they said that they would rather the scheme were not funded through them. Why do local authorities need to control this scheme? They are losing money that will be made up by council tax payers, or by the cutting of local services. Why can the Government not fund what is supposedly a fully funded scheme and operate it themselves, rather than operate it through local authorities, which have to pick up the bill for what is, in our case, not a fully funded scheme?

Mr. Goodwill: I am sure that the Minister has had a number of suggestions about how the scheme could have been better funded. With regard to local authorities, it would be hard to think of a worse way of funding it. As the Select Committee report says:

"The anomalies within, and disputes over, the distribution of concessionary travel grant to local authorities look set to continue, despite the 'generous'"

I am not sure whether the Government put those inverted commas around the word generous, or the Select Committee—

"funding provided by the Government and the new funding formula."

That was written in March, before oil and diesel prices reached their current dizzy heights. If things were bad then, they are worse now.

Norman Baker (Lewes) (LD): The hon. Gentleman is right to say that the scheme is not functioning properly and that the financial arrangements are haphazard at best, but does he accept that local authorities—we have done some work on the matter, as has his party—estimate that, overall, they are £60 million short of the money that they need just to break even, were the distribution correct? That is the case not least because of the massive increase in bus patronage that the scheme has generated. Would it not be more honest to say that the figure of £60 million—or whatever he thinks it is—should be met by extra money from the Treasury? If he does not pledge extra money, as my party has, the consequence will be that all local councils will be short of money.

Mr. Goodwill: The hon. Gentleman makes a valid point, but making pledges on behalf of the Treasury is slightly above my pay grade.

Daniel Kawczynski: I am grateful to my hon. Friend for giving way—it will give him a chance to look at his notes. He mentioned a long list of areas that had lost out as a result of a lack of Government funding, but he did not mention Shropshire. Shropshire county council—rather the borough council—has lost hundreds of thousands of pounds as a result of the shortfall, and I hope that my hon. Friend has those figures.

Mr. Goodwill: I will not bore the House by going through the entire list of local authorities that responded to our questionnaire to let us know their shortfall, but Shropshire is one of them.

As well as providing us with financial information, some local authorities took the opportunity to vent their spleen. Bournemouth borough council said:

"Again this government grabs the head lines giving out concessionary fares but do not fund it leaving councils to pick up the mess and move on."

Medway council commented:

"Local authorities are being forced to carry the burden for a government policy."

That sentiment was also expressed by Worthing borough council. I have already cited the comments of Barnsley council, which is similarly dissatisfied.

What has been the effect on the worst-affected local councils? Council funding of local bus services has had to be reduced. A number of councils have had to withdraw subsidy from socially necessary bus services that they paid for previously, so pensioners have a pass, but no bus to catch. In many rural areas, as my hon. Friends the Members for Shrewsbury and Atcham (Daniel Kawczynski) and for Macclesfield (Sir Nicholas Winterton) pointed out, there were no services anyway. To be fair, pensioners can use those passes further afield, but services such as dial-a-ride are under threat. The north-east passenger transport authority has had to cut concessions to young people and students.

A large number of councils, such as Basildon, Cherwell, High Peak, Medway, Chelmsford and Canterbury, which had previously offered enhancements to the statutory minimum such as extended hours or companion tickets for carers, have been forced to withdraw those benefits and revert to the statutory minimum.

Mr. David Clelland (Tyne Bridge) (Lab): The hon. Gentleman is correct that in the first round of the new concessionary fares system, when it was restricted to localities, we had a problem in the Tyne and Wear area, and there were cuts to concessions for young people. However, the latest round of expenditure has meant that that can be reconsidered, which is happening as we speak.

Mr. Goodwill: It is encouraging that the Government have been keen to bail out some constituencies in the north-east, but maybe they have not been quite so keen to help people in the south.

David Wright (Telford) (Lab): Will the hon. Gentleman give way?

Mr. Goodwill: I shall make some progress, if I may. I suspect that I anticipate the point that the hon. Gentleman wants to make.

Secondly, councils are cropping other services not connected to travel to balance their books. A recycling programme in Christchurch has had to be scrapped as a direct result of underfunding for concessionary fares.

Finally, a number of local authorities have been left with no option but to increase council tax. Adur in West Sussex, Worthing and Torbay are just three examples of that. According to a representative of Suffolk Coastal district council,

"last year's Council Tax increase almost all went towards supporting the concessionary travel costs".

The situation is little better for bus operators. Mr. Peter Shipp, the chairman and chief executive of the East Yorkshire Motor Services group, has described the situation as

"even more of a financial and operational disaster than I predicted",

and he certainly was not very complimentary about it before it was introduced.

The new concessionary fare scheme is having a destructive effect on partnerships between local authorities and bus operators, which is jeopardising improvements to local networks. Bus operators have had to spend a considerable proportion of their time on concessionary fares administration and appeals—time that could more productively have been spent improving bus services. It is clear that the uncertainties of reimbursement are affecting the bus operators' attitude to risk, which may be reflected in tender prices for bus contracts.

[Mr. Goodwill]

The principal bone of contention between local authorities and operators relates to calculating the so-called general travel factor, which means the travel pattern that would have been experienced without the concessionary fares. That factor is used as the basis of reimbursements paid to the operator. In many cases, that leads to appeals by operators. A bus operator can appeal if it feels that it has been inadequately reimbursed by the local authority, but it is worth noting that the local authority cannot appeal if it feels that it has been inadequately reimbursed by the Government. Will the Minister let us know how many appeals have already been lodged with her Department?

Another common complaint is that whereas operators can increase fares without consultation, the grant awarded to local authorities to reimburse operators will increase only with inflation. If a bus company is in financial difficulties, it can raise fares. Because local authorities must reimburse it for revenue forgone based on a percentage of revenue, it will be the council that loses out.

Mr. Shipp wrote to me at the end of May outlining the bureaucratic nightmare that is unfolding for companies such as his. He stated that one natural result of the new reimbursement arrangements is that he is paid a different amount by Scarborough borough council for a journey to Beverley than by East Riding of Yorkshire council for the return journey. Even worse, because East Riding is offering its residents a £15 pass to enhance the national scheme and provide pre-9.30 am travel to and from Hull, East Yorkshire Motor Services has to bill East Riding council for journeys made by its residents from Hull before 9.30 am, but Hull city council for the same journeys after 9.30 am. That is an example of the bureaucratic morass that such companies are having to deal with.

Such companies are also finding that on sunny days, a large number of people entitled to concessionary fares are turning up for leisure journeys. All well and good, one might say, but as a result they are leaving regular fare-paying passengers behind because there is no room. Because of that, East Yorkshire Motor Services has just cancelled a £6,000 summer marketing campaign for fear of encouraging fare-paying families who would otherwise have been using their cars to turn up for buses that they cannot get on because they are full of pensioners.

David Wright: The hon. Gentleman mentioned the minimum standards that the Government apply nationally, and then he developed a theme of local problems in his speech. Does he believe that we should extend the minimum national requirements or keep local flexibility?

Mr. Goodwill: It is important that, when local people vote for their councillors, they can vote for extensions to the scheme. I simply point out the bureaucratic difficulties that companies face through the anomalies that are thrown up. They make the scheme unpopular with some bus companies, which have to deploy their staff to administer the scheme rather than explore new services that they can provide or expand their businesses in the way in which they wish.

David Wright: The simple question is: what is the hon. Gentleman's proposal?

Mr. Goodwill: We are not the party of government at this time. We are debating a scheme, which the Government introduced. The Select Committee has made some criticisms of it and it is only fair that the Government should respond to the points made in the debate. I simply make the point that companies throughout the country, not only in Yorkshire, are finding the scheme difficult to implement. Surely that cannot be laid at the door of the Opposition, who are not responsible for it.

Mark Hunter (Cheadle) (LD): The hon. Gentleman has been generous in giving way. He rightly said, in answer to the hon. Member for Telford (David Wright), that he does not speak for the party of government. However, will he confirm that he is not committing Her Majesty's loyal Opposition to any additional spending to bridge the gap on concessionary fares?

Mr. Goodwill: We have made and continue to make the point that we feel that the funding that the Government have allocated—£214 million this year, increasing in future, with a total budget of approximately £1 billion for a billion journeys—is adequate for the scheme. The problem is its allocation to local authorities and the way in which some local authorities pocket a surplus and others, such as Worthing, which my hon. Friend the Member for East Worthing and Shoreham (Tim Loughton) represents, lose out. Those in Surrey have a surplus and I am sure that, although the authorities that labour under a deficit are knocking on the Minister's door almost every day, the ones that have a surplus do not do that.

It is important to have equitable funding. I am not sure, even after reading the report, how the Government have arrived at some of the figures. Are they simply good guesstimates?

Tim Loughton: My hon. Friend has made it clear that anomalies already exist in the funding formula and they need to be addressed. However, he and others also clearly said that we proposed an amendment to the Concessionary Bus Travel Act 2007 to provide for an automatic review of the way in which the funding formula worked in two years to try to iron out some of the anomalies. Of course, the Government rejected that. They had an opportunity in the measure to ensure that the funding formula could be examined shortly. It is already going wrong, but the Government would not allow us to include in the Bill a provision for examining the matter in two years. Surely we have given that undertaking.

Mr. Goodwill: My hon. Friend is right—we are locked into that. The Local Government Association has suggested a way in which the scheme could be improved.

I would like the Minister to comment on some specific points, if possible. First, does she intend to tackle cross-border journeys in the United Kingdom? Hon. Members who have constituencies near the Welsh border have raised that point and the right hon. Member for Berwick-upon-Tweed (Sir Alan Beith) has raised the matter in the House in connection with the Scottish border. It can be frustrating for pensioners who live near a border and whose local market town is in a different country. Has the Minister managed to solve that problem? I will not admit to having any answers to

that, but the matter has been raised and places genuine limitations on those living near the border. We must bear it in mind that we live in a United Kingdom, not separate countries.

Secondly, will the grant—I believe that it is around £4.50 per pass—paid to local authorities for issuing passes be available for renewal after they run out in three years, or is it a one-off payment to local authorities for the initial issuing of the first passes?

Thirdly, although we do not argue about the amount of the Government grant to fund the scheme, will the Minister carry out an urgent review of the allocation process, and possibly consider the Local Government Association's suggestion of distributing the grant on a per journey basis, as well as other solutions that could improve the scheme?

For the avoidance of doubt and before any impulsive parliamentary candidates—I am not thinking of any party in particular—suggest otherwise, there is no threat to the pensioner bus scheme from an incoming Conservative Government. The biggest risk is that it may be compromised and undermined by the Government's inept introduction.

5.49 pm

Mr. Richard Caborn (Sheffield, Central) (Lab): I, too, welcome the report and welcome my hon. Friend the Member for Liverpool, Riverside (Mrs. Ellman) to her position as Chair of the Committee. I know that she will do a sterling job in that post.

On behalf of my constituency, I would like to make particular reference to paragraph 56 of the report, which is headed "Ticket gates—not the only solution". My hon. Friend will have received a letter from a Geraldine Roberts, who is the chair of the residents against station closures group, concerning Sheffield Midland station and the development there. Those who have had the opportunity—in fact, the pleasure—to come to Sheffield will have arrived at a station that has now been refurbished. The entrance has been developed and the walkway into the centre of Sheffield is now commensurate with a modern European industrial city.

There is a problem, however, to do with revenue protection. The franchise that has been obtained by Stagecoach, in its bid for the east midlands franchise, is now creating problems in the operation of Sheffield Midland station. There have been two major developments in Sheffield, on each side of the station, one of which is the Park Hill flats. Those who come into Sheffield will know that the block has been there since the 1960s. It has undergone a massive refurbishment by English Partnerships and Urban Splash. On the other side of the station is Sheffield Hallam university, a very good university that is driving major parts of Sheffield's regeneration, part of which involves the creative industries quarter and the digital centre.

The franchise said that gating could be installed, in order to protect the companies from fraud and the lack of fares, as well as to reduce crime. Both of those considerations we accept. However, we want a proper cost-benefit analysis, because the movement of population from one side of the station to the other is very much through the station—indeed, it is an historical fact of the development of Sheffield's railway network, city centre and university, as well as the residential area in and around Park hill. The point made in the report under "Ticket gates—not the only solution", which is a fair one, challenges some of the franchises that have been given out, particularly on the east coast main line. I hope that the issue can be revisited, as the report asks, to ensure that the cost-benefit analysis is done.

The unfortunate part, which is again brought out in the report, is that many franchises have worked in isolation, taking into account just transport and not the wider concerns about economic regeneration or other developments. There are a number of such issues on the midland main line, which has problems with the gating at some of the stations.

I welcome the report and its recommendations. I hope that the Government's response to the recommendation in paragraph 60 means that they will look not just at Sheffield, but at all the stations on the midland main line, to ensure that the cost-benefit analysis for all those areas is both effective and commensurate with the public money that has been put into the economic regeneration there, as well as into the stations themselves.

Unfortunately, I have to speak just after 6 o'clock in another meeting, but I hope to return for the winding-up speeches, to listen to my right hon. Friend the Minister's reply, which I hope will be very positive indeed.

5.54 pm

Norman Baker (Lewes) (LD): I, too, welcome the hon. Member for Liverpool, Riverside (Mrs. Ellman) to her new role. I am very pleased that she is there, although obviously we all regret the circumstances in which she inherited it.

To some extent, this debate is a revisiting of the debate that we had on 25 March about concessionary bus fares. It is not necessary to reiterate all the points that I made on that occasion, not least because some of them have been made already by the hon. Member for Scarborough and Whitby (Mr. Goodwill). However, I should like to stress the need for an evaluation, which the hon. Lady mentioned. The scheme is new and a lot of kinks and quirks have appeared, perhaps inevitably. It is very important indeed that there should be a proper evaluation, as she correctly said.

When I asked for such an evaluation in the debate on 25 March, the Minister made no commitment to one. I therefore hope that she will today give a commitment to an early evaluation of the scheme, to pick up the legitimate points made by hon. Members in all parts of the House about how it is operating. Like most hon. Members, I make that call not out of mischief, but because there are genuine problems and kinks in the scheme as it is currently working. If the hon. Lady's Committee can pursue that point, that would be very welcome indeed.

Part of the conclusion that I have reached from writing to all transport authorities that administer a concessionary fares scheme is that there is a misallocation among authorities, which means that some have received grossly inadequate amounts for the schemes in their area. That is particularly the case for seaside towns and attractive areas such as Lewes, which is considerably out of pocket, as well Worthing, which has now been mentioned for the fourth time in this debate. However, some authorities have been gaining money for which, frankly, there is no justification. Obviously those authorities keep quiet about that; nevertheless, there is an imbalance in the way in which the money is distributed.

Mark Hunter: My hon. Friend is right to draw attention to the problems in funding the scheme. However, does he agree that another important consideration is that in many cases passenger transport authorities have underestimated what their response to the scheme should be? For instance, Greater Manchester passenger transport authority has been totally overwhelmed by the number of applicants for the new passes. As a consequence, many residents are still waiting for their passes, and will be waiting for another several months.

Norman Baker: My hon. Friend is absolutely right. Many local authorities were not entirely ready for the scheme when it was introduced, but that was not necessarily their fault. It is a question of how the scheme was rolled out, the availability of smartcard technology and other matters, which I shall come to. However, we have not yet seen the full picture, which is perhaps another reason for a full evaluation.

It is quite clear from the responses that I have received—I imagine that this is true of the responses that the hon. Member for Scarborough and Whitby has received, too, as I suspect that local authorities are saying the same thing to him as they are to me—that there is an overall deficit in the amount of money that councils require to run the scheme on a cost-neutral basis. Part of the reason for that deficit is that the Government have been successful in their concessionary fares scheme. They have encouraged more people to use public transport and, by getting people on to buses, met some of their objectives on social exclusion and even, one might argue, on climate change.

The Government can say, "Here is a success," but they cannot say that there is no extra cost to councils as a consequence. I estimate that cost to be around £60 million per annum overall, even allowing for the redistribution of funds between those who have gained and those who have lost. I have talked to our shadow Chancellor, my hon. Friend the Member for Twickenham (Dr. Cable), who is a hard man to get money out of. He has agreed, in our overall tax-neutral arrangements, that £60 million extra will be allocated for concessionary fares in our Budget proposals.

I invite the Conservatives to follow suit. We have as much opportunity to speak from the Opposition Benches as the hon. Member for Scarborough and Whitby has. It is not sufficient in opposition merely to draw attention to the Government's deficiencies; it is necessary to put forward constructive alternatives, too. Although the Conservatives are getting quite good at pulling apart the Government's proposals, they are not very good at putting forward any alternatives.

Mr. John Redwood (Wokingham) (Con): On that point, could the hon. Gentleman remind us how big a local income tax would be needed to balance his Budget?

Norman Baker: This is not a debate about local income tax, but I am happy to tell the right hon. Gentleman that all our tax proposals balance. I would be happy to send him details, should he wish. Our proposals are open and accountable, they have been externally audited and they balance. More to the point, they exist, which is more than can be said for the Conservatives' proposals.

I am grateful to the Committee for its comments on the concessionary fare scheme, and I hope that it will follow them through, because this is an important area of delivery not only for people up and down the country but for the new Government policy, which needs to be examined. That is exactly the sort of thing that the Committee should be doing.

The report is not just about concessionary fares; it also deals with other matters. The hon. Member for Liverpool, Riverside mentioned fare evasion, which is an important issue. I support her suggestion that there should be a better independent appeals body. It is quite right that those who are seeking to avoid paying their fare should be caught and dealt with properly. It is unacceptable to the proper fare payer that others are getting free travel by seeking to avoid payment. However, people are sometimes given unjustified penalties. A constituent of mine, a young student, got on a train without having paid the fare because there was no one in the booking office. They were subsequently charged a penalty fare because they had not seen the conductor on the train to get a ticket as soon as they got on. That cannot be right, and we need to resolve issues such as those. An independent appeal body that works would be the right way forward, and I fully endorse the hon. Lady's proposal for such a body.

One way of dealing with such problems is by gating stations. I do not pretend that that is the full answer, but I know from speaking to Transport for London that it has massively increased its fare income—by 15 to 20 per cent., I think—by putting gates on the North London line, which it has taken over from a British Rail-type body. I am not sure which of the train operating companies it was. TFL has improved its income stream markedly by gating those stations. Technology can therefore help to provide answers.

I want also to deal with integrated ticketing, but I shall preface my remarks by saying that we need to recognise that there is a problem with the bus services that are provided in this country. The problem dates partly if not wholly back to deregulation in the 1980s. The statistics from the Department demonstrate that the average cost of bus fares has increased markedly above inflation in the intervening years, and particularly since this Government came to power in 1997. The average cost of bus fares has increased by 13 per cent. above inflation since 1997.

Those who use buses are often among the poorest in society. They do not all qualify for free passes as they are often working people, and this is a significant cost for them to meet. The cost of travelling by bus has gone up by more than the cost of travelling by train and, dare I say it, by more than the cost of motoring in those years, notwithstanding recent fuel price increases.

The cost of travelling has gone up, but the cost of subsidy has gone up as well. The subsidy to bus services in 1986 was £847 million. When this Government came in, it was largely unchanged at £881 million. By 2006, however, it had rocketed to £2,452 million. That represents a tripling of the subsidy in the 11 years of this Government, at a time when fares have been increasing at above the rate of inflation and bus passenger numbers have continued to fall. That is not a success. Between 1985 and 2006, the number of bus journeys in Scotland fell by 30 per cent., in Wales by 28 per cent. and in the non-metropolitan areas of England by 22 per cent. It is only in London

that there has been any success in driving the numbers up. The subsidy per head in London is markedly higher than elsewhere in the country.

Mr. Clelland: Will the hon. Gentleman give way?

Norman Baker: In a moment.

A further element of the equation is the fact that the profits of the bus companies have rocketed over that period. Therefore, we have seen rocketing profits for bus companies, rocketing fares for passengers, rocketing subsidy by the taxpayer and a decrease in services and passenger numbers. That is not a success story.

Mr. Clelland: The hon. Gentleman has just made the very point that I was going to raise, in recognising that the profits of the bus companies have indeed rocketed in that period. What proposals does he have to deal with those rising profits and with falling bus ridership?

Norman Baker: To be fair to the Government, they have started to go along that track with their proposals in the Local Transport Bill. They will make it easier to bring in quality contracts and give local authorities more control over the type of bus operations in their area. We would go further than the Government are going, however, and I have tabled amendments to the Bill to try to achieve that, as the Minister knows. Collectively, however, we all have to recognise that the statistics that I have just given demonstrate a failure of bus policy over 20 years, and unless there are proposals to remedy that—such as those that we have put forward and, to some extent, those from the Government, though they are not enough—the failures, including decreasing patronage and increasing costs, will continue. That cannot be sensible.

The report refers to integrated ticketing, which is an important issue. It is easier for people to use public transport if their tickets are integrated. They want to be able to buy just one ticket for their whole journey. Integrated ticketing also helps to avoid extra costs. The hon. Member for Liverpool, Riverside rightly drew attention to the fact that people often have to buy multiple tickets, which drives up the cost of their journey. Even in London, someone who gets off one bus and gets on another has to pay again, until they have reached the ceiling on their Oyster card.

The fact is that no real attempts are being made to make integrated ticketing work. Paragraph 1 on page 30 of the report states:

"Ten years after it expressed its commitment to promoting integrated bus ticketing, the Government has achieved too little of practical value. It is a nonsense that the everyday act of changing buses is still made unnecessarily inconvenient and expensive by poor ticketing arrangements. The Government needs to pay more attention to resolving these basic problems which penalise passengers and deter others from using buses at all."

That is absolutely right, and the Committee is right to draw our attention to that point. However, I do not see much in the Government's response to suggest that they are taking it on board or that anything is going to happen as a consequence.

The Government talk about the voluntary schemes that are working, including plusbus. They are indeed working, and I am glad that plusbus is there, but less than a quarter of rail tickets that are sold have any sort of cross-ticketing arrangement with buses. More than 200 towns and cities outside the metropolitan areas are covered by the scheme, which is fair enough, but there are many areas that are not covered. It is not sufficient to rely on local initiatives to make up the difference. It would take a very long time to achieve that, and the Government need to be more proactive in encouraging integrated transport ticketing, between rail and bus services in particular, but also between bus operators.

I have to tell the hon. Member for Liverpool, Riverside that we have tabled amendment after amendment to the Local Transport Bill to try to make integration part of the thought process. For example, we wanted to make it a requirement for those involved in local quality contracts to consult Network Rail and the train operating companies, but that proposal was rejected by the Government, so our proposal to help to achieve integration was actually voted down by her colleagues. I hope that she will take that up with the Minister at some point.

Integrated ticketing will be helped by the roll-out of smartcard technologies, and I think that we are all in favour of that. We have only to look at London to see what a great success the Oyster card has been. Incidentally, I hope that we will soon reach the stage at which Oyster cards can be used on mainline suburban rail services as well as on the underground. Not all train operating companies accept them, but I hope that that can be rectified before long.

The fact is, however, that 78 per cent. of travel concession authorities do not comply with ITSO standards. By the end of 2008, only 5 to 10 per cent. of the bus fleet will be ITSO equipped. Therefore, we have a situation in which people who are being given smartcards cannot use them because there are no facilities for them on the buses. In an answer to the hon. Member for Manchester, Blackley (Graham Stringer), the Minister said:

"We currently have no plans to require buses in England to be equipped with smart readers."—[*Official Report*, 22 October 2007; Vol. 465, c. 17W.]

That is the official Government position, but I have to ask why there are no such plans. This is the way forward for dealing with all the problems that the Transport Committee has identified, and for getting justice and ease of use for the passengers who want to use the buses.

I want to ask the Minister a direct question, and I hope that she will answer it when she winds up the debate. How much does she estimate it would cost to put smartcard readers on all buses? I understand that the Department for Transport has made a rough estimate of the cost, but we have failed to see answers to these questions so far. She doubtless shares our vision that that system should be rolled out, so, having given us an estimate, will she tell us how she thinks that the system should be applied to buses? In her judgment, who should pay for it?

Mr. Clelland: Having acknowledged that the bus companies are making massive profits, does not the hon. Gentleman think that they ought to make a contribution to that?

Norman Baker: I do as a matter of fact, because it is in the bus companies' interests to do so. There is a need to reverse the decline in bus patronage, and they ought to realise that it is in their own interests to do so. It is

[Norman Baker]

also in the interests of all those who believe in tackling climate change, including the Government, who must lead the process and explain how it can be achieved. Simply standing back and saying, "We'll let the market sort it out," does not work; we need more Government intervention and leadership.

I understand that ITSO-based smartcards are being used much more in Scotland and Wales. I do not know how they have managed it—perhaps the same way that railway lines have been re-opened in Scotland and Wales, but not in England. Transport needs south of the border seem to be different from those north and west of the border.

I hope that the Minister will be able to say something very much along the lines of integrated ticketing, and something about how she intends to enable a person who turns up at Lewes railway station, for example, to get a train to Brighton and then a bus from Brighton to wherever they are going.

Tim Loughton: Worthing.

Norman Baker: Perhaps to Worthing, who knows? They can of course get a train to Worthing, changing at Brighton. There is a good service.

How will the Minister facilitate such journeys? How are they going to happen? Who is going to drive the process whereby somebody says at a train station, "I want to get off at this particular bus stop," and they receive a ticket? It is our ultimate goal. I suggest to her that the Government must lead that process, and that it requires the roll-out of smartcard technology and readers on buses, and the availability of a type of Oyster card throughout the country, not just in London. Why should London get the benefit of a good system when it is denied to the rest of the country?

6.11 pm

Daniel Kawczynski (Shrewsbury and Atcham) (Con): My hon. Friend the Member for Scarborough and Whitby (Mr. Goodwill) made a very good speech highlighting some of the deficiencies in the Government's concessionary travel funding for local councils. I applaud the fact that he has raised the issue, because Shrewsbury and Atcham borough council has been grappling with it for a long time. When he raised it, various Labour Members tried to suggest that we were making party political points, but it is a genuine issue, and my local council's finance director, Mr. Campbell Thomson, has written to me on more than one occasion to highlight the deficiencies—the big gaps—in Government funding. The council has to find funding from elsewhere to cover the concessionary travel scheme, and it is running to hundreds of thousands of pounds. That is a point well worth making, and I hope that the Minister will assure us of increased funding for Shrewsbury and for Shropshire.

We will have a unitary authority—I fought tooth and nail against it—as of June next year. It will cover the whole of Shropshire, apart from Telford, and I shall be watching carefully to see how much the authority receives for the concessionary travel scheme, that the amount is adequate and that local taxpayers in Shropshire do not have to cover the difference.

I want to highlight for the Minister some specific points about Shropshire. Shropshire has a much higher percentage of over-85-year-olds than anywhere else in the country, and Shrewsbury has been voted the number one retirement destination in England, because it is such a beautiful town. [*Interruption.*] It is much nicer than Worthing. I want the Minister to take that into consideration, because with so many senior citizens in Shrewsbury, the travel scheme will be even more popular.

The Minister will know just how rural Shropshire is. There are some very big distances between the many villages in my constituency and the county town of Shrewsbury, and as I said in an intervention on the hon. Member for Liverpool, Riverside (Mrs. Ellman), we have a genuine problem with the growing number of bus services that are being cut in rural Shropshire. I say so impartially again. Just last week, a delegation of senior citizens from the village of Pontesbury highlighted yet another bus service that, regrettably, must stop. They are obviously determined to ensure that I campaign to try to save it, so I should stress to the Minister that, although I applaud her Government for having introduced the concessionary scheme, and I rarely praise socialists or indeed this socialist Government, the scheme must be funded properly and there must be special, extra help for rural areas such as Shropshire, which have large numbers of senior citizens.

My hon. Friend the Member for Scarborough and Whitby also mentioned the important issue of cross-border traffic. Shrewsbury is a border town—my constituency ends on the Welsh-English border—and many constituents on both sides of the boundary travel backwards and forwards across it. Shrewsbury is the main destination for many people living in Wales who travel across the border from villages to shop there, and they also use vital services in Shrewsbury. There are no major hospitals in mid-Wales, so they use the Royal Shrewsbury hospital. They also use education services. I noticed that when that point was made, the Minister looked somewhat perplexed, because the issue is very thorny and potentially costly. However, as my hon. Friend said, we live in the United Kingdom. We live in one country, and some of us feel very passionately about that, so we want to ensure that citizens—our constituents—on either side of the border, living cheek by jowl, are not discriminated against because they live on the wrong side of it.

In preparation for the debate, I met representatives of the Shropshire Disability Forum. Mrs. Sue Wood, who runs it, wanted me to raise the following issue with the Minister. I do not know whether things have changed since Mrs. Wood acquired this information, but she is under the impression that the concession is available only after 9.30 am. I agree with what was said earlier. Local councils should have the freedom to decide some of the scheme's nuances, and no mandate from central office—I mean central Government; there's a Freudian slip—should dictate that everything be done uniformly. The Opposition are always calling for local flexibility, but I very much hope that the Minister will assure us that there will be certain guidelines for councils. It would be rather iniquitous for any council to allow a disabled person to use the scheme only after 9.30 am if that person were trying to get to work. Very few people whom I know start work at 9.30 am. [*Interruption.*] The Minister says that it is up to the councils, but I am asking her whether there are any guidelines.

I turn to the most important part of my speech. I should like to inform the Minister that the largest organisation in my constituency is the Shrewsbury Senior Citizens Forum, which has 5,000 members and is rapidly becoming one of the largest senior citizens organisations in the country. It liaises with other senior citizens forums throughout the country, and a few months ago, it organised a national conference in Shrewsbury, with organisations throughout the country attending to debate various senior citizens issues. Bill Harris, the organisation's eminent chairman, would like to meet the Minister to discuss some of the concessionary scheme issues that the forum thinks are important. I very much hope that rather than just talking to politicians such as me, she will take an interest in that body and extend an invitation to its members. I could bring them to the House to meet her, so that she could hear about the issues directly from them.

After having campaigned for almost four years for a direct rail service from Shrewsbury to London, I am delighted to inform the House that we finally have the link. It is hugely important for Shropshire and for business investment. Obviously, a lot of senior citizens will want to use the service; I am constantly asking senior citizens in my constituency to do so. I hope that the Minister will give me an assurance on what programmes or Government incentives there are for train operators to have the most imaginative and innovative policies for senior citizens. She may think this an outlandish suggestion, but perhaps there could be Government awards or a national competition for train operators. In that way, we would know which United Kingdom train operator had brought out the most innovative and imaginative schemes to get senior citizens on the trains and give them the best concessionary fares.

Mr. Goodwill: I nominate Grand Central Trains, which is running a new service from Sunderland to London via York. The service offers half-price fares for pensioners and gives a 50 per cent. refund if a person cannot get a seat on the train. That is another interesting idea, which operators in the south-east of England might consider—although it might bankrupt them.

Daniel Kawczynski: I am sure that the service is very good. I would like to nominate the Shrewsbury to London train service, on which some good schemes for senior citizens are already starting.

My point to the Minister is made sincerely. She will agree that it is important to get train operators to compete with one another to show that they are serious about concessionary fares for senior citizens.

David Wright: *rose—*

Daniel Kawczynski: I give way to my constituency neighbour, with whom I share a 50-yard border.

David Wright: I am grateful to the hon. Gentleman, whom I would call an honourable friend on this issue. I agree with him about the service between Wrexham, Shrewsbury and Telford. Is he aware that the service is providing a superb improvement for wheelchair users? A constituent of mine recently told me that he caught the train from Telford and that the new company provided a fantastic return service between Telford Central station and Marylebone. It was fantastic, and there has been a significant improvement for wheelchair users who want to use the service from Shropshire. I am sure that the hon. Gentleman will join me in congratulating the company on that.

Daniel Kawczynski: Yes, I absolutely join the hon. Gentleman on that. Interestingly, I have also heard positive comments from wheelchair-using constituents who have used the Shrewsbury to London service. The attitude of the people operating the trains in dealing with people in wheelchairs is critical. In the past, I have had complaints from wheelchair users about how they were treated by train operators, and that is regrettable. The hon. Gentleman is right about the new operator of the Wrexham-Shropshire-London service. It has won awards and I congratulate its staff for the empathy, kindness and professionalism with which they deal with senior citizens and wheelchair users.

I conclude by reiterating to the Minister that I hope that she will come to Shrewsbury and meet the 5,000-strong Shrewsbury Senior Citizens Forum to hear its views about the future of concessionary bus travel.

6.23 pm

Tim Loughton (East Worthing and Shoreham) (Con): I had not intended to speak in this debate, but I have been goaded—not least by the lack of mention of my constituents, particularly those in Worthing. I thought it might enlighten the House if I discussed the experiences of my local councils and my constituency. I repeat the welcome given to the hon. Member for Liverpool, Riverside (Mrs. Ellman) and commend her Committee's report, although it was produced under the chairmanship of the late former hon. Member for Crewe and Nantwich.

I take issue slightly with my hon. Friend the Member for Shrewsbury and Atcham (Daniel Kawczynski), who tried to claim that his constituency had the highest number of pensioners. Although not now No. 1 in the pensioner stakes, Worthing still has, proportionately, the highest number of over-85-year-olds, who form 4.6 per cent. of the population. We greatly appreciate the contribution that they make to our town. They seem to travel on buses disproportionately more than other members of the community, so our getting this issue right is of particular relevance to them.

Although I greatly welcome the scheme and supported the Concessionary Bus Travel Bill that brought it in, there are clearly winners and losers. The Government have increased the funding to £1 billion. I am not trying to detract from the generous funding that they have made available, but whatever one thinks about the funding, the issue is whether it is going to the places it is needed most and whether it reflects the usage of buses by local populations. I have a problem in that regard.

Worthing borough council and Adur district council, the two local authorities in my constituency, have been working in ever closer partnership. That has been greatly encouraged by the Government and it is to be applauded; it has produced many efficiency savings. However, those savings and more have gone out of the window because of the necessity of subsidising a scheme that the former Transport Minister, the hon. Member for Lincoln (Gillian Merron), made absolutely clear on 28 June 2007 would

[Tim Loughton]

be fully funded. Overall, that may be so—it is too early to tell—but in Adur and Worthing it is anything but fully funded.

The Minister knows that full well because, in her absence over Christmas, I took a delegation to see the Minister for Local Government, the hon. Member for Wentworth (John Healey), and I had a follow-up meeting with her later. She has had a number of detailed representations from council leaders, council officers and the two Members of Parliament representing the Adur and Worthing authorities. She is in no doubt about the problems that the scheme is causing us.

I will cite the figures: the estimate is that there will be a shortfall of between £600,000 and £650,000, possibly in Worthing alone. In Adur district next door, the shortfall for this year has been estimated at £238,000, which is equivalent to 4.3 per cent. on the council tax. The council leader has estimated that if we had not had to subsidise this supposedly fully funded Government scheme, we virtually need not have increased council tax this year at all. All the other savings that have been made have been wiped out by the additional costs of the scheme, which have fallen on Adur council tax payers; the scheme has not been fully funded as the Government had claimed.

There are winners and losers among the 324 authorities that are operating the scheme. There are particular losers among authorities that include resorts, particularly seaside resorts, that rightly attract people on day trips or short-stay holidays. That is why Sussex, which has a number of seaside resorts, has been disproportionately hit. I repeat that the scheme is good, but it has already become subject to the law of unintended consequences, and that is having a detrimental financial effect on my councils and therefore my council tax payers. Sarah Gobey, the assistant director of financial services at Worthing council, has provided me with a brief. She writes that Worthing borough council

"is extremely disappointed to see that the Department for Transport is only willing to consult on proposals to distribute the grant on a formula basis. At this early stage in the scheme it is almost impossible to derive a formula which will match the pattern of actual costs—the empirical information is simply not there."

I should remind the House that the Government adopted a reimbursement formula based on a combination of eligible population, bus passenger journeys, overnight visitors and retail floor space—a very difficult calculation to make.

Sarah Gobey went on:

"This Council would prefer to see the grant paid to reimburse the actual additional costs experienced at a local level. This would ensure that there are no 'gainers' or 'losers' in the new system. The preliminary forecast received from the Council's consultants would indicate that whilst Worthing will be a 'loser' under the proposed arrangements, other Councils within West Sussex would appear to 'gain'. We fail to see how this can be justified, yet the Department for Transport refuses to see why using a formula to distribute the funding is flawed. The Government has told local government that there is sufficient funding available for the new scheme, consequently there is absolutely no rationale in allocating grant on any other basis than actual expenditure."

The situation, however, is actually worse than that.

For the past few years, again to their credit, the Government have been operating a free local bus pass scheme, but its operation and funding have been to the detriment of my councils. The note continues:

"However, all of this masks another problem which is that the Council believes that the current statutory scheme is also underfunded. By 2008-09, the Council estimates that the cost of the current scheme will have increased by £860,000 since the introduction of the free bus pass. In 2006-07, the Council received additional funding of £610,000 via Revenue Support Grant. As a 'floor' Authority, this funding has barely kept pace with inflation, whilst over the same period the Council has seen costs increase by over 20 per cent. per year. Consequently, the Council estimates that the current scheme is underfunded by at least £200,000."

On top of the additional underfunding element of the national bus pass scheme, we have been accumulating losses on the existing local scheme. So there has been an accumulation of losses over some years, to which the national bus scheme is a further addition. It is a double whammy. As Sarah Gobey concludes:

"There is the distinct possibility of financial meltdown for Worthing Borough Council for the sake of a formula and it is particularly galling to think that all of our hard work on achieving savings from partnership working"

with Adur—

"could be wiped out at a stroke."

That briefing came from Worthing, but the same principles apply to Adur council next door, which is a slightly smaller one whose total figures are slightly lower.

The Government announced this scheme to great acclaim and we all support it and want to see it flourish because it is good for transport, good for the environment and, most of all, good for elderly and disabled people who can travel more, but it is clearly having a very detrimental effect as certain councils, particularly mine, are suffering from a large shortfall.

That explains why certain councils, including mine, have chosen to time their scheme so that it starts at 9.30 am rather than at 9 o'clock, as 9.30 is the latest allowable time for authorities to commence the scheme. Some neighbouring councils, which are not suffering from the same shortfall, have been able to start their scheme from 9 o'clock, so further confusion is ensuing. My local councils are, quite understandably, trying to limit the impact that the shortfall in funding is having by just about the only mechanism available, which is to start the scheme at 9.30 rather than earlier.

Now, however, we have people travelling between local authorities whose start time is different, which is causing a good deal of confusion and no little resentment by some people who think that certain councils are pulling a fast one. Well, if anyone is pulling a fast one, it is the person who invented this funding formula, which is leading to serious underfunding for my councils, which are then quite unreasonably getting the flak for what is happening.

As my hon. Friend the Member for Scarborough and Whitby (Mr. Goodwill) said, the scheme has also been a victim of its own success, as there has been a big increase in the number of bus journeys. On the face of it, that is absolutely right, and I see many people around Worthing getting on buses, so the buses are being well used. I have to say, however, that many of the people who get on those buses do not get off them—*[Interruption.]* The Minister might say "Not ever", but there have been a number of cases involving people who, knowing that they can travel for free, get on the bus and travel all the way down the coast to Chichester or Lewes or perhaps on to Hastings or wherever without getting off. They go for the trip. That is terribly nice and lovely, but they do

it again the following day and the one after that and the one after that. Bus drivers now have regular customers who travel on the bus for the sake of it. That may not be typical, but some people are making use of the system, travelling up and down the coast and having a lovely ride. To be honest, that is not the purpose for which the scheme was intended.

I have another extraordinary situation in my constituency. There is a residential building of about 90 sheltered flats where a number of pensioners live. It is very well run by the local housing association. It is on a busy road just on the outskirts of Worthing. The bus going into town picks up pensioners from that building so that they can do whatever they want to do in Worthing. When they come back, however, the bus stop is on the other side of the road, but the road is so busy that many of these pensioners are too scared to cross it, so they stay on the bus, travel several more miles into the next town until the bus turns around and comes all the way back in order to deposit them on the right side of the road. That seems absurd, but it is happening. It provides another example of excessive bus journeys, which have to be accounted for by the local bus company. I am trying to address the problem by getting the local authority to put a pedestrian crossing of some description on that part of the road, which should help. *[Interruption.]* The serious point I am making is that many more people than were ever anticipated are using the buses; and I have to say that it seems to be happening to a greater extent in Worthing and Adur than in other parts of the country, which exacerbates the problem of the number of journeys and the underfunding.

Norman Baker *rose—*

Tim Loughton: I am sure that the same applies to Lewes, so I give way to the hon. Gentleman.

Norman Baker: Well, Lewes is a nice place to get off. Has the hon. Gentleman seen a copy of Scotland's *Sunday Post*, which drew attention to a different sort of problem with bus journeys? Operators were said to have given out tickets to passengers for the entire length of a journey, knowing that they would be getting off after a couple of stops in order to claim back a higher rebate.

Tim Loughton: I am afraid that I have not seen this week's *Sunday Post*, which is very remiss of me, but again, that is not an isolated incident, as there are many concerns about the accuracy of ticketing.

Finally, the other problem looming is the cost of the scheme, inflated by additional passengers, to bus operators themselves, as they face the double whammy of increased petrol costs and so forth—irrespective of whether the buses are run on recycled chip fat or whatever other wonderful environmentally friendly schemes are happening—because local bus companies are increasingly appealing against local authorities on the amount they can claim for bus fares.

The scheme is very good and well intentioned, but it is facing real problems. That is why, when my local authorities went to see the Minister, they basically said, "Great scheme, but we don't want to run it. We want all our council tax payers to have the benefit of it, but we don't want our council tax payers to have to pay for it as well, given that this is supposed to be fully funded." My local council leaders would prefer the scheme to be taken out of their hands and to be run nationally or by some other body—*[Interruption.]* This may well appear to be "Stalinist" to the hon. Member for Telford (David Wright), but I do not often hear him or members of his party speaking up against Stalinism.

The problem is this: why should my council tax payers in Worthing and Adur have to pay for a scheme that is supposed to be fully funded by the Government? As I have explained, the councils are saying that the scheme is great, but they do not want to have to run it and pick up the tab. The Government have to acknowledge that however well intentioned the scheme, and whether or not £1 billion is or is not sufficient to run it nationally, in certain parts of the country—Adur and Worthing are not untypical—councils are having to pay a substantial amount to run it. I urge the Government to look again at the formula and see whether they can better reflect journey usage. They need to refine the formula and ensure that a good scheme does not become a victim of its own success, leading to the law of unintended consequences, whereby my council tax payers effectively have to pay twice. I am not saying that I want the scheme reduced in any way. I want to ensure that it achieves its intended purpose of enabling more pensioners and disabled people to get out of their houses, use essential services or go out for pleasure journeys or whatever; at the same time, however, it should not be unfair to other council tax payers who have to foot a bill—in the case of Adur, a bill of 4.5 per cent., which could have wiped out the council tax increase this year.

I urge the Minister to think again about enacting a review of the formula, in no more than the two years suggested by my colleagues when the Bill went through the House last year. Will she consider doing so more urgently, to ensure that moneys are being fairly distributed where they are needed for the scheme, and that councils are not pursuing a profit-making venture, which was not the Government's intention?

6.40 pm

The Minister of State, Department for Transport (Ms Rosie Winterton): This has been an excellent debate on a good and interesting report. I pay tribute to the Transport Committee for considering integrated ticketing and concessionary travel. The report was carried out when Mrs. Dunwoody was the Committee's Chairman, and it is a great tribute to her that she wanted to consider the subject, which might not appear to be at the heart of transport debates. Such issues are incredibly important, however, especially if we wish to increase the use of public transport. I also congratulate my hon. Friend the Member for Liverpool, Riverside (Mrs. Ellman) on taking over the chairmanship of the Committee. She is already making great strides, as we all expected that she would, in ensuring that the Government's transport policies are properly scrutinised.

I hope that right hon. and hon. Members will feel that the Government's response to the Committee has been helpful and constructive. As I shall outline, we have taken on board the Committee's recommendations in a number of areas and, in some instances, have agreed with the Committee where it said that we are taking the right approach. We should not overlook ticketing, which is an important aspect of public transport.

[Ms Rosie Winterton]

As Members have said, the Oyster card in London has shown the potential of smartcards both to speed up and simplify journeys. In addition, the sale of rail tickets over the internet and the introduction of advance ticket machines have freed up railway staff to do other jobs, particularly helping out passengers on the concourse or platform. My hon. Friend the Member for Telford (David Wright) said how important it was that staff were able to help people with disabilities. Many of the new technologies available in the world of transport have the potential to revolutionise public transport.

Mrs. Ellman: Although I endorse my right hon. Friend's statements about the benefits of technology, does she agree that technology should not be an absolute substitute for people, who are there to help passengers?

Ms Winterton: I certainly agree with that. We have discussed today the need to ensure that people can navigate their way around the system using new technology. Of course, people need assistance to do that, but at the same time staff can be freed up to undertake other duties.

The Government are committed to ensuring that ticketing choices are fair, transparent and convenient, as my hon. Friend said. Last year's White Paper, "Delivering a Sustainable Railway", set out our vision of simpler fares, modernised ticketing and information, and how best to meet the needs of disabled passengers. In April, we welcomed the announcement by train operators of the new, simplified and more transparent fares structure to be introduced next year. In May, the operators introduced standard names and conditions for advance fares, increasing the availability of railcard discounts. From September, the names of the main walk-up fares will be common across the whole network, so they will be easier for passengers, and Members of Parliament, to understand.

The Government recognise, however, that the arrangements for bus ticketing are not so well advanced. We want integration not only on the railways, but on buses. We understand the importance of a simple and flexible integrated approach. We should remember, however, that bus operators often work in a commercial world, and are free to set their own fares and determine conditions on ticket validity.

I was pleased that my hon. Friend the Member for Liverpool, Riverside spoke about the importance of the price promise for rail. I shall refer later to the Local Transport Bill. With the agreement of the Association of Train Operating Companies, we plan to introduce a price promise, whereby anyone who buys a train ticket in person from a ticket office and who subsequently discovers that they could have bought a cheaper ticket for the same journey will be entitled to a refund of the difference. That was a concern of the Committee.

My hon. Friend also emphasised the importance of community transport. I absolutely agree with her. More quality partnerships and, if necessary, quality contracts are needed. In that way, it could be easier for local authorities in some instances to insist on integrated ticketing. I am sure that she needs no reminder that those on the main Opposition Front Bench have consistently voted against the changes in the Local Transport Bill—*[Interruption.]* I said those on the main Opposition Front Bench. It is astonishing that they have done so, because Conservative councillors have said that Opposition Front Benchers are totally out of touch with local authorities, which need the ability to work more closely with bus operators and to introduce quality contracts if that is the right approach. Conservative Members shake their heads, but I suggest that they consult more closely the councillors in their areas. If they do so, they will find that those councillors are reflecting what the public are telling us as Members of Parliament: they want better bus services. We intend to introduce those through the Local Transport Bill. I urge those on the Conservative Front Bench to take heed of that.

Following on from my hon. Friend the Member for Liverpool, Riverside, my right hon. Friend the Member for Sheffield, Central (Mr. Caborn) made an important point about gating. Of course, we need to protect revenues, and gating can be an important part of that. However, I assure my right hon. Friend that we would not expect a station operator to install gate lines outside the boundary of the station lease, or unreasonably to restrict access to a pedestrian route shared with other facilities. I am sure that, having heard my right hon. Friend's speech, my hon. Friend the Under-Secretary will consider the points that he made.

Mr. Caborn: The Select Committee report called for a more holistic policy on gating, which may involve economic regeneration and other factors. "Holistic" is a lovely word that encompasses everything, and I am therefore hopeful of a solution to the particular problem that I am experiencing in Sheffield.

Ms Winterton: I am sure that my hon. Friend the Under-Secretary will raise that point with the train operating companies.

Some £1 billion is being spent on concessionary travel, which was mentioned by many Members. I hope that they will rejoice in the fact that people over 60 and eligible disabled people can now use their bus passes anywhere in the country. That gives older people enormous freedom, but I sometimes feel that certain Members are a bit grudging in their support for it. We have allocated an extra £212 million for 2008-09, rising to £217 million and £223 million in the following years, to travel concessions in England. That is enough to fund about 200 million additional bus journeys in local authority areas across England.

When we consulted local authorities on how the scheme should be extended, they asked us to provide a special fund rather than allocating money through the rate support grant, which we agreed to do. We then consulted the authorities on how they wanted the money to be distributed, giving them four or five options, and we have since distributed it on the basis chosen by most of them. I can tell our seaside colleagues, the hon. Members for Scarborough and Whitby (Mr. Goodwill) and for East Worthing and Shoreham (Tim Loughton), that the allocation took account of the number of overnight visitors, which is greater in some areas. I think that local authorities should welcome the fact that they can attract visitors, because of the knock-on effect on their local economies. Although some welcome it, others sometimes complain.

Tim Loughton: I hope the Minister recognises that I was in no way grudging about the scheme. We certainly welcome visitors to Worthing and Adur, both tourists and others. However, I should like to know how she calculated the number of additional visitors to Worthing

who were likely to take advantage of the scheme. The figure is entirely arbitrary, and we are not convinced of the exactness or the rigorousness of the formulae that the Government used.

Ms Winterton: As the hon. Gentleman probably knows, there are clear mechanisms for local authorities to submit returns about their visitor numbers and available retail space. It is not for the Department to tell Worthing how many overnight visitors it has; it is for Worthing to tell the Department. I should have thought the hon. Gentleman knew that.

Of course we believe that bus operators are entitled to reimbursement for carrying concessionary travellers, but local authorities should provide it on a "no better off, no worse off" basis: operators should neither gain nor lose money as a result of carrying concessionary travellers. That is laid down in legislation. It is important for authorities to reach agreement with operators on how they should be reimbursed in relation to the numbers carried.

Mrs. Ellman: There is clearly overwhelming support for the concessionary scheme. Will my right hon. Friend undertake to re-evaluate the way in which it is working and, in particular, examine the allocation of available funds to ensure that it remains universally popular?

Ms Winterton: The issue has been raised by a number of Members. The hon. Member for East Worthing and Shoreham, for instance, said that his local authority did not necessarily want to participate. Some smaller district councils have said that they would prefer the county councils to carry out this function. We said in our response to the Select Committee report that, later this year, we would consult on whether the function of district councils should be transferred to county councils.

As I am sure Members will appreciate, the matter is not necessarily as clear-cut as it may seem. The concessionary fares element represents a considerable part of the budgets of some district councils.. A number of issues need to be taken into account as we move from a system that includes an element of rate support grant to a new system, but we have said that we will consult on it.

Tim Loughton: Worthing invited officers from the Minister's Department to open the books and look at all the figures, but the Government did not use the figures that we had provided. Either the Minister believes that my local authorities are giving her Department the wrong figures, or she thinks that we are inventing the shortfall, or she thinks that the authorities are paying too much to the bus operators. Those are the only possible explanations. Which does she think my local authorities are guilty of?

Ms Winterton: The hon. Gentleman seems to have got into a bit of a muddle about the order in which the allocations were made. As I have said, when we consulted local authorities about the approach that they wished us to take, the formulae that I have set out proved the most popular. It is up to authorities to inform the Department of, for instance, visitor numbers or the amount of retail floor space. I should add that, according to the most recent annual figures available to us for Worthing's expenditure on concessionary fares, its special grant allocation for this year is 42 per cent. higher than the amount they said themselves was previously spent on concessionary fares.

In our response to the Committee's report, we said that we would commission research on reimbursement arrangements to look at the latest evidence on the number of passengers generated by local and national schemes, the revenue forgone by bus operators and the additional costs. We also want to work closely with bus operators and local authorities to share the evidence. The research will explore the scope for more simplistic and deterministic ways of setting reimbursement, such as, perhaps, a table of payments for different regions and area types. But it is important to remember that, within this framework, local authorities have three-year settlements. We want to make sure that we do not disrupt agreements that have been reached, but we want to make sure that we are researching in the way that the Committee has suggested to look at potential suggestions from bus companies and authorities.

Norman Baker: I welcome the terms of the review that the right hon. Lady has set out. It is indeed sensible and good news but I am slightly worried by the three-year time scale. I understand that there is a three-year settlement for local government, to which she has referred, but I think she will accept that certain local authorities are, for whatever reason, deeply out of pocket as a consequence of the present arrangements. It seems unjust to make them wait a further couple of years before any recompense is available to them.

Ms Winterton: At this stage, we are commissioning research to look at some of the issues. I reiterate: it is not easy to come up with brand new formulae that could in some circumstances upset arrangements reached with bus operators. There is an appeals process, which I will come to later.

Graham Stringer (Manchester, Blackley) (Lab): I am doubly grateful to my right hon. Friend, first for giving way, and secondly for providing in a parliamentary answer the fact that, on the commercial network, the average subsidy per bus is £37,500 per year, comprising the bus service operator grant and concessionary fares. Is she worried that with that huge level of subsidy, bus operators are directing their operations more to how much public subsidy they can get rather than to the interests of the passenger?

Ms Winterton: As my hon. Friend knows, there are some areas where it is clear that bus operators and local authorities are working closely together and are producing a good service for passengers. However, it is also true that does not happen in other areas, which is why we are making some of the changes in the Local Transport Bill and which, as I pointed out, the main Opposition party does not support.

The hon. Member for Scarborough and Whitby asked about cross-border travel. There is nothing I can add to what I have said previously in the House, which is that we want the scheme to settle down in England before we look at what could be an immense financial commitment in extending it to Scotland and Wales. If the hon. Gentleman is committing his party to that, I suggest that he cost it very carefully and look at some of the technical issues that surround it. However, that does not prevent individual local authorities on the border coming to agreements with authorities on the other side.

[Ms Rosie Winterton]

The hon. Gentleman also talked about funding. The Government are certain that a generous settlement was made; the increase in his local authority was 58 per cent. on what was spent previously on concessionary travel. He also asked whether the £4.50 grant would be repeated. We felt that it was right to pay local authorities for the initial issue of smartcards to make the changes. We covered the full cost of that issue but it is not unreasonable to ask local authorities to cover the cost of renewal.

The hon. Member for Shrewsbury and Atcham (Daniel Kawczynski) is not in his place so I will not answer his points.

The hon. Member for Lewes (Norman Baker) talked about putting smartcard readers on all buses. He raises an important point. We felt that it was important, given the change in terms of the national concessionary scheme, to say, "Let us have a system that can be interoperable." That is why we designed the ITSO smartcard approach. Readers are not yet available on all buses, but there are different ways of looking at that issue and it is important that we do so. The hon. Gentleman will know that we are looking at BSOG, the bus service operators grant, to see where there are incentives. Quality contracts and quality partnerships could well be ways to make it easier to introduce smartcards. He raises an important point, but if we had not got a system that could be smartcard-compliant everywhere, it would have been a missed opportunity. He also raised the issue of penalty fare appeals. In the response to the Select Committee, we said that we would look at the penalty fares rules of 2002.

I think that I have addressed most of the points made by the hon. Member for East Worthing and Shoreham, particularly in terms of the increase in funds available. I am glad that he is campaigning for the pedestrian crossing that he has now decided is the answer to the problems. I am very glad that he is not asking me to install it.

Mr. Goodwill: I asked the Minister about the number of appeals that bus companies had lodged, which is a way of measuring the level of dissatisfaction.

Ms Winterton: Yes, the hon. Gentleman is absolutely right. Some 102 appeals were received in respect of travel concession schemes for the financial year 2007-08. Of these, 27 were subsequently withdrawn. A handful did not proceed owing to lack of data. Of the 71 appeal determinations, 33 were successful and 38 dismissed. They have been notified to the applicant bus operators and each relevant transport concession authority.

This has been an interesting and constructive debate. I hope that my hon. Friend the Member for Liverpool, Riverside and other Committee members will feel that our response to the Committee's report was helpful. I certainly believe that it was extremely useful to discuss some aspects that, in the normal course of most debates, are not necessarily raised but that have enormous implications, particularly when we are trying to encourage more people to use public transport and examining how to improve our bus services. I congratulate the Committee on the report.

Question deferred, pursuant to paragraph (4) of Standing Order No. 54 (Consideration of estimates Etc.).

DEPARTMENT FOR INNOVATION, UNIVERSITIES AND SKILLS

Science Budget

[Relevant documents: The Fourth Report from the Innovation, Universities, Science and Skills Committee, HC 215, on Science Budget Allocations, and the Government response, HC 639.]

Motion made, and Question proposed,

That, for the year ending with 31st March 2009, for expenditure by the Department for Innovation, Universities and Skills—

(1) further resources, not exceeding £11,040,399,000, be authorised for use as set out in HC 479,

(2) a further sum, not exceeding £12,519,763,000, be granted to Her Majesty out of the Consolidated Fund to meet the costs as so set out, and

(3) limits as so set out be set on appropriations in aid.—*[Tony Cunningham.]*

7.10 pm

Mr. Phil Willis (Harrogate and Knaresborough) (LD): I welcome the opportunity to debate the Innovation, Universities and Skills Committee report on the science budget allocations, and, on this estimates day, to have a debate on the departmental estimates and on budget issues. I am glad that a significant proportion of the Committee's members who were involved in the inquiry are present, and I hope that all of them will be called to speak before the end of the debate.

This inquiry sits against a backdrop of significant investment in science and research, and it is worth putting on record the Committee's acknowledgement of, and support for, what the Government have done for science over three consecutive comprehensive spending reviews. The allocation for the current CSR to 2011 is an overall increase of 17.4 per cent. in the science and research budget—an increase of just over £3.5 billion.

Inevitably, some research councils have had bigger increases than others, reflecting Government and societal priorities. The Medical Research Council received a 30.1 per cent. increase in funding and the Biotechnology and Biological Sciences Research Council had a 21.8 per cent. increase. That, in turn, reflects the increase in the volume of translational research that takes place in those councils. At the same time, other councils received different amounts. The Arts and Humanities Research Council received a 12.4 per cent. increase—its budget remained on a plateau—and the Science and Technology Facilities Council received 13.6 per cent. They received the smallest allocations.

When the Committee started the inquiry, its intention was to take a short, sharp look at the science budget allocations for the 2007 CSR and then to move on. Immediately after announcing the inquiry, however, all members' mailbags were filled with correspondence from the particle physics and astronomy community. When the Secretary of State announced the budget allocations at Church house on 11 December, he and the Minister were taken aback by the fact that almost every question from the floor on that occasion came from members of that community. It soon became obvious that the allocation for the STFC was causing significant problems, so, although our report was about science budget allocations as a whole, it focused heavily on the STFC. Other

Members will undoubtedly want to raise issues about specific elements of the STFC budget, but let me outline some of the key considerations.

Inevitably, considering the controversy that surrounded the allocations to the STFC, there has been a fair amount of progress since the publication of our report, and it is important to put that on record. Both the Government and the STFC have responded, and last week the STFC made a number of welcome announcements on its future plans. This estimates day debate offers the Minister an opportunity to give further clarification on some of the still outstanding issues, and I hope he will take it.

The Government accepted some of our recommendations, and we should be grateful for small mercies. For example, we recommended that the Government change the name of the science budget to the "science and research budget" to reflect the inclusion of the arts, humanities and knowledge transfer, and the fact that they accepted that major change needs to be shouted from the rooftops. We welcomed the Government's commitment to maintaining above-inflation increases for the science budget—now the science and research budget. We also welcomed the Government's commitment to innovation and knowledge transfer. I think that there is general agreement that it is right to turn world-leading basic research into health and wealth benefits for the country, and we compliment the Minister and the Government on that.

Bob Spink (Castle Point) (UKIP): The hon. Gentleman is beginning his speech on characteristically great form. Does he agree, however, that the name does not matter, and nor, in some ways, does the total amount that is expended? What matters is how that money is used, and not enough of it is used on blue-sky, innovative, high-risk research that will become translational and will deliver those results that are unexpected but are what we need to move things forward.

Mr. Willis: I am grateful to the hon. Gentleman for that intervention. He was—or, rather, is—a distinguished member of our Committee; the problem is he never turns up.

Dr. Ian Gibson (Norwich, North) (Lab): The hon. Member for Castle Point (Bob Spink) is a party of one.

Mr. Willis: I refuse to respond to such comments from a sedentary position. It is right to say that maintaining blue-sky research is crucial for this nation's future in terms of wealth and of health. All Committee members are conscious of the fact that we have to keep the Government's nose to the grindstone in producing the resources for basic research, and I think that this report does that. It is up to other parties to match that commitment—that might be a comment the Minister wanted to hear.

To return to my speech, unfortunately we could draw few other positive conclusions from our investigations. Indeed, the way both the Government and the STFC handled the budget process was, to put it mildly, deeply flawed. Disappointingly, rather than engage with the criticisms, the Government have rejected almost all of the conclusions and recommendations that followed. I know that other Members will wish to return to them, but I want to focus initially on the STFC.

The inquiry uncovered profound problems within the STFC—weaknesses in its senior management structure and leadership and in its peer review and consultation processes. To be fair to the STFC, however, it has taken some positive steps following our critique. In co-ordination with the Department for Innovation, Universities and Skills, it has commissioned an independent organisational review following our criticism of its senior management. We look forward to seeing the conclusions of the review and what positive changes will follow. The STFC also consulted extensively within its community prior to last week's publication of its "roots and branches" reprioritisation of the entire council programme.

Broadly speaking, the views of the peer review panels and the funding decisions taken by the STFC are now closely aligned, and we must question why that was not the case in the first place, because it would have saved much anxiety within the community.

David Howarth (Cambridge) (LD): What has happened has been deeply damaging to the physics and astronomy community. Does my hon. Friend accept that some of the damage is long term? The community itself has now lost what confidence it had in the senior management of the STFC and it might only be regained by a radical reconstruction of its leadership.

Mr. Willis: I hear what my hon. Friend says. It is the job of a Select Committee to examine carefully the evidence that is put before it, to make clear recommendations, and to expect both the Government and any organisation that is criticised to put matters to rights. A systematic review is taking place, agreed between the DIUS and the STFC's leadership and its chief executive. I am content to wait until that review has been completed and the Government have responded, so we can see whether the community—which has without doubt been damaged—can have its confidence restored. It is easy to call for people to resign: it is far more difficult to resolve the problems within an organisation. I hope that my hon. Friend will be content with that response.

In addition to the review, the STFC has appointed a communications director from outside the organisation, which our report recommended. There were a number of areas of particular concern that were brought to our attention and which we highlighted in our report. The first concerned the future of the Daresbury laboratory. It appeared to us—and it was confirmed when we visited Daresbury—that the campus was being prepared as a technology business park rather than a world class science centre. Other hon. Members will wish to add their impressions of the visit, but we are encouraged that the STFC has announced that key research activities, such as ALICE— accelerators and lasers in combined experiments—and EMMA, or the electron model with many applications, will continue at Daresbury. Although the STFC has always said publicly that it is committed to Daresbury, the decisions to retain ALICE and EMMA, and the acknowledgement that it will take some time to rebuild the science capacity there, are welcome both in terms of Daresbury's future and as a vindication of the serious concerns that we raised in our report.

The astronomy technology centre in Edinburgh was a second area of serious concern for the Committee. Here the future is less clear. The STFC wanted to close the

[Mr. Willis]

centre, but has now opened negotiations with the university of Edinburgh to take it on. I hope that the Minister will be able to reassure the House that those negotiations have his blessing and are likely to come to fruition. I also hope that the Scottish Parliament is being encouraged to play a key part in ensuring that we retain that world class facility.

I am pleased that our report has also led to other movement. For example, e-MERLIN—which will increase the sensitivity of the existing MERLIN radio telescopes by a factor of 30—is central to the future of an operational Jodrell Bank and, according to one of STFC's peer review panels,

"is guaranteed to lead to major discoveries".

One wonders therefore why it was under threat of having its grant removed. Fortunately, it will now receive some money from the STFC, but the STFC is looking for other partners to share the cost. The programmatic review announced last week resolved to find a way to bring other partners on board to ensure the medium-term future of the programme, but Jodrell Bank is interested in its long-term future, and I hope that the Minister will be able to make some comment about that.

A fourth area of concern was solar-terrestrial physics, which appeared on the brink of extinction following the first round of STFC announcements. The only ground-based STP to receive continued support in the near term is the European Incoherent Scatter Scientific Association programme—EISCAT—which is an international research organisation operating three incoherent scatter radar systems in northern Scandinavia. It will receive that support only because the UK is legally bound to a multi-year contract.

The STFC has declared that it will cease payments to EISCAT in 2011, but EISCAT membership is on a five-year rolling contract. It is now 2008, and it appears that we are tied in until at least 2013, not 2011. The STFC has decided that it wants to leave, but it has not even discussed this with the director of EISCAT or given any formal notice of withdrawal. It is that lack of communication and shoddy handling of key facts that has landed the STFC in real trouble over its future plans. Perhaps the Minister will clarify the position on EISCAT this evening.

It is that same lack of communication that appears to be at the heart of the STFC's budget problems. Its inability to communicate properly with its own community will, I hope, be put right in the future. In redressing the balance, the STFC clearly has some difficult times ahead, but the fact that it has listened—albeit belatedly—not only to the Committee, but to its community, is a positive step. We welcome the STFC's willingness to address our criticisms constructively. The fact that it will spend almost £2 billion over the next three years on what is a hugely exciting programme is something that we should now support, instead of raking over old coals. Of course, there have been some losers in the funding round, but there have also been some big winners.

Let me now turn to the ability of the Government and Minister to engage with what I always hope will be positive criticism from the Select Committee. The Minister will accept that many members of the Committee are deeply committed to science and do not make criticisms purely for the sake of it. The Government rejected the bulk of our conclusions and recommendations, and we acknowledge that they have every right to do so, but they do not have the right to traduce what the Committee said or to produce a response that was impolite, inaccurate and, at times, incomprehensible. That is unacceptable and should be challenged.

The Government were hasty in rejecting our recommendations regarding the transparency of the allocations process, and in particular our suggestion that documents prepared for bilateral negotiations between the Government and the research councils should be published as a matter of course, which goes to the heart of the issue of transparency and communications with the community. The Government rejected the recommendations on two grounds. First, they claimed that some information is commercially confidential—I can understand that—and, secondly, that transparency would put at risk "candid discussion and robust appraisal" during the allocation process.

The Minister must recognise that those are not sensible rebuttals. Commercial sensitivity did not prevent the release of most of the information under the Freedom of Information Act 2000 and, if that is an issue, DIUS should be able to release the documents as a matter of course, with steps taken to remove commercially confidential information prior to release. The second concern, that transparency would put candid discussion at risk, simply does not hold. We have not asked to see transcripts of the negotiations, because that would be preposterous, but we have asked for the documents relating to the negotiations so that we can see on what basis the decisions are being made.

Keeping the negotiations confidential opens the Government up to accusations that they have inappropriately influenced the decisions that research councils take. That is the most damaging accusation for the relationship between the Government, the research councils and the research community. Accusations that the Government have broken the Haldane principle are already coming from organisations such as CaSE, the Campaign for Science and Engineering, and when such strong organisations make complaints, people sit up and listen, and so should the Government. They cannot simply dismiss those accusations. Will the Minister consider our recommendation that the documents that are prepared by research councils for use in bilaterals with DIUS are published as a matter of course?

Dr. Evan Harris (Oxford, West and Abingdon) (LD): Does my hon. Friend agree that the Government's argument that this decision is part of the comprehensive spending review negotiations is different in this case? It is not like allocations to the Higher Education Funding Council, for example, where the Government rightly and transparently say that they want to direct Government priorities and to see that what the council proposes to spend in the settlement is what the Government want it to do. In this case, the Government claim, rightly or wrongly—rightly, in my view—that they do not have any influence on particular scientific programmes. Therefore that process of negotiation is especially different in Haldane.

Mr. Willis: I am grateful to my hon. Friend, and I am sure that he will make those points again. That was the very point that I was trying to make—obviously, not as well as I should have.

We welcome the fact that the CSR period will be characterised by an increased emphasis on translational research into health and wealth benefits. Three new bodies have been set up recently for that purpose: the Office for Strategic Co-ordination of Health Research, or OSCHR; the Energy Technologies Institute; and the Technology Strategy Board. It is clear from our report and the Government's response that those new bodies—welcome as they are—are partially supported by reallocated money that previously supported basic science, which I think was the point that the hon. Member for Castle Point (Bob Spink) alluded to earlier.

The Government defend the movement of funds in paragraph 43 of their response by saying:

"It is the role of Government to encourage the research base regularly to assess and adjust funding to take into account shifting priorities."

They go on to say:

"It would not be appropriate to adopt an approach that only funded new initiatives after all existing activity is maintained."

Those statements run contrary to previous assurances that the Government have given to us that basic science will never be cut in favour of translation. Can the Minister reassure us that the increased emphasis on translational science will not have a detrimental effect on basic science—the kind of science that is not on the fast-track to translation, but will instead enhance humanity's knowledge base in the long-term?

The key issue of the Government's approach to the Haldane principle emerged during our discussions on regional policy. I am sure my colleagues will speak later, so I shall be brief. In short, the Government appear hopelessly confused on regional policy. They have repeatedly stated that they want

"to strengthen science investment at Daresbury".

That desire has led the Government to have a specific vision for the STFC to fund science at Daresbury. Whether or not that is a breach of the Haldane principle, it is a clear breach of Government policy, which is:

"Public funding of research at a national level, through the Research Councils and funding bodies, is dedicated to supporting excellent research, irrespective of its UK location."

That is a direct quotation from the "Science and innovation investment framework 2004-2014".

Surely, if the Government follow their own guidelines and the Haldane principle, they should not be putting pressure on research councils to invest money in any specific location, as they have done by repeatedly voicing a desire to see world-class science facilities at Daresbury and by outlining their specific vision for the Daresbury campus to be a partnership between the STFC and others. That is for the research councils to decide on the basis of the science, but the Government are clearly and rightly determined that Daresbury should have a bright future.

I understand that there is a problem for the Minister: either the Government have a regional science policy or they are reaching for one. Either way, they should make their position clear. Will the Minister reconsider our recommendation to open a debate on regional science policy by producing a White Paper on the subject? He cannot still simply allow the confusion to go on between centrally driven national policy, in terms of the Haldane principle and excellence, and regional policies.

Finally, at the heart of the problems over the STFC's budget is the financial legacy that the STFC was left with following the merger of the Particle Physics and Astronomy Research Council, or PPARC, and the Council for the Central Laboratory of the Research Councils, or CCLRC. The Government have repeatedly denied that the origins of the STFC's budget shortfall have anything to do with an inherited deficit from CCLRC by pointing out that the STFC was formed without a budget deficit. That is absolutely true, and the Committee has no wish to reopen that argument. However, the Government have consistently missed the point. As Professor Keith Mason, the former chief executive of PPARC and current chief executive of the STFC, so correctly put it:

"the base line budget allocation to the ex-CCLRC…was not fully raised to compensate for the running costs of Diamond and ISIS Target Station II".

That was the point.

Let us consider the facts. CCLRC would have had a budget deficit of approximately £80 million, in today's money, had it continued as a stand-alone council, because its baseline allocation was not sufficient to meet the running costs associated with Diamond and the ISIS second target station coming online. That is shown in the National Audit Office report, "Big Science", from January 2007—it is not something that we made up. The STFC was given approximately the combined budget of CCLRC and PPARC and the STFC's budgetary shortfall is almost exactly the same size as the amount that CCLRC would have been short of had it been able to continue as a stand-alone council. Those facts cannot be dismissed on the grounds that CCLRC should have planned its budgets more carefully on the basis of a flat cash settlement. That might be true, but it is unfair to saddle former PPARC users with a deficit derived from CCLRC. That is exactly what happened as a result of the budget settlement.

The Government assured us that there would be no legacy issues associated with the merger. They got it wrong and they should take responsibility for that, rather than hiding behind other people's decisions. Although we know the outcome of the programmatic review, we still do not know what the grant allocations will look like. Will the Minister consider a modest STFC uplift to prevent significant grant cuts if Professor Bill Wakeham recommends that when he reports in the autumn?

The process has been interesting and has raised some fundamental issues about the Haldane principles and the independence of the research councils. It has also raised some very interesting issues about how individual research councils work. At the end of the day, the major problems have not transpired to be as serious as was first thought. I am grateful for that. I hope that when the Minister replies he is able to give not only the community in the STFC but the whole research community the commitment that the Government will seriously consider the recommendations of the Committee, rethink some of them and bring forward new proposals.

7.38 pm

Dr. Roberta Blackman-Woods (City of Durham) (Lab): I, too, am glad to be able to participate in the debate. It is perhaps rare for Select Committee business and constituency business to collide in quite the way they did for me on the matter of science funding. Since becoming an MP, I have spent a considerable amount of

[Dr. Roberta Blackman-Woods]

time establishing a relationship with the science community in Durham. That community is reflected in our excellent world-class university, our science learning centre and Framwellgate school, which is to be rebuilt as a science village.

I have also wholeheartedly supported the prominence that the Government have given to science, and the recognised and often cited need for us to maintain and enhance the science budget given the many years of Tory neglect. Indeed, the uplift in the budget was needed to keep us internationally competitive in an increasingly global economy.

The 2007 comprehensive spending review was flagged up in advance as a very difficult spending round, and so it proved, but I am particularly glad that science funding was protected. As I think the hon. Member for Harrogate and Knaresborough (Mr. Willis) mentioned, science funding has doubled in real terms since 1997, having gone from £1.3 billion then to £3.4 billion in 2007-08. The CSR 2007 allocation made provision for a further rise of £4 billion between 2008 and 2011. That is an average increase of 2.7 per cent. a year in real terms over the next three years. I was consoled by the fact that, despite a difficult spending review, science appeared to be protected, and the Government were continuing to support world-class research and sought to drive up the economic benefit that could be derived from investing in science.

As the Committee's report points out, the headline figure is a three-year increase in the science budget of 17.4 per cent. As I have said, that reflects a Government commitment to implement the main recommendations of the Cooksey review on health research funding and the Sainsbury review on the role that science and innovation can play in keeping the UK competitive. It is of course true that not all research councils will receive the same percentage of uplift in their budget. As was mentioned, the Medical Research Council will receive a 30 per cent. increase. Nevertheless, overall, even the Science and Technology Facilities Council budget had a planned increase of 13.6 per cent. I will talk a bit more about that percentage later.

I therefore felt some consternation and confusion when I started to receive frantic telephone calls from members of the physics community in Durham about the dreadful cuts that would be inflicted on them after April. That appeared to relate to budget cuts that were to be introduced by the STFC and that would affect not only their projects, but programmes supporting students. Something seemed to be going dreadfully wrong, and I had already made up my mind that the matter needed investigation, but news of the impending disastrous cuts had also reached the Science and Technology Committee, and it took the view that we should look into the STFC issues as part of the wider inquiry on science budget allocations.

As I am sure that other hon. Members will point out, the inquiry threw up a number of worrying conclusions about the conduct of senior staff at the STFC, the difficulties with the prioritisation process for key awards, the clarity and transparency in decision making, and the issue of whether the whole fiasco and the concern over funding could have been avoided if there had been a slightly better settlement for STFC when it was established and took over from the Council for the Central Laboratory of the Research Councils and the Particle Physics and Astronomy Research Council.

Despite the depth of the inquiry, we still have not got to the bottom of the extent to which the issue arose from the initial funding problems of STFC, as the Government response was inadequate in that respect. They simply refute allegations made by the Committee, instead of establishing detailed evidence about the funding of CCLRC and PPARC when they were disbanded, and when STFC took over from them. Paragraph 39 of the Committee's report makes that very clear and asks the Government to look into the legacy issues in detail. However, all that the Government do in their response is make it clear that they provided an extra £185 million in excess of the flat cash settlement over the CSR period. We all know that that additional money, welcome though it was, was to fund specific projects and priorities that had already been planned. There is a lack of detail, and I hope and suspect that the Committee will return to the issue, as we need to get to the bottom of the funding allocation and the extent to which it meant that significant programmes would have to be cut.

In the Government response, there is a lack of recognition of what it will mean for the STFC when the full economic costs come on board; that will, of course, reduce the distance that research grants can cover. When Professor Mason, the chief executive of the STFC, first appeared before the Committee, it seemed to me that the funding had not been received for all the STFC's commitments. That problem was compounded by a prioritisation of the programmes identified by the STFC; in particular, new areas for growth had been identified. That prioritisation, with subsequent cuts to other parts of the STFC, was the root of the problem and appeared significantly to upset the science community. I know that from my experience in Durham, from a lot of the evidence that the Committee received in its visits, and from witnesses who came before it. The new prioritisation programmes seemed to come from absolutely nowhere, and there had been no real consultation with those likely to be affected.

The relationship between the STFC management and at least one key sector of the physics community seemed very weak, and led to a lot of distrust on the part of the academics involved. In particular, there was a view that disproportionate cuts were being made to particle physics. Conclusion 10, which relates to paragraph 46 of the report, summarises that well:

"We welcome STFC's decision to support its major facilities to the extent set out in its Delivery Plan...However, we are concerned that the decision to support the large facilities has come at the expense of research in fields where the UK excels".

Two examples are given: the international linear collider and the Gemini telescopes. Scientists in Durham and elsewhere who are involved in ILC-related work maintain that they were not consulted at all about the STFC decision, and it is the lack of transparency and the poor peer review in setting the priorities for the STFC that the Committee wishes to investigate. Of course, the issue has to some extent been overtaken by last week's report from the STFC on the new priorities. Nevertheless, that was a key issue that the Committee investigated, and some of the Government response was perhaps a little weak.

It was apparent that many people did not think that the peer review panel, which was set up to inform the delivery plan, was fully representative of the appropriate

scientific community. Confidence in peer review is essential if decisions by research councils are to be seen as legitimate by the relevant academic community. I hope that the STFC has learned from its actions and will do as it has promised and bring on board all members of the academic community who are involved in ensuring that that community has a greater say in the decisions taken.

It is clear from the Government's response to the report that peer review is not considered a matter for the Government to get involved in directly because of the Haldane principles. I think that we would all agree that it is not appropriate for the Government to get involved in the day-to-day operation of research councils, or even in prioritisation, but it would have been appropriate for the Government to state that the efficacy of the peer review system and processes at the STFC could be improved in the light of the very heavy criticism that we unearthed.

Mr. John Hayes (South Holland and The Deepings) (Con): On the Haldane principle and conclusion 6 of the report, the hon. Lady will be mindful of the fact that the Committee argued that cross-cutting programmes that affect more than one council, largely in pursuit of Government-inspired initiatives, have skewed budgets. Does she agree with that conclusion? I know that she is attempting to be very measured, but is that an issue that the Government should look into further?

Dr. Blackman-Woods: The key issue is transparency. I think that we would all accept that the Government may wish to put more of the budget into one area than another, and I hope that we all feel, across the House, that that is a perfectly legitimate thing for them to do. That may mean that they point research councils in directions that mean pulling their budgets. We have seen that happen with regard to health research. The Committee was not convinced that the Haldane principles had been breached; we merely asked questions to get greater clarity from Government to ensure that the Haldane principles would not be interfered with.

The response from the STFC grudgingly acknowledges in paragraph 86 that more needs to be done in terms of achieving effective consultation across its programmes. We have since seen some evidence that that may be the case. However, it is also the case that unless the STFC makes strenuous efforts fully to involve all parts of the community in its decisions, it will not be possible in the short term, or even the medium term, completely to restore the faith of the relevant academic communities in its ability to represent their interests.

The next matter that I want to consider is international reputation. Many of the scientists to whom we spoke were very concerned about the damage that the whole episode was doing to the UK's reputation for science investment and commitment to international projects. There was strong concern that the actions taken by the STFC, and the way in which they were taken, would have a detrimental effect on our reputation overseas. It is not enough for the Government to assert, as they do in paragraph 93 of their response, that the UK remains a reliable partner. A reputation for being a reliable partner has to be built up over time, and people will judge the Government by their actions and by the amount of money that is given to the science community to enable it to support those international collaborations. I hope that I am making a helpful suggestion to the Government by saying that lessons need to be learned from what happened in this instance. It is important for them to emphasise that they will support and prioritise our international collaborations. They need to go beyond the stage outlined in their response to think about how they are going to address those criticisms and build up confidence again. It is not good enough to assert merely that our reputation is intact—the academic community needs more support than that.

My last point relates to the lack of confidence in some parts of our science community about how secure its future is. That was perhaps the worst thing to emerge from this unhappy affair. In April, I met a group of a undergraduate students, postgraduate students and post-doctoral research fellows in Durham. A few hundred people attended the meeting—students from across the field of particle physics and the wider physics community. They were angry about the STFC decisions but, more than anything, concerned about their future careers. The Government should not underestimate how this set of cuts coming from nowhere without adequate explanation affected the confidence of those students. I find that especially galling given that the Government had done so much to support and raise the profile of science. I would have thought that they must at least see the STFC's actions as a PR disaster. It was most unfortunate that neither the Government's response nor that of the STFC acknowledged the damage that has been done to the trust of students and the academic community in general, and more needs to be done to bring that back into being.

Of course, I did my best to assure the students that there was an ongoing commitment to them, to the work that they were doing, and to the particle physics community in general. They have international, globally portable skills, and it is important that the Government make it clear as soon as possible that they will continue to invest in science so that those students can go abroad for international collaboration as necessary but return to have a good career in the UK as well.

Having talked to people in the community since, I know that they are glad that the STFC has softened some of its responses, including on the funding of the international linear collider. I think that that was a direct reaction to the Committee's report and to the protests made by the science community. Clearly, more attention will be paid to the STFC's decision-making processes and communications with its own scientific community and the world at large. People particularly welcome the commitment that no changes to rolling grants will be made before the Wakeham review has reported. I am grateful, as are they, that my right hon. Friend the Secretary of State for Innovation, Universities and Skills has instigated that review; we all hope that it will enable us to draw a line under the whole process. I hope that lessons have been learned and that Wakeham will be a clear report that sets the way forward for the whole field of physics based on the judgment of the scientists involved and that reflects the Government's commitment to science funding in future. I also hope that the new programme that has been outlined by the STFC means that we will all be able to move forward knowing that the future of science is to be fully supported by this Government.

7.58 pm

Mr. Ian Taylor (Esher and Walton) (Con): I draw attention to my entry in the Register of Members' Interests as a non-executive director of a satellite company. I make that declaration because space comes into the budget of the Science and Technology Facilities Council.

I am happy to piggy-back on the report and excellent work done by the Innovation, Universities, Science and Skills Committee. It is an important Committee, and I am glad that it was rescued following the Government's lamentable failure to keep the word "science" in any departmental name. Fortunately, the House of Commons did not allow it to disappear, and I played my part in trying to ensure that that was the case.

This debate has been largely dominated by the STFC, which is better known as Swindon Town football club by those who are most active in it. It was a big failure by the Government not to anticipate what the implications of this would be. I happened to be giving a speech at the Rutherford Appleton laboratory at the beginning of December, immediately after Keith Mason made his speech at the same conference. I was able to stir things up a little bit because I had been warned by the science community that the STFC's move to change the budget balance was not very popular, because it had left the gap that the Committee subsequently investigated. Rather than go over that ground again, I would like the Minister to give us some indication of the impact of the £1.9 billion settlement that the STFC announced a few days ago, and to outline whether it largely solves the problems that were previously discussed. That announcement happened only recently, and it is difficult to evaluate its implications. I am glad, however, that there has been a settlement.

When I was Minister, a very long time ago, we always had problems with big physics, not least because of the contributions to organisations such as CERN, which often skewed budgets in quite an alarming way. However, CERN deserves a mention today. In 1994, I was involved with the beginnings of the project now known as the large hadron collider, and we are about to see the culmination of that project after a long time—a 14-year gap. It is a hugely important project. For the record, I would like to compliment the *Financial Times*, which, in its colour supplement at the weekend, produced an excellent article by Clive Cookson on CERN and the large hadron collider, including some useful glossaries of the terms that sometimes make it difficult to explain why CERN is important.

The studies of fundamental particles and forces that make up the universe are, perhaps, about to be unlocked, and we could reach a sudden understanding of the Higgs boson and all the other excitements that scientists have pondered for a long time, which would justify the British Government's contribution to CERN over the years. I know it has sometimes been controversial because of its unbalancing of budgets and the difficulties of ensuring that other parts of physics and astronomy got their fair share.

Bob Spink: Does the hon. Gentleman agree that it may be even more exciting and useful for the scientific community if the existence of the Higgs boson were not confirmed?

Mr. Taylor: It might well be—that is a fair point—but let us find out what happens when this thing is switched on. The construction of it is the most remarkable engineering triumph. I went to see the earlier establishment at CERN, but I have not seen the current edifice, only photographs of it.

Ian Stewart (Eccles) (Lab): Does the hon. Gentleman agree that it was the foresight of successive British Governments that brought the partnership for CERN together? Indeed, it is fair to say that no Governments in the world could afford to do such a thing now. Do not those British Governments, and Britain, deserve a pat on the back for the things that have come out of CERN, such as the world wide web? They could only have been brought about with the support of the British Government.

Mr. Taylor: The hon. Gentleman, with whom I have enjoyed several investigative trips to various scientific and telecommunications establishments, has put his finger on it. I am grateful to him for saying "Governments", because there are times when I think that the Labour party believes that the world started in 1997. Actually, it did not. The project that has now come to fruition goes back a long way and has been supported, sometimes with considerable difficulty, by protecting the CERN budget from those who wished the funds had been allocated elsewhere.

The hon. Member for City of Durham (Dr. Blackman-Woods), whose constituency has a very fine university, was a bit churlish, which was worrying. I would not have picked up a party political point of view in what she said were it not for one thing. It is of course correct to say that the science budget has doubled through the money that goes to the research councils, and I have paid warm tribute to my main successor, Lord Sainsbury of Turville, for the work that he did in ensuring that that was the case. I put that on the record with no caveats attached. I welcome it; I only wish I had had the ability to persuade my Chancellor of Exchequer that we should do the same thing. It was not for want of trying, but I clearly did not have the powers of persuasion that Lord Sainsbury had when it came to money. Nevertheless, it is of extreme concern that the percentage of gross domestic product spent on R and D by the Government has not increased since I left office in 1997. I wish that the hon. Member for City of Durham had made that point in her balanced speech because it is a matter of great concern to many people, not least those in industry who work closely with other Departments.

Obviously, the Ministry of Defence research budget has declined. I remember working with the then chief scientific adviser to the Government, Lord May, who is now playing an important role in the other place with regard to science. He wrote a paper, which I requested, on the significance of the decline in the defence research budget. Sadly, although the paper was very influential, it did not prevent the curtailment of that departmental research. That has had a big effect on many of the value added companies that this country requires, and I hope that the Minister will take it into account when he talks about the Government's record. We have to put it in that context.

Other international comparisons are of concern. We always talk about the way this country does well in citations, and I do not dispute that. Nevertheless, we

can see the rate of growth of research and citations in other countries. Unsurprisingly, I suppose, China shows a particular growth in citations in mathematics, engineering and the physical sciences. For the record, and the ease of those who wish to find it, the previous figure about GDP was taken from page 34 of the Sainsbury review, which was published in October 2007. The point about the worrying tendencies in citations is on page 36. The British Government's proud record on citations is rather retrospective, and we have to be careful about other countries racing to the top.

It is important to note that page 35 of the same report shows that the amount of research conducted by the British Government in the public sector is still lagging behind that of many of our competitors. It is certainly not something that we should boast about too much. In this country, the private sector does almost twice as much, in terms of percentage of GDP, as the Government. There are worrying concerns if one looks at the Government as a whole, and the impact on science.

My report, which was a submission to the shadow Cabinet on science policy, indicated that we should look at whether further mergers should take place in the research councils. There is quite an unproductive hierarchy among the remaining research councils, which is duplicatory. The Minister's duty, while preserving the Haldane principles, as I had to try to do when I was Minister, is to give guidance on the linking themes and cross-disciplinary research that the research councils should bear in mind. I know that that is happening, but I am still rather worried about the process.

I have talked to most of the people involved in the research councils during the past 18 months while conducting my research, and we have to be a bit careful about just saying that peer review is wonderful. It would be useful for the Minister to start a proper inquiry into whether peer review is quite what it is cracked up to be in what is increasingly becoming a multidisciplinary age. I do not get such feedback from many of the scientists involved, so perhaps it is a worthy study for the Select Committee.

Mr. Willis: Indeed, successive Select Committees have pondered exactly that question. The hon. Gentleman will know that when broad-based metrics were suggested as an alternative to peer review, nobody could agree about what should be in the metrics, so we went back to peer review.

Mr. Taylor: I agree that it is a conundrum. Given that Select Committees are collectively much brighter than me, I am sure that if the Select Committee is still worrying about how to conduct a review, that proves the complexity of the matter. I still think that it is important, though, largely because science in this country, even basic science, needs to be increasingly cross-disciplinary. I am not sure whether the systems that deliver research grants are helping that process. University vice-chancellors talk avidly about it, but if they do not think that they will get a five-star department out of it, they are not so keen. The challenge is to perform well at multidisciplinary level. I am goading the Minister, really, rather than criticising him. He is relatively new in the job and has made a very good start, if I may say so, but I would certainly want to get my teeth into that matter if I were lucky enough to be in his position again.

That brings me to a point on which we must be careful about our thinking. Of course basic science is absolutely essential—I have no problem in saying that. However, we have a habit in this country of giving a status to basic scientists that we do not give to applied scientists, and certainly not to the category known as engineers. That is a national weakness. The trouble with my saying that is that people will take it out of context and say, "Well, the former Minister was really trying to say that we should downgrade basic science." That is not what I am saying at all. We should raise the status of other scientists to that of basic scientists.

The whole process pushes basic science into coming up with "the idea", or an emergent idea. It may not be the one that was predicted—that is the whole joy of basic scientific research. However, the point of discovery has become the point of publication, and vice-chancellors admit to me that it is often the point at which they say, "Right, go back and do some new work so that we can get a five-star department next time." Whether the research be at Durham, Cambridge, Oxford or Imperial college, it hangs in the air somewhat, even though in many cases it could connect with that of other scientists. Increasingly, discoveries need to be exposed to those in other environments and disciplines so that we can capture their full benefit. That is a gap in our current work.

Certain changes have been made, and I welcome them. The Technology Strategy Board is examining some of the work that is being done, and I have spoken to it. It has been put at arm's length, which is a good development. I am not criticising it, but I would go further. My report suggested an innovative projects agency, which would have a budget of £1 billion. Before our Front-Bench spokesman starts jumping up and down, I should say that that would not be new money. It would be a combination of what I regard as the far too diffuse Government expenditure on R and D, the post-discovery basic science process. The agency's budget would therefore be three to four times that of the TSB.

I shall give the Minister a piece of advice. He might not like it, but the great joy of being a Back Bencher in opposition is giving advice freely. The regional development agencies are a nightmare, and he should pay rigorous attention to them. Frankly, he should throttle their scientific expenditure. Time after time I have heard academics and others say, "Oh, the RDA!" Most RDAs are risk-averse and do not have a proper idea of what they want to do. They love the concept of nanotechnology without having the remotest idea of what it is or what it involves.

One vice-chancellor said to me that he had spent a year trying to persuade his local RDA—I shall not name it—to involve itself in a very exciting project. In the end, he used his own university funds and found some other way of covering the funding gap because the RDA spent the whole year saying, "It's a wonderful project, but we're not quite sure." The Minister should get the money back from the RDAs and give it to the TSB. In a way, he would be doing what we have said we will do if and when we come back into power. My hon. Friend the Member for Windsor (Adam Afriyie) might criticise me for publicising an idea that I have given him, but in the national interest we must make much more effort to focus what we do. My report makes many other suggestions, but it is available on the web, so I shall not bother to go into them now.

[Mr. Ian Taylor]

The challenge that we face is getting more and more extreme. We have to show the people whom we want to attract to this country that we are doing exciting research. We need to attract and retain PhD research students. A considerable percentage of our current PhD students are from abroad, and we need to keep them here rather than allow them to go elsewhere. We need to work much more closely with industry, because a lot of the really challenging research beyond the basic is done in industry laboratories. The interconnection between those laboratories and universities is critical.

To pick up on something in the Select Committee report, we must be a little careful about full economic costing. It is an extremely good guide to a university about its cost base, and if the FEC outcome is too high, the university knows that it has its internal overheads wrong. However, if FEC becomes a sort of bible that cannot be varied, many of the companies that want to work with universities will shift their contracts abroad. I could give chapter and verse of what has actually happened in several cases in which universities have said, "Well, this is the FEC of our postgrad. It is £100,000 a year, and like it or lump it." That is not the way to stimulate research. Many big companies now have research centres around the world and will concentrate on the areas where they think there is both individual, human expertise and a climate for research and development.

Dr. Gibson *rose—*

Mr. Taylor: Of course I give way to the hon. Gentleman, who is my very honourable friend.

Dr. Gibson: I thank the hon. Gentleman. Does he agree that much research in this country is paid for by charities and voluntary groups? They suffer under the VAT regime, which must be examined. We welcome their money for cancer research, for example, but they have to spend astronomical amounts on VAT on buildings and on renting space in universities, because ground space now has to be paid for per foot. That saps a lot of the well gotten money that the public give.

Mr. Taylor: I judged my willingness to give way well, because that is an extremely powerful point and I shall do no more than simply endorse it. It shows that our universities and the Government need to be flexible in how VAT is applied.

We are in a very competitive situation. Our historic strengths in science, technology and engineering are still there to be admired, but the challenge will be greater in the next few years. The outpourings from universities in India and China are getting greater, and more importantly those universities are getting shrewder. The Indians have gone well beyond just being a nation to which we outsource. There is now creativity in those countries.

In my report, I cited the chief executive of Novartis in China. The company had put £100 million into a new research centre in Shanghai, and I said to him, "But surely there is not yet the depth and understanding of research in Shanghai to justify that." He said that I had missed the point, which was that a lot of the Chinese diaspora that had spread to America was beginning to come back, at least for part of the year, and the company wanted to be there to capture it. These are exciting times for Chinese universities, and we must ensure that they are exciting times for our leading British universities as well. That implies an even more radical look at how we fund research and how we tie basic research to capturing the innovation that is possible in our society in a competitive world.

So two cheers for the Government, and credit to them for the money that has been spent on the science base, but I add the caveat that they could be doing something much more radical. Given that they might have only another 18 months, they should get on with it.

8.19 pm

Dr. Ian Gibson (Norwich, North) (Lab): I am grateful for the opportunity to follow the hon. Member for Esher and Walton (Mr. Taylor) and to accept his invitation to be radical. We have heard some criticisms of the STFC, but many other aspects of the science budget need to be tackled in the debate. I do not get heavily stimulated by talking about budgets—I find it rather boring. Having run a department, in which I had a few million pounds to budget, I was quite creative, but I think that I got out just in time.

Scrutinising the research councils is very much part of a Select Committee's work. It takes me back to the time when we scrutinised the Medical Research Council, which is now extolled for its work. However, I remember that our Committee's report was much more vehement than the report about the STFC. It created a hum in the community, but in the case of both research councils, the hum came from the grass roots. Those who are conducting the research and doing the work feel that something is not right. They suddenly find a way through the parliamentary scrutiny system to get to a Department with which they find it difficult to engage. It is not always the fault of Departments or Select Committees that we have not picked up on the problem. Scientists are not great communicators in the political process and we must tackle the issue of getting our young people who are coming through the system to realise where the money comes from. I hold my hand up and admit that too many scientists and technologists believe that the world owes them a living and that, if they come up with a smart idea, it will immediately be funded. Things have never been like that and, in my opinion, never should be. One has to make the case, justify what one is doing and show what benefit it gives the world, whether it is blue-skies research or research into a product.

I left research partly because we were having to get rid of people, and employ people on one-year, six-month and one-month contracts in awful laboratories. It was therefore inspiring to hear in the Chamber in 1998 that Government money, alongside Wellcome Trust money, was being invested in refurbishing laboratories, which were dripping with damp. Every university now has a good laboratory. I believe that that has stimulated many young people to come into research—perhaps not enough, but at least something has started to happen.

I introduced a ten-minute Bill, which I discussed with Lord Sainsbury, and said that we must double the science budget. Blow me, we doubled it—I should have asked for it to have been quadrupled. I made a dreadful

mistake. I remember the conservatism among the scientific community, which thought that the measure was only a crazy ten-minute Bill. We knew that things could change and they did. That continues and we need further resources, as we have heard all evening.

Much of the science around us has resulted in great health benefits to people in this country. My speciality is cancer, but I am interested in health generally. The bucket loads of money that we have given to cancer were driven by the research knowledge that emanated from scientists and medics in this country as well as in the United States. The discovery of oncogenes stimulated a field of cancer research, on which the Government picked up. They doubled the budget for research and treatment. We now have cancer plan 2, and we have realised that there is a journey to take on palliative care, on which there is further research to be done and clinical trials to undertake. The trials must not take place abroad—we should carry them out on our patients here because patients in a clinical trial generally do better and we get more information. We need more nurses to help get patients into clinical trials and so on. That is beginning to happen. Under the aegis of the cancer tsar, Mike Richards, there is great drive. Science, medicine and evidence underwrite all that continuing work.

Today, there was a meeting in this place for ethnic minority groups from different communities, mainly in London. It has been realised that the cancer rates in different sub-populations—major populations in parts of the country—are different. Ten years ago, none of us realised that that was a problem. Now that we do, medical understanding is excellent. Women with breast cancers from Indian communities in the east end of London have a different culture and different problems in entering the national health service. We suddenly woke up to that and we are doing something about it.

New procedures emerged from the Darzi report last week for the National Institute for Health and Clinical Excellence to make drugs and technologies available throughout the country. Primary care trusts now have to justify why somebody is not an exceptional case. If there is an exceptional case, everybody in the country who is in the same category must get the exceptional treatment. That is a major step forward, which I hope will get rid of the postcode lottery. We are therefore learning.

Sometimes there is a lack of political drive in this country and from the Government to make things happen even faster. For example, we often cut research. I am especially interested in honey bees. Hon. Members may not be excited about that, but honey bee research has suddenly captured the imagination. A friend of mine said that it was the only subject discussed in a general committee meeting of the Labour party on the Isle of Arran. I understand that there are problems in Scotland, but honey bee research is an amazing field. Yet what do we do in this country? We sack the people who are conducting the research at Rothamsted. What did we do about BSE? We cut the research into BSE just before it happened. The previous Government cut the money for wave energy research, but now it is a fashionable subject for research, which provides great stimulation and experience. We were good at cutting money for research. We had an amateur approach of saying, "Well it's not very important at the minute, so we'll cut the research." That has gone.

We must do more on dementia and Alzheimer's, as well as myalgic encephalomyelitis. Rare cancers—pancreatic, liver and kidney—do not get the same services as breast cancer and so on. There is therefore a good reason for believing that we have a big research future that will need much more money.

It has also been said that commercial influence has been brought to bear on research in our universities and institutions. Research from this country and the United States led to the internet. Basic research led to it and its exploitation. There would be no silicon valley in California without that basic research. I could cite case after case—for example, DNA, a small short note in nature, which revolutionised the world. We should protect that basic understanding.

Research councils need to be examined, and Select Committees should scrutinise them. They also need to think about how they can join together. For example, I know people who worked on atmospheric chemistry in three different departments, but they never spoke to each other. The previous speaker mentioned the fact that we have to get people in cross-cutting areas. The people who drink coffee together work together; the people who drink together get things done. That is my motto. People must work and discuss their problems with each other over the odd pint or half pint, depending on one's taste.

Some research councils also have too many establishment figures making the noises. It is easy for that to happen in Britain. What is wrong with having good graduate students or members of the public on those councils, to listen and talk about the issues? I think I know why. When we put the public on to certain committees, such as on genetic modification, and when we had those juries, they have embarrassed a lot of the scientists by asking, for instance, "What does that mean?", "How does that happen?" and so on. The public ask for the basic information, which is very important in science. Research councils have a heck of a lot to learn.

Last Monday, we discussed food scarcity in this place and we talked about plant genetics, or at least I did. The development of different breeding programmes—not necessarily genetically modified, but different programmes, involving different types of wheat and maize, for example—could lead to plants that can withstand drought and live in inclement parts of the world. Plant genetics gets a rum deal in this country, in terms of medical science and medical experiments.

Mr. Tim Boswell (Daventry) (Con): It is a little known fact that at the age of 12, I aspired to being a plant breeder, but I never got there. The hon. Gentleman is making a characteristically trenchant speech. Does he agree that one important aspect is not merely the cross-cutting of different departments, but the ability to maintain certain national capacities in order to take a strategic view and move things forward? Where one is simply decentralising to the research councils and looking at peer review and so forth, the difficulty is that when we need a lever to pull, we suddenly find that we have no one left to pull it.

Dr. Gibson: I thank the hon. Gentleman, who makes the point that I was about to make. For example, we have the edge in stem cell research, although one would not know that from listening to those who talk about science. If somebody made a big breakthrough in that

[Dr. Gibson]

field, for instance at Imperial, Dundee university or wherever else—the research is going on all over the place—where would it be exploited? I would guess that such a breakthrough might end up in California or somewhere else. The people there, or in India, China and so on, would know exactly how to take it into development. We must learn not just how to compete and how to beat those countries, but how to work together. After all, their students come over here, are very friendly towards us and then they go back, so there can be interchange.

Mr. Ian Taylor: The hon. Gentleman is being generous in giving way. The lesson that the Roslin institute learned from the cloning of Dolly the sheep was quite instructive. PPL Therapeutics, the company involved, subsequently moved to the United States. Many people in the science community in the United States simply could not believe what we had managed to do and were determined to get hold of the technology as quickly as possible. We are in a very competitive global market.

Dr. Gibson: Yes, it is a competitive market, but who makes the competition? I do not feel that scientists—at least not the ones I know—have ever been competing with each other. We compete with each other over who gets their paper in *Nature* or in the journal of this or that institute. However, the quality of the paper that someone publishes is important, too, and not just to their kudos, but to the world in general, because it is more read.

One point that the hon. Gentleman did not make is that papers now do not have just one or two names on them. All the best papers have about 20, 30 or 40 names on them of people who have interacted in different ways in that subject—one can look in *Nature* to see that. There are very few lone wolves these days. We have moved on from the days of the magic amateur monk who discovered breeding problems in peas. Science is big now and it needs money. We no longer have rich Darwins who can sail round the world, make wonderful observations in that amateurish way and take a long time to publish their work. Things are not like that anymore. After all, Darwin published only because Alfred Russel Wallace was breathing down his neck and was going to publish anyway, so he had to beat him to the punch. The world is different now, but there is still a bit of amateurishness in our science. We tend to think that we are very clever, but competition and, even more so, co-operation are very important.

Let me finish by saying something about the regional development agencies, of which there has been some criticism. The ones of which I have experience—in the north-west and north-east—are magic. The way they have interacted with the universities and the community is great. The situation is very different in the east of England, where we have had our moment in the sun. I wanted to make Norwich into a science city, which would not cost a penny—indeed, that is mentioned in the report that the hon. Member for Harrogate and Knaresborough (Mr. Willis) talked about.

There is a cluster of really good centres of excellence around Norwich. It is the same in Dundee, Oxford, Cambridge, Manchester and Durham. We can go all round the country and see places known as science cities. Some people think that "science city" is just something that is put up on a sign at the entrance to a city, but it is not. It is a concept involving people working together in industry and science, and in centres in which young people learn about science. It also involves schools that are scientifically erudite in the sense that they have special status. There are schools that specialise in engineering, for example.

In the Select Committee on which I serve, I remember asking a representative of the Royal Academy how many special schools did engineering. The answer was, "I don't know." I would have thought that that would be one of the first things that a member of the Royal Academy would want to know. Surely they would want to know whether there were enough schools of that kind and whether we were encouraging enough young people to go into that field. Surely they should be asking what the Royal Academy should be doing to make that happen.

We need the science city concept, and regional development agencies that do not just play the game of co-operating but actually do so. We must also ensure that we do not have any more instances of science centres closing. There are 20 per cent. cuts being made in Glasgow, for example, by a nationalist party that works on the basis of its supreme excellence in everything—because things happen differently in Scotland—yet it is closing science centres. We have a real battle on our hands right across the board. I believe that the science budget should have been quadrupled and, by gosh, as long as some of us are still breathing, it will be.

8.36 pm

Bob Spink (Castle Point) (UKIP): It is a real pleasure to follow the hon. Member for Norwich, North (Dr. Gibson). As always, he has made a vigorous and superbly informed contribution. He has redefined the term "wide-ranging" tonight, speaking on everything from honey bees to stem cell research. I shall try to top that by slipping in something about nuclear fusion, which he missed out. However, he has forgotten more about science than most of us ever knew, apart from one or two honourable exceptions in the Chamber tonight.

It is easiest, and most usual, to sanction certain sanitised and unexciting research and science projects, particularly in translational research, where outcomes are predictable. Of course that is important, but it must not be done at the expense of basic science and true discovery processes. Only by taking real risks will we push forward the frontiers of knowledge for the ultimate benefit of mankind, to help us eventually to save the planet. However, the universities and funding councils have become risk averse from years of battering by the sensationalist media and from interfering politicians, although there is none of those in the Chamber tonight. They have also come under pressure from commercial organisations, which are skewing their decisions on research projects. That is why I want to speak briefly tonight in favour of basic science and research, which, by definition, involves great risk, uncertainty and unexpected outcomes.

The system of peer review, which has already been mentioned, has been examined by the Select Committee on a number of occasions. It has serious weaknesses, in

that it fails to reject mediocre and poor research projects, and favours predictable journeyman-type work that is unlikely to deliver spectacular results or push forward the boundaries of our understanding for the benefit of mankind. Peer review acts as a gatekeeper at the start and the end of the research process. At the start, it determines which projects will get funding to go ahead in the first place. At the end, it determines which ones will get published in which academic peer review journals, which is important to the whole process and to spreading that knowledge.

Peer review is instrumental in the whole project selection process, and it is therefore of great importance. However, it tends to back the safer bets and to reject the more imaginative, ambitious and, some might say, off-the-wall projects—the kind that the hon. Member for Norwich, North and I enjoy. But at the very worst, those projects will excite, encourage and inspire future generations of scientists, and who knows what might flow from them in the future? Such projects also enable us to encourage doctoral researchers to this country and to keep them here. They add so much to the UK's research base, and we need to continue to do that.

Dr. Gibson: Part of the science budget is for PhD students and for post-doctoral fellows. Does the hon. Gentleman think that enough is spent on them, too much, or what?

Bob Spink: I do not think that enough is spent on them. We need to support more doctoral researchers in our universities—particularly UK-bred doctoral researchers, because they will mature, become the wealth generators and knowledge creators of the future and help to push forward medical science, which the hon. Gentleman is so concerned about. That is why I back the fund from the Royal Society, Britain's national academy of sciences, for the blue-skies research that gets around the peer review constraints to some extent.

We must continue the red-blooded backing of big science projects such as Diamond, the Particle Physics and Astronomy Research Council, and the large hadron collider at CERN, which is extremely exciting. As I said in an intervention earlier, it may deliver even more for mankind if it disproves the existence of the Higgs boson rather than proves it, but we will see about that over the next few exciting months. On nuclear fusion, if we ever get Q factors up to the 35 or 40 level, we will take the greatest step ever in mankind's history—by saving the planet and moving forward.

I hope that the Minister will give comfort to the House by saying that he and the Government are truly sold on supporting big science, and on continuing to do what they have done—magnificently—over the past 10 years with science, which is to put their money where their mouth is. I back the call of the hon. Member for Norwich, North for the science budget to be quadrupled and for a significant proportion of it to go to blue-skies research.

8.42 pm

Graham Stringer (Manchester, Blackley) (Lab): Several Members have mentioned that the amount of money available for science has doubled over the lifetime of this Government, so one would have thought that that would have led to a happy response—certainly from my constituents. In actual fact, after the last review, I received for the first time ever some very angry correspondence from my constituents. They were neither scientists nor specialists; they were just extremely annoyed at the news that Jodrell Bank would probably close. It was an extraordinary result for a Government who have shown their commitment to science by doubling the budget, and the report under discussion examines some of the background to, and the reasons why, it came about.

I should like to discuss the issue by trying to answer three questions that are pertinent to Jodrell Bank. I hope that at the end of the debate, my hon. Friend the Minister will tell the House the latest news on e-MERLIN and Jodrell Bank, because although there have been stories with a positive spin in the press, it is not yet clear, as far as I can ascertain, whether Jodrell Bank's future is secure, so I should be very grateful if the Minister updated us.

Three key questions need answering. First, do the Government have a regional science policy? The Select Committee on Innovation, Universities, Science and Skills investigated and took evidence, and its Chairman, the hon. Member for Harrogate and Knaresborough (Mr. Willis), explained how the Government appeared to put forward a very confused position both in their evidence and in their response.

Secondly, why were there cuts to astronomy, particle physics and ground-based solar-terrestrial physics when we were being told that the budget was growing? Was that a mistake? Was it a policy decision? What was behind that situation? Thirdly, has the Science and Technology Facilities Council done its job properly in allocating its share of the budget? I should like to deal with those three questions in reverse order.

The answer to the third question is the easiest—it is no. The STFC has not done its job properly. I shall not read them out, but Members should read paragraphs 59 and 87 of the Select Committee report. The Committee is chaired by a Liberal Democrat, a genuine Liberal, and for him to use words such as "deplore", "inaccurate" and "unconvincing" to describe the evidence given by the chief executive of the STFC is about as strong as it gets.

Frankly, I am surprised that, having had that level of public criticism, the chief executive is still in his position. That criticism did not come from nowhere, but was based on evidence. As has already been mentioned, there was no consultation on the international linear collider when funding was withdrawn. The situation on Gemini was ludicrous. First, there was not going to be any funding for those two telescopes, then there was going to be some, then "maybe", then there was going to be funding—it was a hokey-cokey policy that was in and out as far as funding was concerned. That undoubtedly damaged this country's reputation in international astronomy. As the Chair of the Committee said, the evidence given on solar terrestrial physics was at odds with the facts; that is the kindest way of putting it.

On top of all that, the chief executive held secret reviews of the work going on in the STFC. That demoralised the staff, who did not know what was going on, and the scientific community. It is clear that the STFC did not do its job, and setting up a communications director will not really resolve the issue. There have been some better policy statements since,

[Graham Stringer]

but while the same people continue at the top of the STFC, the confidence of the scientific community will not return.

Ian Stewart: I agree with the point that my hon. Friend has just made. However, the advent of a communications director was definitely needed so that staff could feel that there was somebody to whom they could go to articulate their concerns about not being consulted. Does my hon. Friend agree?

Graham Stringer: That might have been an important part of the solution, but it is by no means the complete solution.

My second question was about the funding gap of between £75 million and £80 million, depending on how the figures are looked at. That gap led to some serious scientific research being threatened. It is clear that, as the Committee explained in the report, the gap was there because of the costs of ISIS and the Diamond Light Source. I do not know why the Government had to respond as they did. The Committee was clear. It said:

"We believe that the Government should ensure that its original commitment to leave no legacy funding issues from the previous Councils is honoured."

The Government response is an example of sophistry in the extreme; there is no better word for it:

"The Government welcomes the Committee's recognition in paragraph 36 of its report that STFC did not inherit a deficit from CCLRC, when the new Council was formed on 1 April 2007."

Well, it did not inherit a deficit, but it did not have the money to fund ongoing commitments. That is a very fine distinction and it is really not worthy of my Government to say that they honoured a commitment. What the commitment meant in plain English was that there would not be any cuts to future programmes; but what the funding situation meant was that such cuts were likely.

What were the cuts? The one that I am most concerned about was the cut to e-MERLIN and Jodrell Bank. E-MERLIN, a major international astronomical facility, had already had £8 million committed to it. Rather surprisingly—it is worth briefly mentioning peer review—it had been prioritised by the advisory bodies to the STFC as less important than Atlas at CERN. I do not know quite how important Atlas is; I support the large hadron collider at CERN; I do not know whether we will find the Higgs boson or not. I worry rather more about the evaporation of any micro-black holes that may be created; if they do not evaporate, none of us will know about it. That is the real problem at CERN.

When witnesses talked about the peer review process and the people advising the STFC, both Professor Holdaway and Professor Chattopadhyay—my apologies for the pronunciation—said that they were concerned that that process did not involve consultations with the relevant bodies. They were also worried that vested interests were working against people working outside the organisation, though that applied to the linear accelerators rather than to Jodrell Bank. That was clear in the evidence we took. There may be no better system than peer review—neither the Select Committee nor anyone else has come up with one—but we should not assume that it is perfect. It is not. Elected Members who care about the expenditure of public money and who care about science need to recognise that peer review is an imperfect system that is capable of criticism from both the science community and the political community.

I shall not repeat what I have said about e-MERLIN and Jodrell Bank, but it is an unhappy situation. We believed that there would be enough money for them, but there has not been; and it is not clear how e-MERLIN and Joddrell Bank were de-prioritised. I hope that the Minister will be able to give a commitment to their future.

In many ways, the Select Committee spent more time discussing the third subject—I refer to our discussion of the Daresbury campus and the continuation of fundamental science there—than discussing anything else. We received a number of responses. The Government said that they were, are and will be committed in future to the continuation of fundamental science at Daresbury. That is good. Daresbury is in the north-west, so I think that the Government's statement is about where science should take place—in other words, a regional science policy. At the same time, others—I will not repeat the examples cited by the hon. Member for Harrogate and Knaresborough—told us that where science took place did not matter at all. I think that the Government have half a regional policy in that they have a historical policy of commitment to some places outside the south-east.

As for the Haldane principle and regional policy, if it is the Government's view that their policy is an historical accident and that they are carrying out a political commitment because it would be too embarrassing to jettison it—in truth, they do not want a regional policy and will eventually end up without one—they should not, and cannot, maintain that view. It is impossible not to have a regional policy in science or anything else. If we do not have a stated regional policy, the people who take the decisions on where science investment should go will be in the very places where science is already located. That would be an anti-regional policy, which would end up with investment in the golden triangle between Oxford, Cambridge and the south-east. It is not practical politics to say that there will be no regional policy, because the result will be a negative regional policy.

When we took evidence about the UK Centre for Medical Research and Innovation, I was concerned that that was precisely what was happening. The professors who came before the Committee were affronted when I asked whether they had considered going to Newcastle, Sheffield or Manchester—my hon. Friend the Member for Norwich, North (Dr. Gibson) suggested Dundee. Their reaction was, "Why should we ever leave London? Why should we leave this cosy triangle?" They should do so because if great cities such as Edinburgh, Manchester, Sheffield and Newcastle increase their knowledge base through investment in science, that will make this country competitive. If there is not a positive policy, that will not happen.

Does that breach the Haldane principle? I do not believe that it does. The Haldane principle is probably best stated as that

"day-to-day decisions on the scientific merits of different strategies, programmes and projects are taken by the Research Councils without Government involvement".

That prompts the question: what is a detailed policy? Clearly, at the level of absurdity, we would not tell someone using a gas chromatograph to use a flame ionisation detector and not an electron capture device. As we go up the scale of science, we must ask whether decisions are for politicians or for the science community. On big scientific projects, expenditure is so high that those decisions must become political ones, whether it is admitted or not. Where such investment takes place does not fundamentally interfere with the principle that detailed decisions on science are taken by scientists. However, huge spending decisions, and decisions on where that money goes, should be taken in respect of a regional policy, and by people who are elected to spend that money.

Dr. Gavin Strang (Edinburgh, East) (Lab): I thank my hon. Friend for his reference to Edinburgh. He knows well its astronomy and physics capability. I strongly applaud his comments on the Haldane principle. If we go back post second world war, we realise that the key work on artificial insemination in Cambridge would probably not have been done had it been left to the Ministry of Agriculture. In fact, a research council was responsible, so we must maintain independence in relation to scientific development.

Graham Stringer: I thank my right hon. Friend for that intervention. It was interesting to read the original 1919 Haldane report. Talking to Members of the other place and this House, Haldane assumed that the scientists would get on with it, because the objectives were clear: to win the war. There was not the assumption, which is sometimes drawn, that the totality of science should be self-governing once the money has been handed over.

I want to finish on two points, the first of which is related to the discussion about regional science policy and the Haldane principle. Politicians are elected to spend money, and Ministers do that directly in government, and should be accountable. I asked my hon. Friend the Minister for Science and Innovation, "If Jodrell Bank closes, whose head should I ask for?" I do not want to ask for his head, because he is a good Minister. In the final analysis, however, on such big issues, I should know whether the decision has been taken by the chief executive of the STFC or by a Minister. Unfortunately, throughout this process lines of accountability have been breached, and nothing is clear. It is too big an issue to explore this evening, but sadly that has become more typical of Government over the past quarter of a century. Ministers have tried to protect themselves by farming decisions out to principals, non-departmental public bodies or quangos, and saying "Not me, guv" when it comes to the consequences of difficult decisions.

I agree with other Members that decisions should not be made—and I understand that they will not be made—on the financial structure of science until Wakeham reports. It would be absurd to take a serious look at what are and should be the priorities of science spending, and to continue to make long-term decisions, during the three or four months before the report is published.

9 pm

Dr. Evan Harris (Oxford, West and Abingdon) (LD): The Library briefing for the debate includes some press cuttings. One article, headed "Everyone loves a man in a white coat", reads:

"A new book argues that scientists are motivated by sex and status...and they don't need public funding."

The article, which was published in *The Guardian*, continues:

"It may come as a surprise, but those white-coated chemists beavering away in the university lab are in it for the sex."

I do not believe that that is true. Certainly the quality of today's debate has shown that those in this place who are interested in science are interested in what flows from that—namely, what we hope will be an evidence-based policy with the right degree of transparency and accountability to enable us to seek to improve the United Kingdom's enviable position in science.

I think it right to begin, as did my hon. Friend the Member for Harrogate and Knaresborough (Mr. Willis), by recognising the Government's fine record, particularly in comparison with that of the previous Government, but even of itself, in terms of the quantum of funding for and championing of science. Some of the Select Committee's recommendations that seem to criticise the Government, in this and other reports, stem from the fact that the Government are, in a sense, a victim of their own success. They are a victim of the raised expectations to which people in the science world are accustomed.

When budgets increase by less than the significant amount that scientists expect, they naturally want higher budgets, but if they cannot get those, they do not want the Government to deny their pain. I was not around during the last Conservative Government, but I know that there was a lot of pain to deny. I believe that Ministers said that a tight spending round would mean cuts. It is terrible that those cuts were made: it was short-termism. This is not the time to go into what happened then, but I think that we now need honesty and a recognition of the realities.

Constituents of mine, in the Rutherford Appleton laboratory and in Oxford university, raised concerns, and I wanted the Select Committee to conduct an inquiry. I am pleased that my colleagues in the Committee agreed to include in our general scrutiny of research councils specific decisions about science budget allocations by the STFC. I pay tribute to members of all parties who were prepared to compromise, and to ensure that the eventual report was very clear. While I am speaking from the Front Bench, let me observe that science need not be too party political. I think that that was exemplified by the conduct of the Select Committee under the excellent chairmanship of my hon. Friend the Member for Harrogate and Knaresborough.

Both the hon. Members for Esher and Walton (Mr. Taylor) and for Manchester, Blackley (Graham Stringer) mentioned peer reviews. As my hon. Friend the Member for Harrogate and Knaresborough said, they are better than any other method that has been considered for the making of decisions about the merit of a scientific case in the context of either publication or funding. Nevertheless, I do not think it appropriate to claim that peer review as it currently operates in the United Kingdom is anywhere near perfect. I believe that two reports from the old Science and Technology Committee suggested to its successor that an inquiry be conducted into how the current peer review system could be improved. As Committee members know, because I say this regularly, I still think that that should be done. The stakes are enormously high in terms of getting peer review right, both for individual careers and for getting decisions right.

[Dr. Evan Harris]

Today, importantly, we have had strong, but measured and evidence-based, criticism of the Government in this matter from Labour Members. I agreed with pretty much everything that the hon. Member for Manchester, Blackley said, except his concern that we ought to be worried about micro black holes. I am not convinced by that, although I guess it makes for a good story on the "Today" programme.

The report has messages that the Government must heed and take cognisance of. I share the view of other Members that it was disappointing that the Government did not seem to acknowledge any way in which they could improve matters, except by renaming the science budget. I look forward to the Minister accepting—I hope he accepts that he will not be criticised for this—that improvements could be made to the Government's performance. For example, the reputation of this country, not just in science but as a collaboration partner, is at stake. Sir Keith O'Nions accepted that there was the potential for harm to the UK's reputation in international partnerships either by decisions that were hard to understand or by decisions that were unnecessarily precipitate and did not seem to be based on adequate consultation or adequate peer review in terms of the quality of the process as well as the outcome.

The reputation of the UK is increasingly important because so much science is now done in big international collaborations. A few members of the Select Committee present here had the pleasure and privilege of going to see the large hadron collider before it was closed. My view of that could be described in one word: "Wow"—"Wow" at the scale of the undertaking, at the scientific ambition in terms of the questions it will answer and at the recognition there by the scientists of all nationalities of the UK's contribution. Concern was raised there—the Committee touched on that in the report—about whether that was to be maintained.

Although there was a firm commitment by the STFC to continue to invest in ATLAS and the big experiments, there were two smaller experiments—LHCb and ALICE; not the ALICE at Daresbury, which forms part of the RLP programme, but another one—which were categorised as medium or low priority. I noticed in the revision to the delivery plan published in the last few days by the STFC that LHCb has been upgraded, but I could not find in a sea of acronyms the right one for what was happening to the UK's commitment to the ALICE experiment at CERN. I remain concerned about that. I do not know whether the Minister could wade through the acronym soup in the document that we received to find that out for me. Those are small experiments but they are international partnerships at CERN.

The themes that have come out of the debate are the overall level of funding, dealt with by the hon. Members for City of Durham (Dr. Blackman-Woods), for Esher and Walton (Mr. Taylor) and others, the direction of funding and whether too many cross-cutting programmes are determined by Government, sapping the room for manoeuvre of individual councils. I gave a speech this morning at a conference on cellular senescence, the molecular biology of ageing. The Biotechnology and Biological Sciences Research Council was represented there and set out clearly what its contribution was to a cross-cutting programme. Ageing is one of the cross-cutting programmes that the Government have laid down and there is nothing wrong with that.

Another issue was transparency and I shall dwell on two points, one of which is the transparency of the process. This point was introduced by my hon. Friend the Member for Harrogate and Knaresborough in respect of whether the Government essentially interfered, legitimately or illegitimately—I will come to that—in the scientific plans of research councils, through the CRS process of asking to see draft delivery plans, there being a view from Government about whether those were adequate. New plans would then come back and the funding would be signed off. If the delivery plans in effect say, "We're thinking of this because we think project A has scientific merit", and the Government response in effect says, "Well, we think project B is the one that ought to be funded, and if you come back to us with that recommendation, you will be rewarded in the comprehensive spending review," that will clearly be an example of the Government having an influence over strategic, or even sub-strategic, decisions. We will not know whether that has taken place or not, because we cannot see both sides of the correspondence.

It is interesting to note what the Government said on this in respect of the Arts and Humanities Research Council in response to the Select Committee conclusion in paragraph 116 of its fourth report. The Committee said:

> "It seems to be a breach of the Haldane Principle that the Government should direct a Research Council to switch funding from postgraduate awards to programme funding merely on the basis of it being out of step with other research councils, or indeed for any other reason."

The reason is, I think, not material. The Government said:

> "All Research Councils were asked to prepare Delivery Plans for publication which reflected the activities that the Council proposed to support once it knew its actual allocation. The draft Delivery Plans were subject to discussion between the relevant Research Council and the Government, to check that they reflected the plans submitted by Councils in response to the scenarios commissioned earlier in the allocations round, and the terms of the Councils' specific allocation letter".

That gives the Government a lot of scope to influence the decisions of the research council at a strategic, or even sub-strategic, level.

The Minister might be surprised to hear this, but I do not think that if the Government were transparent about doing that, there would necessarily be anything wrong with that. It is public money, and as long as politicians do not intervene in the peer review process to change the judgments made about the scientific merit of the proposals—there might be a danger of that, but if there were transparency it would be dealt with—the Government are entitled to say, "We want to have more spending on ageing" or cross-cutting on stem cells. They will have to defend themselves for doing that because there is an opportunity cost, but they are entitled to do so as they are in charge of public funding. However, if they do that, it has to be transparent. They cannot have it both ways, as it would be corrosive if there were a feeling that scientific decisions were being interfered with in a way that was not open.

The same applies to regional policy. I represent a constituency in the golden triangle, but I think that it would be legitimate for the Government to say, "In this

science budget, we think a certain proportion should be spent in all regions"—or a particular region, perhaps—"as a matter of Government policy, and we are accountable for that, as people can vote for us or not." However, the Government cannot seek to have it both ways by saying, "We do not interfere with decisions about where specific projects go, but Daresbury, for example, will be a science and innovation centre". I think that the Minister has to accept that that implies there will be some large science there, otherwise he would have to accept that it was not going to be a science and innovation centre. We need to know whether this is more than a case of fingers crossed.

Mr. Ian Taylor: This issue has come up several times, and I want to remind Members that there was a trade-off. When the Diamond synchrotron was going to be placed in Oxford—a decision I thoroughly supported—north-west Members were less than happy. I do not blame them for that, but there was a straight trade-off. It is now being dignified with the concept of regional policy, but it was a straight trade-off.

Dr. Harris: There was an article in *The Guardian* on 20 May that recaps the debates. It set out:

"When Daresbury lost the Diamond facility to Harwell, Lord Sainsbury, the science minister at the time, gave an assurance that if 4GLS"

a fourth-generation light source—

"were built, it would be sited at Daresbury. On the loss of Diamond, Sainsbury said"

at the time, I think—

"'If people in a particular research establishment come up with a brilliant new way of doing things, it is not a clever strategy when it comes to building the thing to take it away and put it somewhere else. It is not a good way to motivate people to come up with new ideas.'"

One would think that that combination suggested that he was clear that, if he were still science Minister he would direct funding towards Daresbury. However, he goes on to deny—now, I think, as I assume these are contemporaneous comments—

"that too much funding is concentrated in the golden triangle",

and he says:

"I think it would be wrong to try and distort the research council process. It is difficult to ask people to allocate funds on two sets of criteria. Either it is done on the excellence of the research or it is done on other criteria."

Actually, it could be done on a mixture, as long as that was made clear, and regional factors played a part.

I resented the allegation made in Westminster Hall on 1 April by the hon. Member for Weaver Vale (Mr. Hall) who, without informing me that he intended to make the point—I have informed his office that I intended to complain about it—said that I had called for Daresbury to be closed. Members of the Committee who attended the evidence sessions and the visits will know that my concern was that the Government should be clear and honest with Daresbury about its future, because we are dealing with people and their careers. The people to whom we spoke said that the Government said that it had a bright future, but the decisions made by the STFC told them otherwise. That is why it is important that the Government are willing to engage with the Committee's recommendation to start a debate, perhaps through a White Paper, on regional policy on science. It may be that the Minister does not know the answer, and the Government should not be criticised for not having the right answer, but we should at least have the debate.

I turn now to the recommendation made about the research council itself. Questions are always raised in Select Committee inquiries about who is to blame, and the temptation is to blame the research council staff—and we strongly criticised them. However, the danger is that that is seen as scapegoating someone who has to make difficult decisions. It is true that the Committee said that those decisions were made badly, but sacking the management is not necessarily the answer, because the problems will live on.

I was concerned that the STFC may have misinterpreted one of our recommendations, which was to improve communications. I do not think that that meant that it should improve its spin. The announcement sent by e-mail on 3 July included a list of highlights of the STFC funding programme, and I looked down it to find some lowlights, because I expected that some of the cuts—some of which have been confirmed and are uncontentious—would be mentioned. However, none of the cuts was mentioned except the ExoMars mission, on which it states:

"The ExoMars mission...is supported by STFC through its subscription to the European Space Agency's Aurora Programme."

However, that disguises the planned and agreed cut. I even waded through the executive summary of the report, and no mention was made of cuts. Then I went to the individual pages, and it is hard to find the answer for some of the projects. On solar-terrestrial physics, the implementation document merely states:

"The agreed programme of support for STEREO PLS will be continued."

It is my understanding that the agreed programme of support is actually a cut. It states:

"The agreed programme of support for Hinode PLS will be continued".

That is another cut. The document also states:

"The agreed programme of support for Cluster, SOHO PLS and the UKSSDC will be continued",

which is another cut. I am not criticising the decision, but the STFC should be more open. We have communication, but it is the wrong kind of communication. It is unclear whether Daresbury will receive significant investment in respect of the ERLP-ALICE project for the future.

The Committee's report was a balanced one, and—notwithstanding that I am a member—I think that it should be congratulated. The contributions that we have heard today should focus the Minister's mind on the challenge he faces to restore the confidence of the physics community in those who govern its budgets.

9.18 pm

Dr. Brian Iddon (Bolton, South-East) (Lab): In this debate on the science budget allocations, I rejoice in the simple fact that under a Labour Government—my Government—the science budget will have doubled in real terms by the financial year 2010-11. We all visit colleges of further education, university and industry—anywhere the science base operates—and we now see some amazing things being done. I say thank goodness for that, because the future of this country relies on added value and our science and innovation.

I believe that the two major reviews that have been mentioned, one published by the noble Lord Sainsbury and the other by Sir David Cooksey, have influenced

[Dr. Brian Iddon]

the way in which scientists, and perhaps the Government, have been thinking about the future of science. Nor should we forget that the three national academies have received extremely good settlements. The Royal Academy of Engineering received an increase of 31.5 per cent., the British Academy received an increase of 23.7 per cent. and even the Royal Society received an increase of 18.2 per cent. Those are significant increases.

When I was elected to Parliament in 1997, the UK science base that I left was in the doldrums. I remember that every year in my department—the department of chemistry and applied chemistry at the University of Salford—the central library sent us a list of essential journals and publications, and we had to go down the list and decide which of them we would cut out of our research budget. That happened not for one year, but for two or three. Essential posts remained unfilled. No maintenance was done. We did not have the money to replace our nuclear magnetic resonance spectrometers. Large instruments across the infrastructure lay unreplaced for decades. That was no way to conduct research in Great Britain.

When the research assessment exercise came along, science and engineering departments that carried out applied research suffered badly. Nearly all the departments that relied almost entirely on applied research are now closed—including the three great engineering departments at the University of Salford and even my old department, which was the largest chemistry department in Britain when I taught there.

Today, the picture is quite different. The infrastructure in our universities has been improved, in my opinion, beyond recognition since 1997, with huge investments not only in buildings but in other major capital schemes. The instruments that were not bought in 1997 are all there now. There are some superb instruments in some superb departments.

I visit the University of Manchester regularly, as I am on the external advisory body of the school of chemistry there. Every time I visit, there are cranes lifting things backwards and forwards and new buildings going up. I visit the laboratories, as I have for decades. I have never seen such state-of-the art laboratories as those I can now see by walking into any science department at that great university.

We have pulled ourselves up to be the second in the world, behind only the United States, in the citation ratings for papers published by British scientists. Let us not forget, either, that the Labour Government came to power at a time when we had a job retaining graduates for postgraduate studies. We recognised that problem and one of the first things we did was to increase the remuneration for MSc and PhD students. That remuneration is not brilliant, but it is better than it was—in fact, it is double what it was—under the previous Government.

The Government should be congratulated on those significant increases in the UK science research base, not only because of the research grants that they give through the science research councils but because of the major investment to which I just referred. Regrettably—I cannot understand this—the Government are instead under fire, despite all that progress. So what went wrong? Why have the Secretary of State for Innovation, Universities and Skills and the Minister for Science and Innovation been on the back foot, instead of on the front foot where they should proudly be?

The simple explanation, in my opinion, is that the two major reviews that I have just mentioned, combined with the significant shift in research priorities to meet the needs of a modern society, have resulted in significant cuts in some research programmes. Let us not forget that other research programmes have benefited significantly. There has been a significant shift in the Medical Research Council research budget and the Biotechnology and Biological Sciences Research Council research budget—a shift towards the life sciences, perhaps, and away from the physical sciences. Let us not believe that the money is not there; it is just being moved around.

Let us consider the Haldane principle. It was established in 1919 and recommended that non-departmental specific research should be managed through research councils—that is, that decisions on expenditure should be determined by scientists rather than by politicians. Ninety years later, that principle is still in place. Our Select Committee concluded that perhaps it had been breached. In addition to full economic costs, the research councils have had other significant expenditure. The Technology Strategy Board and the Office for Strategic Co-ordination of Health Research have been mentioned, and we should also mention the Energy Technologies Institute. The creation of those three institutes alone has required a considerable shift in funding. We are talking about agreements made by scientists—people in the field—and not entirely by Ministers. However, I do not have time to go into the details.

The seven research councils have decided to go for interdisciplinary research like never before, and our Select Committee has pressed them to do so. We have said that we are fed up with the research councils being like seven silos, with the scientists in one silo never talking to those in the other six. They are now beginning to talk to each other. Research Councils UK was established, but it did not really bring that about. I hope that the identification of six significant areas that will benefit the public, whom we represent, has now been recognised. Some of those areas have already been mentioned.

The question is whether the Government have breached the Haldane principle. Our report suggests that they have. The July issue of *Chemistry World* was published just a few days ago, and I want to cite two articles in it by distinguished gentlemen. The first is by Randal Richards, who is no lightweight in the field of science. He recently retired as director of research and innovation at the Engineering and Physical Sciences Research Council, and latterly he was its interim chief executive. He wrote a letter to *Chemistry World*, and I shall quote part of it:

"The six cross-council research themes were identified by the research councils themselves. The fact that some of these themes coincide with public policy challenges identified by the government should not be surprising because they include some major scientific and technological changes that are world wide—sustainable energy and environmental change, for example."

He rejects the suggestion that the EPSRC, and by extrapolation the other research councils, has failed to conform with the Haldane principle. He reminds us that the research councils were

"pretty quick about reminding government and officials"

when they withdrew end-of-year flexibility resources to the tune of £70 million in the last financial year.

According to another article in the same issue of *Chemistry World*, the former chief scientific adviser to the Government, Professor Sir David King himself, strongly defends the science budget in the 2007 comprehensive spending review. I shall quote just a small part of his article:

"What we're actually talking about is the distribution and the management of the cake, not the size…The priorities of the 21st century are different from the priorities of the…20th century. Historical budgets, and the distribution of money within…research councils, shouldn't be engraved in stone."

Sir David also suggests that scientists have not been pushed into doing what they do not want to do. He says:

"The bottom line is, it's very difficult. Does there have to be a choice between finding the next fundamental particle by building a bigger and more expensive successor to Cern, versus putting money and the best brains into tackling environmental issues? I think that's a debate that ought to be out in the open—it's not, because people are simply defending their own…corner."

9.29 pm

Adam Afriyie (Windsor) (Con): This has been a fascinating debate. To those of us with a scientific and constituency interest in many of the projects mentioned, it has also been an enlightening and encouraging one.

I thank the hon. Member for Harrogate and Knaresborough (Mr. Willis) for his work as Chairman of the Innovation, Universities, Science and Skills Committee and for his excellent opening words. He is a champion of science and a scientific approach here in Parliament and elsewhere. Perhaps when he steps down from this House—at the next election, I understand—he might step up to the challenge of enthusing the next generation in the same way as he has enthused us in Parliament. As a former member of the Committee, I miss the enthusiastic and energetic inquiry into and rational analysis of cross-departmental scientific issues that take place under his most able chairmanship. He and all members of the Committee can be rightly proud of their review of the science budget allocations and the STFC. The evidence sessions that preceded it revealed some deep concerns running through the science community. Many of those concerns were emphasised in contributions from both sides of the House, which were heartfelt, well presented, rational and thoughtful. The hon. Gentleman was eloquent and articulate in his exposition of the potential for inappropriate interference by Ministers in the allocation of budgets.

The hon. Member for City of Durham (Dr. Blackman-Woods) was measured in her comments. She rightly recognised the £80 million shortfall as such—a shortfall rather than a cut. She also said that there was some distance—I think that that was a euphemistic phrase—between the research budget allocations and the number of research grants.

My hon. Friend the Member for Esher and Walton (Mr. Taylor), who was a Science Minister in the previous Conservative Government, was straightforward in his historical analysis of the events that led to the current situation. I would build on that merely by saying that the main reason such a large amount of resource is available for the science budget is that the previous Conservative Government delivered the conditions in which the current Government have been able to spend.

The hon. Member for Norwich, North (Dr. Gibson) emphasised that a broader membership of the research councils, with younger members and wider citizens' involvement, might be useful. He painted an idyllic picture of science cities and strongly approved of the enlarged science budget. The hon. Member for Castle Point (Bob Spink) made some interesting observations on peer group review.

The hon. Member for Manchester, Blackley (Graham Stringer) was very forceful in his comments. He said that the funding gap that has appeared is not worthy of his Government—a passionate and forceful statement. He also said it is impossible not to have a regional science policy. That has been mentioned to the Minister many times before, and I suspect that it will come up time and again until there is clarity. Rather than pushing a particular point of view, I simply urge the Minister to create that clarity.

The hon. Member for Oxford, West and Abingdon (Dr. Harris) said that what is required from the Minister is honesty in recognition of realities; I certainly agree with that sentiment. He referred to the potential breaching of the Haldane principle, with Ministers perhaps looking at draft plans and then new plans being submitted, and expressed concern that we have not had sight of that interaction.

Finally, the hon. Member for Bolton, South-East (Dr. Iddon) broadly welcomed the increase in financial resource available to the Minister to disburse, and pointed out that we are second in the world for citations, after the US, which is a great place for us to be.

Despite some of the deep concerns and challenges facing UK science, I am nevertheless optimistic for the future. Amid the fears of job losses and budget cuts, I recently visited Daresbury science and innovation campus to see some of the innovative ways in which scientists and entrepreneurs were working together, and it was very encouraging. Just last month, I was at the Diamond Light Source project in Oxfordshire—a truly world-class facility that attracts scientific and commercial interest from across the globe, and I think that there are greater opportunities to realise some of that commercial interest in a more fruitful way in future.

I remain optimistic for the future, not least because it is clear that hon. Members of all parties care deeply about the future of UK science. Admittedly, in part that may be because many of us have scientists living and working in our constituencies who face the prospect of redundancy, grant reductions or the withdrawal of facilities—although perhaps not to the extent that is occasionally portrayed in the media. To an even greater extent, I am optimistic because we understand the important role that science plays in society. At a time when science promises so many answers to some of the big questions, we must take care over decisions that might scale back important activity.

In climate change, energy and food security, we look to scientists for answers. The taxpayer supports science in this country because of the benefits that accrue to the nation as a whole. But as the report of the Select Committee on Innovation, Universities, Science and Skills has shown, a "poorly allocated" budget has forced damaging cuts that threaten the capacity and perhaps the international reputation of UK science. Despite increased investment for the Medical Research Council, among one or two others, everyone but the Government

[Adam Afriyie]

seems to agree that the science budget left the STFC with an £80 million shortfall. The Select Committee concluded that the Government must "demonstrate greater effectiveness" in the way it manages research in the UK, which is putting the point quite lightly, given the concern that the science budget has provoked.

It will come as a relief to many that the STFC announced last week that it had balanced its budget. We now know that some of the high-profile facilities, such as ALICE—accelerators and lasers in combined experiments—at Daresbury and e-MERLIN at Jodrell Bank, may be safe. My first question to the minister is this: did he have a hand in saving those headline projects? Perhaps he can clear up that matter. Was he involved in the discussions before the press release was issued last week? Was he or his Department informed about the STFC announcements before they were made? If he was, there are more questions to be answered about what influence the Minister may have brought to bear.

Despite the celebration about the saving of Jodrell Bank and one or two other headline facilities, we must not forget what will disappear, and I will quickly put some of those projects on the record. Astronomy has been hit quite hard. AstroGrid, which is developing an open-source eye on the sky, will lose funding. Support for the Birmingham Solar Oscillations Network and the Cambridge Astronomical Survey Unit will go. The STFC aims to sell 50 per cent. of the UK's observing time in Gemini. The UK's contribution to the Isaac Newton group of telescopes, described by the Particle Physics, Astronomy and Nuclear Physics Science Committee—PPAN—as a "valuable asset", will fall by half. There will be a withdrawal of support from the particle physics collaboration at Stanford university. Because of funding constraints, PPAN

"reluctantly had to leave the project terminating rather abruptly, recognizing the loss of science this would incur".

Perhaps what is more alarming is that with the settlement offered by the Government, the STFC has been forced to reduce the number of research grants over the coming spending review period. A statement from the STFC council reads:

"Because of the funding cycle the number of"

post-doctoral research assistants

"in Nuclear Physics will be reduced by circa 22 per cent."

In astronomy, the

"STFC's published delivery plan envisages that the number of PDRA's supported in 2011 will be 11 per cent. below the 2005 level".

The overall headline figure that the STFC gave for reductions in new commitments to research grants was 25 per cent. That means fewer astronomers, fewer particle physicists and fewer nuclear scientists. However, the Government appear to be contradicting the research councils. They said in their response to the report that

"the level of rolling grants for particle physics will be unaffected until at least 2010–11."

However, the STFC stated in its programmatic review that where specific programmes were cut,

"the level of existing rolling grants"

would be "reduced accordingly." Will the Minister explain how the level of rolling grants can be reduced and unaffected at the same time? That is a bit of a contradiction.

One the one hand, we have a Prime Minister who says that we must push ahead with nuclear power; on the other hand, we are cutting back nuclear science to a certain degree through the STFC funding allocation. Such incoherence causes some concern. As Professor Hawking has said:

"This bookkeeping error has disastrous implications...These grants are the lifeblood of our research effort; cutting them will hurt young researchers and cause enormous damage both to British science and to our international reputation."

The Government did not make hay or fix the roof while the sun shone. We all know that they failed to make provision when the economy was doing well, and today the pressures on the public purse are many and varied. At a time when science promises solutions to many of our social and economic needs, Ministers cannot afford to bury their heads in the sand. What Professor Hawking described as a "bookkeeping error" has implications for scientists up and down the country.

The recent crisis represents either departmental incompetence—missing the cuts that were self-evident in what was presented to it—or a deliberate decision to provide the research councils with less than was needed. Either way, the Minister has an opportunity today to be courageous. We have heard that word once or twice, and we have heard the call for transparency and openness. We have heard about the boldness and courage of former Science Ministers, who were very clear and open about what they were doing when there was a budget reduction. Will the Minister admit that there has been a shortfall in funding for the STFC and say that he accepts some responsibility?

9.41 pm

The Minister for Science and Innovation (Ian Pearson): The Government welcome the report of the Select Committee's inquiry into the science budget allocations, and we very much welcome this debate. I appreciate the overall constructive way in which the hon. Member for Harrogate and Knaresborough (Mr. Willis) raised the issues mentioned in the report. There are clearly matters on which we continue to disagree, and I do not think that his characterisation of our response to the report was accurate. We have taken its recommendations carefully into account and, in many cases, agreed with them. The report has been very helpful to us. We set out our position in a positive response, and I am pleased to have this opportunity to discuss the issues involved further.

As has been mentioned, the science and research budget has doubled in real terms from £1.3 billion in 1997 to £3.4 billion in 2007-08. The new comprehensive spending review allocation means that the budget will increase to almost £4 billion in 2010-11. That is an average increase of 2.7 per cent. a year in real terms over the next three years. Within a tight financial framework, that is a strong settlement and highlights the Government's long-standing support for science and research in the UK, as set out in our 10-year science and innovation framework. I was very pleased that the hon. Members for Harrogate and Knaresborough and for Oxford, West and Abingdon (Dr. Harris), and Labour Members, recognised that strong support for UK science.

In allocating the science budget, our overriding objective was to ensure the continued excellence of the UK research base. Hon. Members would expect nothing less. The Government are committed to supporting

fundamental research that expands the frontiers of knowledge. It is important to recognise the wider benefits of such research. It produces highly skilled people, drives innovation, attracts inward investment and can be translated into many successful products and services. Research and innovation improve our productivity as a nation, thus providing the means for our creation of wealth and directly benefiting and underpinning key public services in everything from health care to defence.

Ian Stewart: Does my hon. Friend accept that there must be a balance between pure research and commercial exploitation and that, although one can conduct pure research on its own, one cannot do the commercial exploitation without the research? The balance must be right. When the Select Committee visited the observatory in Edinburgh, it was clear that the people there were excited about being asked to do more commercial work but felt that it should be recognised that that commercial work had previously been restricted. The balance must be right so that a facility does not simply become a science park.

Ian Pearson: I agree that, in all such cases, it is a matter of balance. However, I remind my hon. Friend and the House that the Government are committed to investment in basic research. That underpins the later commercial exploitation of research. As he knows, we support some of that commercialisation and applied research and development through, for example, the Energy Technologies Institute and especially the activities of the Technology Strategy Board, which will spend, in co-ordination with the research councils and the regional development agencies, £1 billion in the next three years.

Ian Stewart: I thank my hon. Friend for his patience. Does he accept that the principle that he outlined must apply to centres such as Daresbury so that they do not become only science parks?

Ian Pearson: Yes, I do. I have said on record—and will continue to say—that the Government want Daresbury to develop as a world-class centre for science and innovation. We do not perceive its future as a technology park, as some have suggested. I shall say more about that later, especially in response to my hon. Friend the Member for Manchester, Blackley (Graham Stringer), who made an important contribution about regional policy.

It is critical that every possible benefit is extracted from our world-class research base. That is why driving up the economic impact of research goes hand in hand with supporting excellent science. By operating in that overarching policy framework, Government support has helped the UK research base sustain a strong global performance.

Citations have been mentioned this evening. The UK has the most productive science base of any country in the G8. At the same time, knowledge transfer between research and business continues to grow. UK universities are now producing spin-out companies of equivalent number and quality to some of the top US institutions. Since 2003, 30 companies have been floated on the stock exchange at a value of £1.5 billion at initial public offering. Furthermore, several high-profile trade sales have taken place, including seven in the past two years, which raised £1.9 billion. University income from business and user engagement has risen rapidly and now stands at about £2 billion a year.

It is the Government's duty to set the strategic direction for the research base. We have discussed that in great detail this evening. To do that, the Government took several high-level decisions when allocating the science budget. Over the period of the comprehensive spending review 2007, research will be funded at 90 per cent. of its full economic cost; the Sainsbury and Cooksey reviews will be implemented, and we will support collaborative projects involving the Technology Strategy Board and the Energy Technologies Institute. We will also support research in matters of strategic importance to the country—for example, in medicine and on key challenges such as energy supply and the environment. Again, we heard strong support in the debate for more cross-disciplinary research, which is guaranteed in the comprehensive strategy review 2007 settlement.

I know that there is keen interest in the relationship between the Government and research councils, especially in the way in which research funding is prioritised and managed. That is not surprising. As hon. Members know, for many years, the British Government have been guided by the Haldane principle. Detailed decisions on how research money is spent are for the research community to make through the research councils, once the Government have set the overarching parameters. The basis for funding research is also enshrined in legislation, through the Science and Technology Act 1965. The allocation of the comprehensive spending review 2007 science budget is consistent with Haldane, and I am happy to debate that this evening.

My right hon. Friend the Secretary of State for Innovation, Universities and Skills recently restated the Government's position on the Haldane principle in his speech at the Royal Academy of Engineering in April. He made it clear that it is researchers, through their participation in peer review, who are best placed to determine detailed research priorities. The research councils act as

"guardians of the independence of science".

The Government's role is to set the overarching strategy and framework. Haldane is fundamental to the health of our excellent research base and its strong economic impacts, and is underpinned by peer review, which we have also debated at some length this evening.

Research councils fund research on a competitive basis following independent expert peer review. I would be the first to admit that improvements could probably be made to the peer review process, but no system is absolutely perfect and it has stood the test of time. The system is regarded as an international benchmark of excellence in research funding and provides a guarantee of the quality of UK research.

Peer review processes are sensitive to the different needs and cultures that exist in the academic community. They support different types of research and encourage adventurous or multidisciplinary research. For peer review to work, senior researchers must give up their time to provide valuable expertise. A number of eminent scientists assist research councils in making difficult decisions. It is important for the Government and researchers to defend peer review robustly.

That is the context in which we said in our response to the Committee that we felt that some of its comments were unhelpful and damaging. We thought that they undermined the efforts of individual researchers who

[Ian Pearson]

quite rightly give a lot of their valuable time to participate in what is, overall, an internationally well recognised and respected process.

Dr. Evan Harris: It is important that the Minister should deal with peer review, and I am grateful to him for doing so. He said in his response that the Committee ought to be careful in what we say when we criticise the peer review process, because it might make it difficult to attract internationally renowned scientists to participate, but is that not a lose-lose situation? The Minister has accepted that there are problems with peer review. Surely it is the right of a Select Committee to say so too, even if that has the effect of deterring people.

Ian Pearson: Let us be clear about what I said. I said that no system was perfect. I am sure that the peer review process has scope for improvement, and that is something that research councils look at regularly to ensure that the structures are right. However, I shall say something more on that in a moment.

The key point is that the Government understand clearly why those whose work is not funded may question those who gave it a lower priority. However, that is all the more likely in a scientifically strong nation, which thankfully we are in the United Kingdom, where rejected research proposals are of real scientific quality. We have heard mention this evening of a number of detailed projects, some of which have been regarded as a low priority. In an excellent research nation, there will have to be winners and losers. However, it is hard to conceive of an alternative that does not shift responsibility for making detailed decisions away from scientists.

I reject the comments of those, not least the hon. Member for Tatton (Mr. Osborne), who say that Ministers should intervene and take the detailed decisions on which areas of science should be funded. That would involve scientists spending their time lobbying Ministers to get funding, instead of those decisions being made through peer group research. The Government do not want to see the success or failure of detailed lines of research being determined by political lobbying, and we will not intervene to take decisions that should properly be taken after peer review by the scientists in the research councils.

A number of projects have been mentioned, including e-MERLIN, ALICE and EMMA. This refers directly to a comment made by the hon. Member for Windsor (Adam Afriyie). It is not the Government's responsibility to take decisions on such projects. It is the responsibility of individual research councils to do so, and that is what they have done through the comprehensive spending review process.

Adam Afriyie: Will the Minister categorically confirm here and now that he and his Department had no involvement in the decisions that were made last week by the STFC? Will he also release the information on the discussions that took place between the STFC and his Department as the draft plans were going backwards and forwards?

Ian Pearson: I shall talk about delivery plans in a moment—[*Interruption.*] What I can say in response to the hon. Gentleman is that, through our officials, the Government want to work closely with the research councils. That level of communication is exactly what hon. Members would expect, but it is ultimately up to the research councils to make detailed decisions on projects. It is simply not right for the Government to interfere in those detailed decisions, and we do not do so.

I should like briefly to talk about the detailed draft delivery plan process. The rationale was to ensure that each council undertook a rigorous prioritisation process. We did not wish to second-guess or take decisions for the research councils. We wanted to ensure that a robust process was followed.

The STFC has been referred to by many hon. Members this evening, and the first thing that I want to do is acknowledge the concerns that have been expressed in the particle physics and astronomy community about the science budget allocations. Those concerns were reflected in the Select Committee's report. Hon. Members will be aware that, last Thursday, the STFC announced the results of a programmatic review. It will be holding a meeting tomorrow at which the outcome will be discussed with scientists themselves.

The Department considered that the final delivery plan drawn up by the STFC, following the receipt of its allocation in October 2007, raised two strategic issues that merited further independent advice. That is why we asked Sir Tom McKillop to extend his work with the Northwest Regional Development Agency to advise on the future development of the Daresbury campus, and asked Research Councils UK to initiate a review of the health of physics as a whole, given the interest of a number of research councils in this subject. People sometimes forget that physics is funded by a number of the research councils, to the tune of more than £500 million a year at the moment—and that is on a rising profile over the CSR period.

The Government are working with the STFC to review the way in which its allocation was handled, and to ensure that all the relevant lessons are learned for the future. In particular, the STFC has recognised that it could have communicated its plans better, and it is taking steps to address that. The STFC will take account of these lessons as it takes forward the organisational review, which will cover strategy and planning, customer and stakeholder engagement, governance and risk-management processes, delivery, value for money and the management of change.

Before I conclude, I should like to respond to some of the comments made by my hon. Friend the Member for Manchester, Blackley on science policy. We have a clear 10-year framework that provides a statement on the Government's science policy. We say very clearly that public funding of research is dedicated to supporting excellence, irrespective of its UK location. That policy remains firmly in place. My response to him is that investment in the development of Daresbury—to which I am very committed—and Harwell will take place on the basis of their being world-class campuses for science and innovation, not on the basis of their geographic location. He will be aware that I have a long-standing interest in regional policy, and I hope that we will have the opportunity to discuss science cities and clusters. My hon. Friend the Member for Norwich, North (Dr. Gibson) mentioned his desire to develop Norwich as a science cluster. There is great potential there, and it is a subject on which we can have further discussions.

It being Ten o'clock, MR. SPEAKER *proceeded to put forthwith the deferred Questions relating to Estimates which he was directed to put at that hour, pursuant to Standing Order No. 54 (Consideration of estimates)*

ESTIMATES, 2008-09

DEPARTMENT FOR TRANSPORT

Resolved,

That, for the year ending with 31st March 2009, for expenditure by the Department for Transport—

(1) further resources, not exceeding £8,777,927,000, be authorised for use as set out in HC 479,

(2) a further sum, not exceeding £7,136,325,000, be granted to Her Majesty out of the Consolidated Fund to meet the costs as so set out, and

(3) limits as so set out be set on appropriations in aid.

DEPARTMENT FOR INNOVATION, UNIVERSITIES AND SKILLS

Resolved,

That, for the year ending with 31st March 2009, for expenditure by the Department for Innovation, Universities and Skills—

(1) further resources, not exceeding £11,040,399,000, be authorised for use as set out in HC 479,

(2) a further sum, not exceeding £12,519,763,000, be granted to Her Majesty out of the Consolidated Fund to meet the costs as so set out, and

(3) limits as so set out be set on appropriations in aid.

MR. SPEAKER *then put the Questions required to be put, pursuant to Standing Order No. 55 (Questions on voting of estimates, etc).*

ESTIMATES AND SUPPLEMENTARY ESTIMATES, 2008-09

Resolved,

That, for the year ending with 31st March 2009—

(1) further resources, not exceeding £233,217,986,000, be authorised for use for defence and civil services as set out in HC 479, HC 486, HC 487, HC 488, and HC 621,

(2) a further sum, not exceeding £230,753,553,000, be granted to Her Majesty out of the Consolidated Fund to meet the costs of defence and civil services as so set out, and

(3) limits as set out in HC 479, HC 487, HC 488 and HC 621 be set on appropriations in aid.

Ordered,

That a Bill be brought in on the foregoing resolutions: And the Chairman of Ways and Means, Mr. Chancellor of the Exchequer, Yvette Cooper, Angela Eagle, Kitty Ussher and Jane Kennedy do prepare and bring it in.

CONSOLIDATED FUND (NO. 2) BILL

Jane Kennedy accordingly presented a Bill to apply certain sums out of the Consolidated Fund to the service of years ending on 31 March 2008 and 2009: And the same was read the First time; and ordered to be read a Second time tomorrow, and to be printed. Explanatory notes to be printed [Bill 130].

DELEGATED LEGISLATION

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

PRISONS

That the draft Northern Ireland (Sentences) Act 1998 (Specified Organisations) Order 2008, which was laid before this House on 14th May, be approved.—*[Mr. Blizzard.]*

Mr. Speaker: I think the Ayes have it.

Hon. Members: No.

Division deferred till Wednesday 9 July, pursuant to Standing Order No. 41A (Deferred divisions).

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

CAPITAL GAINS TAX

That the draft Double Taxation Relief and International Tax Enforcement (Taxes on Income and Capital) (Saudi Arabia) Order 2008, which was laid before this House on 19th May, be approved.—*[Mr. Blizzard.]*

Question agreed to.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

TAXES

That the draft International Tax Enforcement (Bermuda) Order 2008, which was laid before this House on 19th May, be approved.—*[Mr. Blizzard.]*

Question agreed to.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

CRIMINAL LAW

That the draft Crime (International Co-operation) Act 2003 (Designation of Participating Countries) (England, Wales and Northern Ireland) Order 2008, which was laid before this House on 4th June, be approved.—*[Mr. Blizzard.]*

Question agreed to.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

REPRESENTATION OF THE PEOPLE

That the draft Representation of the People (Amendment) Regulations 2008, which were laid before this House on 11th June, be approved.—*[Mr. Blizzard.]*

Question agreed to.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

LONDON GOVERNMENT

That the draft London Waste and Recycling Board Order 2008, which was laid before this House on 11th June, be approved.—*[Mr. Blizzard.]*

Question agreed to.

PETITION

Immigration (John and Stella Park)

10.3 pm

Ms Dari Taylor (Stockton, South) (Lab): I have a petition from the residents of Teesside and others. The petitioners declare a serious concern about the possible deportation of John and Stella Park to the Republic of Korea with their mother.

John and Stella Park are two young South Koreans who live with their mother in my constituency. They are being educated at Yarm School and are highly talented if not brilliant musicians. The request of the petitioners is that they be allowed to remain in Britain, in Yarm, to continue and finish their education with the support of their mother.

The petition states:

The petitioners therefore request that the House of Commons urges the Secretary of State for the Home Department to use her powers to prevent John and Stella's removal from the UK taking place, at least until they have been able to finish their school education.

The petition was signed by 250 residents.

Following is the full text of the petition:

[The Petition of residents of Teesside and others,

Declares the Petitioners' serious concerns about the possible deportation of John and Stella Park (Home Office Reference Number K2218457) to the Republic of Korea with their mother.

The Petitioners' further declare that John and Stella (aged 14 and 16 years) are two brilliantly talented young musicians. They are in the process of completing their education at Yarm School.

The Petitioners therefore request that the House of Commons urges the Secretary of State for the Home Department to use her powers to prevent John and Stella's removal from the UK taking place, at least until they have been able to finish their school education.

And the Petitioners remain, etc.]

[P000229]

Lucentis

Motion made, and Question proposed, That this House do now adjourn.—*[Siobhain McDonagh.]*

10.5 pm

Miss Ann Widdecombe (Maidstone and The Weald) (Con): I am deeply grateful for this opportunity to raise this issue in the House tonight, and I look forward to the Minister's reply. The issue is the refusal of primary care trusts up and down the country—but in particular my own PCT, West Kent—to fund the provision of Lucentis and Avastin for those who are losing their sight.

The national health service exists especially to make sure that nobody loses the ability to function in the most normal way if that is possible: to see, to hear, to have some degree of movement are all essential to function normally. They are neither luxuries nor lifestyle changes, but are utterly basic and essential. I cannot believe that the founding fathers of the NHS ever foresaw the day when that same NHS, which seems to find money for a whole lot of things that some would consider desirable but not essential, could not find money for that which is essential.

I am going to concentrate on two constituents' cases, about which the Minister has been notified. Neither constituent wishes to be named; I shall therefore refer to them as Mr. X and Miss Y.

The Parliamentary Under-Secretary of State for Health (Ann Keen) *indicated assent.*

Miss Widdecombe: I am pleased to see that the Minister agrees.

Miss Y does not wish to be named because she is a frail lady of pensionable age who does not want an enormous amount of press publicity flowing around her. Mr. X does not wish to be named because he is working and his employer does not yet know of his difficulties. For understandable reasons, he does not wish his employer to become—possibly prematurely—alarmed.

Miss Y is well known to me. She is a pillar of the Maidstone community and a lady with whom I have worked on many a charitable project. In particular, she has shown tremendous initiative in co-ordinating a charity that helps to teach children English in the Ukraine. She helped to start it, and it continues to this day. Needless to say, she is a lady of great responsibility who has saved all her life. She has her own very small and modest flat and had saved to ensure that she would be able to meet the rainy days of her retirement.

I visited Miss Y at home and saw first hand the difficulties that she is now experiencing as her independence is snatched from her bit by bit because of a deterioration in her sight. She is losing the sight of both eyes. Members of the public often read the press and get the idea that there is a miracle cure and demand it, but what is crucial in this case is that her consultant recommended to her that she try Lucentis. She asked whether it would be funded. That was slightly before the National Institute for Health and Clinical Excellence decreed that the treatment would be licensed and she was advised that it would not be funded. Nevertheless, she applied. The consultant said that there was an urgency to her condition, so at the same time this pensioner lady began to pay from her savings for private treatment. That cost her

well in excess of £5,000 but—and this is crucial—it has been effective. It has arrested what had been a steady decline and gives her not much but something by way of sight. That reminds me of a lady who stood up at a recent meeting I attended—not about this matter at all; it was a general charitable do—and said to me, "Miss Widdecombe, do you realise that I can see you tonight only because I have paid for it?"

Under no circumstances should we have such a system. People have always had the ability to opt out of the NHS because they preferred private facilities, but on this occasion, we are building up a picture of people who do not opt out, but are driven out because the NHS will not supply that which enables them to do something as basic as see. When I took up this lady's case with the PCT, it wrote back that her visual acuity was "outside the accepted range", but that was because she had paid to ensure that it was.

Let me come on to the case of Mr. X. He is not a pensioner; he is only 39. He has a family of five and both he and his wife work full time. He suffers from proliferative diabetic retinopathy, but, combined with that, he also suffers from retinal vein occlusion. He is now losing his sight. The recommendation for Lucentis was again not made by him, but by his own consultant at Maidstone hospital as long ago as 2007. Mr. X was denied Lucentis.

Mr. X, who naturally enough lives in Maidstone, has had to travel to Southport every six weeks to receive treatment. I am sure that the Minister's geography is more than up to working out the distance between Maidstone and Southport. The treatment costs £465 and the travel has to be paid on top. He has to take a day off work and, because his sight obviously limits his mobility, so, too, does his wife. They are supporting a family of five and they do not have the time to take off work. Mr. X is concerned for his future. He wants to go on working, but he cannot see that lasting for ever.

When I wrote to the PCT, I said that

"this man is too young to go blind"

as if there were ever a right age—and that

"he needs assistance, and he needs it now".

Such assistance has still been denied. The most recent development is the PCT writing to Mr. X to tell him that the appeal panel has deferred the decision. The letter was so cold that I actually wrote back to the PCT:

"I have seen more sympathetic letters from motor mechanics".

That, regrettably, is true, as there was no expression of sympathy and no hope for the future. Once again, a constituent has to pay to try to ensure that he gets what his consultant recommended in the first place.

Very rarely, if at all, do I quote in this House anything to do with my other role as a columnist for the *Daily Express*. I did, however, write about the provision of Lucentis when the newspaper was running a campaign on behalf of the war veteran, Jack Patch. As a result of the huge publicity, his PCT backed off and he is now getting his treatment, but I was flooded with letters from other Members' constituents expressing dismay that they were going blind and could not get the treatment funded, so had to pay for it themselves to avoid going blind.

As the Minister well knows, if people are allowed to go blind, the costs to the state are horrendous. Mr. X will cease work, so he will not be productive from the age of 39 to 65 when he otherwise would have been. He will require benefits, and he will get them, as he will qualify for them. He will require all manner of additional care, and it will be forthcoming. Therefore, it does not even make economic sense to let people go blind instead of ensuring that they retain their sight for as long as possible.

To go off track—I do not expect the Minister to answer this point—I recently read of a lady who went progressively deaf and who has a young child. She was told that a cochlear implant would solve the problem, but that her PCT would not fund the admittedly considerable cost of such an operation. In a 21st century health service, we have people who are not enabled to see, and people who are not enabled to hear—I reckon Nye Bevan is probably turning in his grave.

Many years ago, when I was shadowing one of the Minister's predecessors, I predicted that NICE would turn out to be extremely nasty. That is what NICE has turned out to be—very nasty indeed. We are talking about real people, whose illnesses are real. The solutions have been proposed by consultants, not witch doctors, and yet they cannot get help. Will the Minister consider urgently what can be done for people such as the two constituents in different situations whom I have mentioned, and for all those others whom I am not directly representing tonight?

10.16 pm

The Parliamentary Under-Secretary of State for Health (Ann Keen): The right hon. Member for Maidstone and The Weald (Miss Widdecombe) deserves credit for securing the debate. Her concern about such issues is well known. If she will bear with me, I will make some remarks about aspects of the working of NICE and the NHS in general, before addressing her specific points.

I am pleased to pay tribute to all NHS staff. The right hon. Lady has expressed her concerns passionately tonight, but I am confident that she would also wish to congratulate staff in the main on their work, especially those in the West Kent PCT area and in Maidstone and the Weald.

All of us would be greatly concerned were there any risk to our sight or to that of our loved ones. My mother had dry macular degeneration, for which no treatment was available, and I watched her sight and quality of life deteriorate. There are approximately 26,000 new cases of wet age-related macular degeneration every year, and it is the most common cause of sight loss in people aged over 60.

We can only try to imagine the worry of someone who is at risk of losing their sight. We all want access to the best treatments available. Understandably, there is a lot of interest in this area, especially as the development of new treatments potentially offers hope to more patients than in the past. Many are helped and treated successfully.

To provide the best possible services for NHS patients, we have a duty to ensure that new treatments used in the NHS are both clinically sound and cost-effective. That is why NICE was established in 1999. I need to remind the House of the purpose of NICE and the importance of its role, as it has had great achievements and helped many people.

NICE was established as part of a range of measures to tackle the variations in prescribing practice across the country. Before NICE, guidance was issued by numerous bodies at national, regional and local levels, which was confusing not only for patients but, most

[Ann Keen]

importantly, for clinicians. The lack of coherent guidance was in part responsible for the variation in prescribing practice across the country. I am sure that the right hon. Lady is aware that NICE issues robust, evidence-based guidance on the clinical and cost-effectiveness of new and existing treatments. It has already recommended the use of photodynamic therapy for treating wet age-related macular degeneration in some patients. All PCTs are required to fund such treatment in accordance with that guidance.

I am sure that the right hon. Lady knows that NICE is currently appraising Lucentis and Macugen for the treatment of age-related macular degeneration, and that draft guidance for the NHS was published earlier this year. That guidance recommended Lucentis, subject to a number of clinical criteria, but not Macugen. However, my Department has made clear in good practice guidance for the NHS, published in December 2006, that funding for individual treatments should not be withheld simply because NICE has not issued final guidance.

Miss Widdecombe: Miss Y has already paid for her treatment; Mr. X wants continuing treatment to be paid for. Are there any provisions—my local PCT seems to think not—for reimbursement when people would have qualified had the rulings been known earlier?

Ann Keen: I will check on that. I believe that the strategic health authority confirmed that Miss Y had not paid for Lucentis but had paid for Avastin.

The guidance advises NHS organisations that until NICE has published final guidance on a treatment, they should continue with local arrangements for introducing new technologies, based on an assessment of the available evidence. The guidance also identifies potential sources of information to help PCTs to make such assessments.

When the local NHS decides not to fund a treatment, the patient and the clinician can expect an explanation. To underpin that, the Government will require PCTs to establish clear and very transparent arrangements both for local decision making on the funding of new drugs and for consideration of exceptional funding requests, and to publish information on those arrangements. That is laid down in the draft constitution which we published last week.

Lucentis and Macugen are licensed treatments for wet age-related macular degeneration. Doctors can prescribe Macugen or Lucentis in advance of NICE guidance if they believe that it is the right treatment for their patients, subject to funding from the PCT. When Lucentis was licensed in January 2007, services for people in West Kent with wet age-related macular degeneration were commissioned by the south east coast specialised commissioning group. To ensure equitable access for all patients on the south-east coast, the group commissioned the local health policy support unit's policy recommendation committee to give guidance to commissioners on the most cost-effective delivery.

Owing to the significant differences between preliminary NICE guidance issued for consultation in June 2007 and the policy recommendation committee's guidance, a review of both guidelines was undertaken by the south east coast specialised commissioning group. The group recommended the use of Lucentis rather than Macugen, while maintaining the previous eligibility criteria.

In the last few minutes of my speech, I want to concentrate on the right hon. Lady's constituents, Mr. X and Miss Y. I am totally sympathetic to the concerns that the right hon. Lady has raised about those two specific cases. I have been assured by South East Coast strategic health authority that such cases are considered by individual treatment panels, which always have at least one member who is a clinician. Each case is considered on its merits, and without setting precedents for future claims. Treatments may be inside or outside the national health service.

Individual treatment panels were established in West Kent in consultation with all health community partners, primarily to consider funding for treatments for named individuals owing to their exceptional clinical circumstances and exceptions for treatments excluded by the PCT's clinical policies. West Kent PCT confirmed today that the individual treatment panel would reconsider the case of the constituent referred to as Miss Y, and would write to her and her consultant once the panel had reached a decision.

I am exceptionally sorry that Miss Y has had to go through this trauma, which must have been very stressful for someone such as the lady whom the right hon. Lady has described. I am grateful to the right hon. Lady for raising the case with me; I am only sorry that she had to do so in this way.

In the case of Mr. X, I have this afternoon been reassured by South East Coast SHA that it will ensure that Mr. X has the opportunity now to meet the PCT decision makers and his specialist so that they can explain the rationale for the decision. It will also ensure that a specialist provides reassurance about the recommended treatment for his condition. I am led to believe that there is concern about the recommended treatment for the condition. Therefore, I would expect any patient to be reassured and to have a lot of support and guidance about possible future treatment, and not, of course, to receive a letter.

I understand West Kent PCT's position is that while it is sympathetic to the distress and anxiety of people within its area, it cannot fund an unlicensed and unapproved treatment when an effective and nationally recognised alternative for a condition is available, but the management of such communication is essential and I would have expected better from today's NHS.

West Kent PCT, like every PCT, has a duty to ensure that best possible use is made of taxpayers' money to meet the health needs of its whole population. Decisions about individual cases must be based on all available evidence. The right hon. Lady would respect such decisions. It is the management of decision making that has caused distress to a young man with a young family.

I hope that I have been able to set out the importance of having a proper evidence-based approach to the introduction of new treatments, but how we communicate about new treatments and their management is important. If at any time the right hon. Lady feels that Mr. X and Miss Y are not receiving what I have stated tonight, I will willingly meet her and take an interest in both cases. I wish both of her constituents well with their future treatment.

Question put and agreed to.

Adjourned accordingly at twenty-seven minutes past Ten o'clock.

House of Commons

Tuesday 8 July 2008

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

TRANSPORT

The Secretary of State was asked—

Haulage Industry

1. **Mr. Robert Flello** (Stoke-on-Trent, South) (Lab): What recent discussions she has had with her EU counterparts on competition in the haulage industry; and if she will make a statement. [216854]

The Minister of State, Department for Transport (Ms Rosie Winterton): I represented the UK at the June EU Transport Council where the Commission's access to the road transport market proposal achieved political agreement. As a result of the agreement, the rules on cabotage will be simpler and easier to enforce and will limit cabotage to three operations within a seven-day period following an international journey.

Mr. Flello: I am grateful to my right hon. Friend for that reply. I have just come from chairing the all-party group on freight transport, and the Freight Transport Association had some complimentary things to say about the Minister. UK hauliers are concerned about unfair foreign competition. Does the Minister agree that rigorous enforcement of cabotage rules and safety laws is essential? Our hauliers need reassurance that enforcement is the top priority for her Department.

Ms Winterton: I thank my hon. Friend and the association for their kind remarks. I want to pay tribute to both Roger King and Theo de Pencier, who were very helpful during the negotiations. I kept in regular touch with them about the situation. My hon. Friend is absolutely right to say that enforcement is a key issue—not just on cabotage but on other road safety issues. That is why an important part of the agreement was to get a commitment from the Commission to look at the exchange of national databases, which would make enforcement much easier for us to carry out.

Mr. Philip Hollobone (Kettering) (Con): Has the Minister had any discussions with Her Majesty's Treasury about the differential in price and duty levels on petrol and diesel, which is placing British hauliers, including those in Kettering, at a distinct disadvantage?

Ms Winterton: The Under-Secretary of State for Transport, my hon. Friend the Member for Poplar and Canning Town (Jim Fitzpatrick), had discussions with some of the key industry representatives last week. He listened carefully to their concerns and undertook to pass them on to the Chancellor.

Graham Stringer (Manchester, Blackley) (Lab): I am sure my right hon. Friend is a heroine to the whole of the road haulage industry. She appears to have driven a hole through the treaty of Rome and free trade with the concessions that she has managed to get. Can she explain why, when there is unfair competition from foreign lorries that do not comply with our regulations, the graduated penalty and deposit scheme has been delayed?

Ms Winterton: I thank my hon. Friend for his kind remarks—at least I think they were kind. He is right to say that it will make a big difference in enforcement when the Commission can consider the exchange of national databases. On the other issue, I understand that statutory instruments are being drawn up to deal with the graduated penalty and deposit scheme.

Mr. David Evennett (Bexleyheath and Crayford) (Con): According to research by National Economic Research Associates, foreign lorries operating on UK roads are imposing wear and tear costs of about £195 million a year. Do the Government still accept the principle that foreign hauliers should contribute to the cost of maintaining the UK road network?

Ms Winterton: I am sure that the hon. Gentleman will know that the feasibility study that was commissioned to consider the issue was rejected by the Treasury, as it would almost cost more to administer than would have come in in revenue. However, he might not be aware that another proposal has come forward from the Commission, and we will consider it.

Mr. Brian H. Donohoe (Central Ayrshire) (Lab): I am sure that my right hon. Friend will be aware of meetings that Members have had over the past week with those in road haulage societies. One problem that was identified involved lorries coming from the continent that were not roadworthy. Will she have a word with my right hon. Friend the Home Secretary so that there are more exercises, as we suggested in the Select Committee on Transport some time ago, whereby the police and all agencies check foreign lorries? Most of them are not fit to be on our roads.

Ms Winterton: My hon. Friend is quite right to point out some of the problems that can occur. The Under-Secretary of State for Transport, my hon. Friend the Member for Poplar and Canning Town, recently announced some £24 million of extra investment to improve enforcement. As I have said, one of the key proposals to come out of the Council last week was to do with ensuring that the Commission would give a firm commitment to consider the exchange of databases, which is incredibly important in enforcement terms.

Mr. Robert Goodwill (Scarborough and Whitby) (Con): The biggest threat to our indigenous road haulage industry is not new cabotage rules but the difference in the price of diesel on each side of the channel. Eight years ago, when he was the leader of the Conservative

party, my right hon. Friend the Member for Richmond, Yorks (Mr. Hague) suggested a vignette or Britdisc scheme, which was deemed not to be compliant with EU rules. Since then, however, Austria, Germany and the Czech Republic have introduced their own schemes. Has the Department examined schemes that could be introduced in this country and that do comply with EU regulations?

Ms Winterton: That is the question that I have just answered. As I explained, the previous feasibility study was rejected because the limit that could be charged was something like £7 a day, and the cost of administering the scheme would have been greater than the money charged. However, as I said to the hon. Member for Bexleyheath and Crayford (Mr. Evennett), the Commission has made new proposals, and we will of course examine them to see whether they would improve the situation.

A21

2. **Greg Clark** (Tunbridge Wells) (Con): What recent representations she has received on the dualling of the A21 between Tonbridge and Pembury and between Kippings Cross and Lamberhurst. [216855]

The Parliamentary Under-Secretary of State for Transport (Mr. Tom Harris): In the past three months, I have met local MPs, including the hon. Gentleman, and local authority representatives, and received several letters from MPs seeking assurances on the progress of the A21 Tonbridge to Pembury and Kippings Cross to Lamberhurst schemes.

Greg Clark: I am grateful to the Minister for meeting me and my colleagues. He will know that it is 11 years since the dualling of the A21 was cancelled, and every year since then the cost of the scheme has gone up. A new hospital is now being built and will rely on the road. The people of west Kent are clear that the Government should get on with it, because further delay means further costs. Can the Minister assure us that the dualling of the road will continue as planned in 2010-11?

Mr. Harris: I can give the hon. Gentleman the assurance that I will do everything I possibly can to ensure that that process is expedited. My right hon. Friend the Secretary of State will announce updated scheme cost estimates to inform the upcoming refresh of priorities within the regional funding allocation. Once that information is available, the regional transport board will be able to reconfirm its priorities for that road if it wishes. That being the case, I will do everything that I can to ensure that progress is made.

Colchester Northern Approach Road

3. **Bob Russell** (Colchester) (LD): When she expects work to commence on the construction of a junction from the A12 Colchester northern by-pass to the northern approach road into Colchester. [216856]

The Parliamentary Under-Secretary of State for Transport (Mr. Tom Harris): Delivery of the scheme is related to planning conditions and is a matter for developers to take forward in line with plans for the delivery of proposed housing, employment and leisure facilities in north Colchester. The road scheme must also complete its statutory processes. In view of that, a definite start date is not currently available, but work is expected to start in 2009 or 2010.

Bob Russell: I am grateful to the Minister for that answer. His briefing will probably tell him that I asked a similar question in January 2004, which led to a productive meeting with the then Transport Minister, David Jamieson. I am pleased to say that the new community stadium, the new home for Colchester United, is nearing completion. The first fixture there is next month. The principal beneficiary of the development in north Colchester will be the national health service, which will sell land. In view of that, will the Minister meet me to consider whether there are alternative ways in which the junction can be built in advance of the land sales?

Mr. Harris: I would be more than happy to meet the hon. Gentleman and delegates from his constituency if he feels that that would be useful. We can talk about this in more detail at any subsequent meeting, but he might be interested to know that I understand that English Partnerships has already applied for community infrastructure fund money, which would allow the construction of the junction to proceed ahead of any subsequent agreement to invite private developers to contribute. I am more than happy to discuss the details of that at our meeting.

Concessionary Fares

4. **Mr. Mark Harper** (Forest of Dean) (Con): What assessment she has made of the effectiveness of the national bus concessionary fares scheme. [216857]

The Minister of State, Department for Transport (Ms Rosie Winterton): The Department for Transport conducted regulatory impact assessments of both recent extensions to the statutory concessionary fares scheme. They showed that significant benefits such as improved social inclusion cannot be easily quantified, but that even without considering those benefits, on which it is difficult to put a price, the schemes could still offer value for money.

Mr. Harper: It will not come as a surprise to the Minister that I am going to ask here about the cross-border impact of concessionary bus travel between my constituency and Wales. I have been very disappointed by some of the answers that I have previously had from her. She has admitted that extending the scheme across borders would be very expensive, so we cannot rely on local authorities to do it, but I am very disappointed that she has said that she has no plans even to meet Welsh Assembly Government Ministers to discuss whether that might be possible at some point in future. Will she at least reconsider extending the scheme across the border?

Ms Winterton: I fear that I may continue to be a disappointment to the hon. Gentleman. That saddens me enormously, but he must recognise that extending the scheme into Wales or Scotland has some quite strong financial implications. At this stage, we want to make sure that the England-wide scheme is settling down. Obviously, negotiations about that are still going on and we want to wait before we proceed any further.

Mr. Lindsay Hoyle (Chorley) (Lab): My right hon. Friend will be aware of the situation in Chorley. Concessionary travel was initially welcomed, but the council will no longer let people use the 50p scheme before 9.30 am, and its opposition to the continuation of the scheme means that people cannot travel across Chorley into any other district in Lancashire. What can she do to help pensioners who have to go to hospital, or people who have disabilities or are on training schemes, who now have to pay either full price or half price? The council's decision seems to have led to a real anomaly.

Ms Winterton: I certainly understand the point that my hon. Friend makes. As he knows, central Government funding provides that the scheme should run from 9.30 am to 11 pm, but some local authorities have exercised the discretion that we have given them to extend it. In my area, it has been extended to carers, and people are able to use it on local trains. In addition, the hours for which it operates have also been extended. It is unfortunate that his local authority is not doing something similar, but I am sure that he will continue to campaign for such a change.

Mr. Robert Goodwill (Scarborough and Whitby) (Con): In replying to yesterday's debate, the Minister disappointed us yet again when she admitted that the Government intended to stop reimbursing local authorities for the administrative cost of issuing bus passes. Many councils already have to subsidise what was supposed to be a Government-funded scheme. Is this another example of the Government taking the credit for something and local council tax payers picking up the bill—in this case, one of £50 million?

Ms Winterton: I wonder whether I sense another Tory spending commitment in the air. We gave local authorities a very generous grant of something like £31 million, equivalent to about £4.50 per pass, to cover the scheme's introduction. In the past, local authorities have produced their own passes, so giving them money for the introduction of this pass was a change. However, given that something like £1 billion goes to local authorities for the concessionary fares scheme, we think it is entirely reasonable that they deal with further applications and renewals from now on.

Mr. David Clelland (Tyne Bridge) (Lab): The concessionary fare scheme has been a tremendous success. It is popular and a credit to the Government, but does my hon. Friend recall the Prime Minister saying that he wanted to remove all barriers to people receiving training and acquiring skills? Will she encourage local authorities and other bodies to come together and extend concessionary fares to young people between the ages of 16 and 19 who are pursuing further education and training?

Ms Winterton: My hon. Friend makes a very good point. As he said, something like 11 million people nationwide will be eligible for concessionary fares as a result of the changes that came in on 1 April. He is right to say that local authorities, transport authorities and other organisations in some parts of the country have come together to look at the problems facing young people undertaking training; in some instances, I think they are looking at facilitating travel for young people doing the new diplomas. We have given local authorities freedom to deal with this matter at their own discretion, and I am sure that some of them will consider what my hon. Friend suggests to be a good way forward.

Jeff Ennis (Barnsley, East and Mexborough) (Lab): Does the Minister recall the meeting that we had this morning with representatives of the Doncaster youth council? They raised the possibility of extending the scheme to students, especially those attending sixth-form colleges. Will she consider whether they might be included in the scheme in future?

Ms Winterton: Fortunately, I do remember the meeting that we had not five hours ago. My hon. Friend is right to say that Doncaster youth council was extremely keen to see the concessionary fares scheme extended to young people. As I explained to the council, extending the scheme nationwide to young people would have some severe financial implications, but as I said to my hon. Friend the Member for Tyne Bridge (Mr. Clelland), some local authorities are looking at extending it to young people, especially in areas where people want to get to school or training.

High-speed Trains

5. **Andrew George** (St. Ives) (LD): What plans she has to increase the provision of high-speed trains. [216858]

The Secretary of State for Transport (Ruth Kelly): Following my recent invitation to examine longer-term options, Network Rail announced in June a study of the potential for new lines to accommodate future growth on the network. This will include an assessment of the role that high-speed lines might play. I look forward to seeing the results of the study next year. Separately, the Department is leading the procurement of new rolling stock to replace the existing fleet of high-speed trains.

Andrew George: I am grateful to the Secretary of State for that response. What reassurance can she give the House about the Government's welcome ambitions for a new fleet of express trains and five high-speed routes? On the route to Penzance, as a result of rising sea levels, the line 100 miles away at Dawlish always becomes threatened when high spring tides coincide with strong easterlies. Is the Secretary of State able to factor that into the plans, or to make an announcement today that the high-speed route could be rerouted?

Ruth Kelly: I am sure the hon. Gentleman would not expect me to make such an announcement today, but I understand that Network Rail is looking at the issue that he has raised with me. Network Rail needs to be in a position over the next year or so to understand where rail is going to be most intensively used, and that is why it is undertaking a study of where there might be a need for new lines, including high-speed lines. If the hon. Gentleman has issues with the scope of those studies, I am sure he will make representations to Network Rail.

Mrs. Louise Ellman (Liverpool, Riverside) (Lab/Co-op): I welcome the commissioning of the study, but can my right hon. Friend tell us what criteria she has set for Network Rail for assessing the feasibility of high-speed rail?

Ruth Kelly: I can tell my hon. Friend that I invited Network Rail to carry out a wide-ranging study, without constraint, of where future demand might emerge on the railway, and where there might be need for extra capacity. As my hon. Friend and other hon. Members know, it takes a long time between thinking about and planning for a new line and constructing it, as with Crossrail, so Network Rail is carrying out a study with a wide scope of where extra demands might materialise and how plans can be put in place in case such a scenario arises.

Mr. Angus MacNeil (Na h-Eileanan an Iar) (SNP): High-speed rail lines from London to the continent have benefited the economy of the south-east of England. When will we see the network completed to Glasgow?

Ruth Kelly: The hon. Gentleman from month to month tries to make the case for high-speed rail to Glasgow. I have not set my mind against high-speed lines; it is right that Network Rail should consider all the options, particularly how the need for extra capacity might be met. If extra capacity is needed and a new line needs to be built, it must consider whether that line should be high-speed. I do not suggest, as the hon. Gentleman sometimes does, that there is necessarily a huge carbon advantage from high-speed rail. For instance, if a high-speed line were to run between London and Manchester or London and Glasgow, one might expect a carbon advantage, but not the scale of advantage that some hon. Members sometimes suggest.

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): Is my right hon. Friend aware that people in Yorkshire very much want a high-speed service to the major cities of this country, not just to London? Is she also aware that recently at weekends some conspiracy between National Express and Network Rail has sealed off the northern region from the rest of the country through the disruption and damage done to the timetable?

Ruth Kelly: My hon. Friend will know that there is huge investment in the network at present, including an extra £10 billion allocated to invest in capacity over the five-year period to 2014. Clearly, from time to time there will be disruption on the route, some of which may be unavoidable as a consequence of the upgrading of the line. If it is not unavoidable that is clearly unacceptable, and I am sure my hon. Friend will make representations to Network Rail, as indeed shall I on his behalf.

Michael Fabricant (Lichfield) (Con): Does the right hon. Lady understand that it is not much fun standing on a platform and a high-speed train sucks you off because of the turbulence—*[Laughter]*—or whatever. The important thing is that the train should stop, so will she bear in mind the fact that high-speed trains should go not just from major centres of population to other major centres of population but, as the hon. Member for Huddersfield (Mr. Sheerman) said, to some of our great cities, including the great city of Lichfield?

Ruth Kelly: The hon. Gentleman is of course right; it would not be much fun, but nor would the train be very high speed if it were to stop at every station. Clearly, there is a trade-off between reductions in journey time and the number of stations where trains stop, but I am sure those issues will be taken into account.

Ms Angela C. Smith (Sheffield, Hillsborough) (Lab): My right hon. Friend is aware of my support, and that of many of my hon. Friends, for the reopening of the Woodhead line over the Pennines. Will she give us an assurance today that the economic benefits to the north of such a link will be given serious consideration as part of the study being conducted by Network Rail?

Ruth Kelly: My right hon. Friend the Minister of State assures me that she has met both National Grid and Network Rail to discuss precisely those issues. A freight study is being carried out to assess whether the Woodhead tunnel might be needed in future to carry freight trains, and there could of course be passenger benefits, too. My hon. Friend the Member for Sheffield, Hillsborough (Ms Smith) has ensured that the issue has been put on the table, and I can assure her in response that it is being studied seriously.

Rail Network

6. **Paul Holmes** (Chesterfield) (LD): What change there has been in the length in miles of the rail network in England since 1st May 1997, excluding the channel tunnel rail link. [216859]

The Secretary of State for Transport (Ruth Kelly): I am advised by Network Rail and the Office of Rail Regulation that the information is not available in the form requested. Since 1997 the channel tunnel rail link has opened, and there have been no significant closures over this period. However, we have committed to investing £10 billion in increasing capacity over the next five years, which at this stage can be done most effectively by investing in additional rolling stock and improving the existing network.

Paul Holmes: Is not the likely answer zero if the channel tunnel rail link is excluded, and is it not astonishing that the Government can spend £11.5 billion building 405 miles of major new road network, yet not put any money into extending rail? Given that the rail network will approach maximum capacity in the next few years, what plans do the Government have to expand the network and provide capacity beyond 2014?

Ruth Kelly: I am afraid the hon. Gentleman's argument is completely misleading. If we want to put extra capacity on the railway, the most important thing is to lengthen platforms and invest in new carriages. If we want to increase capacity in the road network, the most important thing is to widen roads or turn the hard shoulder into an extra running lane. However, when we look at the facts on investment, we see that last year alone an extra £3.5 billion was invested in rail capacity and just over £1 billion in roads. There was nearly three times as much investment in rail, so I do not think anyone can accuse the Government of starving the railways of investment.

Sir Peter Soulsby (Leicester, South) (Lab): Does my right hon. Friend agree that one of the most effective ways of increasing the number of miles available for the passenger network is reopening existing freight lines for passenger transport? She will be aware of a number of such schemes nationwide, but will she look again at the considerable potential for passenger use of the heavy

freight line that links Leicester and Burton? Will she support the feasibility work being done on a line that could take a significant number of cars off the congested roads of Leicester and Leicestershire?

Ruth Kelly: I know how interested in and passionate about the issue of freight my hon. Friend is. I assure him that as part of its new line study, Network Rail is thinking about whether there is a need for a dedicated freight line, which would not only benefit the freight industry but potentially increase capacity for passengers. Also, in the rail White Paper, we allocated an extra £200 million for investment in the strategic freight network. Together, those measures will, I hope, provide much greater reliability for the freight industry, which is incredibly important, and deliver passenger benefits.

Ms Sally Keeble (Northampton, North) (Lab): When considering the extra capacity and lines that are needed, particularly for high-speed train services, will my right hon. Friend consider the needs of Northampton and the surrounding growth area, which will urgently need more train services as the population increases in the coming years?

Ruth Kelly: My hon. Friend is persistent in making the case for her constituents in Northampton, particularly on the need for more investment in capacity. I know that Northampton is being considered as a stop for the new inter-city express trains, which would provide substantially more seats than current trains do. I am sure that we will be able to take her representations into account when we decide on the best use of those trains.

A1

7. **Sir Alan Beith** (Berwick-upon-Tweed) (LD): If she will classify the A1 north of Newcastle as a national strategic road. [216861]

The Parliamentary Under-Secretary of State for Transport (Mr. Tom Harris): The Highways Agency classified roads in the strategic roads network as national or regional roads in 2005 to support the regional funding allocation process. Roads were assessed against set criteria, and the A1 north of Newcastle was judged to be a route of regional importance. There are no plans to carry out a review of those classifications for the forthcoming round of advice on regional funding allocations.

Sir Alan Beith: Well, is it not time that there was a review of the classification, especially as the regional transport board, the regional development agency and all the local authorities involved think that the A1 north of Newcastle should be treated as a national strategic road? The traffic patterns—the distances travelled—seem to support that view. The Highways Agency itself spent £5.25 million working up schemes before the classification was changed.

Mr. Harris: With your permission, Mr. Speaker, it may be helpful to the right hon. Gentleman and the House if I briefly set out the four criteria. The first is an average daily traffic flow of more than 60,000 vehicles along the length of the route. Secondly, the road must link at least two of the top 20 English cities by population, or link one of those cities with an airport or seaport, or with Wales or Scotland. Thirdly, heavy goods vehicles must make up 15 per cent. or more of the traffic, on average, along the length of the route. Fourthly, the road must be part of the European Union's trans-European transport network. I have to tell him that the A1 north of Newcastle does not meet those criteria.

Jim Cousins (Newcastle upon Tyne, Central) (Lab): May I ask the Minister to reconsider the matter in the light of the opening of the second Tyne tunnel, which is due to take place in 2012? The Tyne tunnel road was originally the A1, and the A1 was routed round to the west of Newcastle, but that was some 20 or 30 years ago. May I ask him to reconsider the matter, as some of the information to which he just referred would look entirely different if we considered the future of the trunk road network through the built-up area of Tyne and Wear?

Mr. Harris: My hon. Friend is right inasmuch as, to quote John Maynard Keynes,

"When the facts change, I change my mind. What do you do, sir?"

Of course, if the facts change, the Government will look at the matter again, but we have to make sure that the criteria are consistent across the whole country. I advise my hon. Friend, and other right hon. and hon. Members, that simply reclassifying a road does not create any extra resources with which to upgrade and expand it. The amount of money in the pot stays static. Of course, if we have to fund a particular scheme from central resources, that means fewer resources for the regional funding allocation.

Learner Drivers

8. **Mr. Khalid Mahmood** (Birmingham, Perry Barr) (Lab): What progress she has made on her plans to introduce a foundation course on safe road use for people planning to learn to drive; and if she will make a statement. [216862]

The Parliamentary Under-Secretary of State for Transport (Jim Fitzpatrick): The Driving Standards Agency is working with the Scottish Qualifications Authority and other interested parties to design a course that young people and potential employers will value. Our plans are for the qualification to be available in Scotland from this autumn, and then become available in the rest of Great Britain.

Mr. Mahmood: Does my hon. Friend share my concern about the fact that the overall casualty rates for young people have not changed since the mid-1990s? In contrast, overall, serious accidents and deaths have fallen by over 30 per cent. How does he think the initiative that we are discussing would reduce the casualty figures?

Jim Fitzpatrick: The whole House will welcome the data published two weeks ago by the Department showing that road deaths in the UK fell below 3,000 for the first time since 1926, when records were first kept. However, my hon. Friend is absolutely right to point out that incidents in which young drivers are killed or suffer serious injury are not falling at the same rate. The learn-to-drive consultation that the Department is running to try to improve the standards of skill for our young

drivers is very much part of the drive to make sure that those figures keep moving downwards, and we are confident that the qualification will help in that regard.

Mr. Andrew Turner (Isle of Wight) (Con): How much time will it take for motorcyclists to travel from the Isle of Wight to places where they are tested, and might they not, as an alternative, drive indefinitely on L-plates?

Jim Fitzpatrick: The multi-purpose test centres have been designed, first, to comply with the European directive on testing motorcyclists and, secondly, to comply with our safety ambition to cut the numbers of motorcyclists who die on our roads. In 2006, there were 599 such deaths; in 2007, there were 588. They are the biggest single category of deaths on the road, and many motorcyclists are victims of other road users. We are trying to make sure that the MPTCs are as close as possible to where people live, and targets have been set. I know that the hon. Gentleman is aware of that, and he knows, too, that we are engaged in that examination.

Ms Celia Barlow (Hove) (Lab): While I applaud what my hon. Friend said about reducing deaths on the roads, there have unfortunately been several deaths on the A23 in Sussex in the past year. Can he fit what he said about safety on the roads with the closure of both test centres in Brighton and Hove, so that learner drivers must travel to Burgess Hill, not just to take their test, but possibly to familiarise themselves with the roads? The most direct route to that test centre is on the dual carriageway on the unfortunate A23.

Jim Fitzpatrick: My hon. Friend raises the question of the journey to the test centre for people who want to take their driving test. Some ADIs—approved driving instructors—spend a lot of time with their trainees on the test course, but we are trying to say that that is not what they ought to be doing. Rather than teaching people how to pass the test, they are supposed to teach them how to drive. Some people will have to travel longer distances, but for the majority, the centre will still be within 45 minutes of their home. We are trying to improve the centres, which will be compliant with the Disability Discrimination Act 2005 and will be better for staff and examiners. We want to achieve the objective of cutting the number of people killed and injured, which is why we are revising the whole exam course.

Miss Anne McIntosh (Vale of York) (Con): I am sure that the Minister will agree that some of the safest drivers are older drivers. Will he give the House a commitment that his consultation on fitness to drive will not discriminate against older drivers?

Jim Fitzpatrick: Obviously, demographics are important: we are living to an older age, and we have an ageing population. There is a question mark over people living to a very old age and their ability to drive. We have an arrangement whereby, once someone reaches the age of 70, they have to re-qualify, and there is a three-yearly recertification process. We will consult on that, and on health aspects in due course. At this point, however, we have no plans to change the existing arrangement.

Mr. Gordon Prentice (Pendle) (Lab): Six times as many young men under 21 as young women are killed on our roads when driving. Young men are the problem, so what are we doing to address that issue?

Jim Fitzpatrick: My hon. Friend makes the same point as my hon. Friend the Member for Birmingham, Perry Barr (Mr. Mahmood). Newly qualified drivers, particularly young men, feature disproportionately among those who are killed and seriously injured. The new qualification that we will take into schools and youth clubs will address the culture of being a passenger as well as the prospect of being a driver. It will deal with how someone should act towards other users in a courteous manner, as well as how to deal with peer pressure, because their girlfriend or boyfriend is in the car, or their mates are in the back trying to gee them up. That is very much a matter of trying to make people more mature in their approach to driving, and the qualification about which my hon. Friend the Member for Birmingham, Perry Barr asked is very much part of preparing people for driving. In addition, by fundamentally reviewing the exam, we will test whether people are able to drive, not just manoeuvre a vehicle.

Willie Rennie (Dunfermline and West Fife) (LD): Protecting learner drivers from sexual offenders must be an important consideration for the Department, but two years ago I alerted it to the loophole in the law that prevents the suspension of recently convicted sexual offenders from the approved driving instructors register. That meant that sexual offenders who were driving instructors would be allowed to continue for a further 45 days after conviction, and I was told by the Minister at the time that that serious loophole would be closed. Why has nothing been done during that period? Why are women now at risk throughout the country? The Government have failed to act to close the loophole.

Mr. Speaker: Order. Perhaps in future, the hon. Gentleman should be briefer, and he was a bit wide of the question.

Jim Fitzpatrick: Prospective approved driving instructors must provide enhanced-level criminal record checks. Existing ADIs must undergo such checks when re-registering every four years, and the position of driving instructor has the status of a notifiable occupation, so the Driving Standards Agency is informed of convictions. The DSA is seeking a suitable Bill to allow for the suspension of ADIs. The hon. Gentleman has quite correctly drawn attention to the matter and it has been under review. There have been changes, but clearly further matters must be pursued.

Regional Airports

9. **Andrew Gwynne** (Denton and Reddish) (Lab): What recent assessment she has made of the contribution of regional airports to regional economies. [216863]

The Secretary of State for Transport (Ruth Kelly): Regional airports generate regional growth, jobs and investment, and we support their development provided that environmental considerations are addressed. Our White Paper, "The Future of Air Transport", invited airports to publish master plans outlining how their future development proposals would help regional economies, and many have now done so.

Andrew Gwynne: I thank my right hon. Friend for that answer. She will know the tremendous benefits to industry and commerce not only in Greater Manchester but throughout the north-west of England of having a large regional hub airport based at Manchester. Will she ensure that the vital economic role played by regional airports such as Manchester is properly considered in the current aviation policy consultation and in the current debate about the expansion of Heathrow?

Ruth Kelly: My hon. Friend makes an incredibly important point. In fact, I think that about 35,000 jobs are supported by Manchester airport alone, and businesses choose where to locate in Britain partly because of international connectivity. The economic impact of transfer passengers has been widely debated inside and outside the House, and when we consider the issues about Heathrow expansion, it is important to take into account the impact of such passengers within the UK. After all, one quarter of all transfer passengers at Heathrow come from regional airports. That is one factor that we must take into account, but obviously the decision will be based on local environmental considerations as well as on the overall economic impact.

Mr. Stephen Dorrell (Charnwood) (Con): I agree with the Secretary of State that regional airports make a very important contribution to the economic development of the regions in which they are located, but does she agree that it is also important that, like all other forms of economic activity, regional airports are subject to proper planning controls and constraints in the interests of the communities around them? In that connection, does she think it reasonable for the Government to plan for East Midlands airport to become a major air freight hub, with the implication that there will be an increased amount of night flying, without any controls on night flights in and out of the airport to reflect the balance of interests between night-flying operators and the communities around the airport?

Ruth Kelly: The right hon. Gentleman will know about our proposals in the air transport White Paper. There are clearly issues in respect of East Midlands airport, but he would not expect me to touch on them in the House, partly because they are being contested. The fact is that regional airports are hugely important for regional and UK economic growth, and the provision of specific places for air freight is also important for the country's economic growth. Clearly, they need to be properly planned, and clearly we need to take into account the local environmental impact, including the impact on noise and air quality.

Mr. Julian Brazier (Canterbury) (Con): Could the Secretary of State impress on her Treasury colleagues the concerns of regional airport operators, who feel that they are being asked to set up a cumbersome and expensive bureaucracy to collect the new aviation tax, instead of that being left to the airlines, which currently collect the aviation air passenger duty that the new tax is replacing?

Ruth Kelly: I take that as confirmation that the Conservative party supports the Government's proposals for an aviation tax that reflects the impact of aviation on the environment. The Treasury is consulting on the detail, and my right hon. Friend the Chancellor is thinking about the issues with a view to making decisions later this year.

Multi-purpose Driving Test Centres

10. **Mr. Peter Bone** (Wellingborough) (Con): How many new multi-purpose driving test centres the Government plan to establish; and at what cost. [216864]

The Parliamentary Under-Secretary of State for Transport (Jim Fitzpatrick): The Driving Standards Agency plans to establish a network of 66 multi-purpose driving test centres. The capital budget for the project is £71 million and revenue costs will be £13 million per annum.

Mr. Bone: The Minister has rightly confirmed that the Government are planning to spend £71 million because of a European Union directive. However, if the Government had applied for a derogation from the directive so that 50 kph was translated to 30 mph, no expenditure would have been necessary. Why did the Government waste £71 million rather than apply for a derogation?

Jim Fitzpatrick: We do not see it as wasting £71 million, but as something that improves the test and the facilities for examiners and the examined. It will enable the tests to be conducted off-road because of the manoeuvres that are expected to be required. That will enhance safety because it will improve the skills of those who go to the new multi-purpose driving test centres.

Laura Moffatt (Crawley) (Lab): I sincerely hope that Crawley will have a multi-purpose test centre. It is vital that the new centres should allow people to take a variety of tests, provide safety and comfort to those taking their tests as they wait for people to arrive and provide secure accommodation for those who are teaching. I hope that all those things will be achieved at Crawley.

Jim Fitzpatrick: The new purpose-built MPTCs are environmentally friendly and compliant with the Disability Discrimination Act 2005. They provide improved facilities for customers and staff. When my hon. Friend visits her new centre, I am sure that she will be impressed by the facilities on offer.

Mr. Speaker: I call Crispin Blunt.

Mr. Crispin Blunt (Reigate) (Con): Question No. 19, sir.

Mr. Speaker: No, we are now on topical questions.

Mr. Blunt: My apologies, Mr. Speaker; I had not seen that the previous three questions had been withdrawn. In that case, may I ask whether the Secretary of State thinks that the management and accountability structures of Network Rail are satisfactory? If her answer is yes, will she seek some early medical attention? If the answer is no, what does she propose to do about it?

The Parliamentary Under-Secretary of State for Transport (Mr. Tom Harris): The Government have no plans to look again at the structure of the railway industry. I am confident that the current governing procedures for Network Rail are satisfactory. They are delivering for the passenger and the railway industry.

Mr. Speaker: We turn now to topical questions; my apologies to the hon. Member for Reigate (Mr. Blunt).

Topical Questions

T1. [216844] **Ms Dari Taylor** (Stockton, South) (Lab): If she will make a statement on her departmental responsibilities.

The Secretary of State for Transport (Ruth Kelly): I am delighted to tell the House that, on 9 June, I was pleased to announce the Government's support for a £2.8 billion investment package for public transport in Greater Manchester by awarding its transport innovation fund bid programme entry. Last month, I announced that Bristol had been appointed Britain's first cycling city, alongside an additional 11 cycling demonstration towns winning a share of a record £100 million to increase cycling in their areas. Yesterday, following the publication of Professor Gallagher's review of biofuels, I announced my intention to consult on slowing down the rate of increase of the renewable transport fuels obligation to take into account emerging evidence about the sustainability of biofuels and to establish international sustainability standards and controls. Today I made a statement on the timing of the Heathrow consultation process that set out how I intend to ensure that all the evidence can be considered before crucial decisions are taken before the end of the year.

Ms Taylor: I was delighted to hear my right hon. Friend confirm in yesterday's statement that the Gallagher review has rejected a moratorium on biofuels development. Will she acknowledge and accept that by slowing down the rate of use of biofuels, which according to the targets set will be 5 per cent. by 2010-11, we will undermine investment and research in the world's leading biofuels company on Teesside?

Ruth Kelly: My hon. Friend makes an important point. Partly underlying the Gallagher conclusions on the renewable transport fuel obligation and the decision to keep the 5 per cent. in place, albeit on a slowing timetable, was the desire to keep innovation in the industry and to encourage the investment in the north-east that has already been found. Importantly, Professor Gallagher said that we should amend but not abandon our biofuels policy. The RTFO is set to rise to 5 per cent. I hope that the industry can now have some certainty that that will happen, albeit at a slightly slower pace.

Mrs. Theresa Villiers (Chipping Barnet) (Con): EU limits on NOx pollution become legally binding in 2010. At the weekend, Professor Mike Pilling, who chaired a Government expert group on Heathrow air quality, disputed DFT claims that an expanded Heathrow is capable of complying with those limits. The Environment Agency has also highlighted the impact of NOx and worsened air quality on mortality and morbidity around Heathrow. Is the Secretary of State planning to listen to her environment advisers or ignore them?

Ruth Kelly: Of course we are planning to listen to our advisers, just as we are planning to listen to all the responses to the consultation. This morning, I told the House that we were going to carry out a rigorous process and ensure that we analyse all the responses to the consultation and provide a full impact study—including on equalities, which is another issue that has been raised—in order to make an appropriate decision based on the science before the end of the year.

Mrs. Villiers: The right hon. Lady's environmental calculations on Heathrow are under sustained attack. The flight path proposals from NATS could destroy the tranquillity of much of rural England. Her plans for Stansted make no sense and command no support. Is it not time for her to rethink her "predict and provide" approach to aviation, go back to the drawing board on the environmental data on Heathrow and drop her deeply misguided proposals for a second Stansted runway?

Ruth Kelly: I do not agree. I find it quite surprising, that the Conservative party has turned its face against any expansion of aviation in the south-east. That view is not supported by the business community. The clear evidence is that there would be a substantial negative impact not only on the London economy but on the UK economy. Clearly, we have to balance that impact against any local environmental considerations. Our modelling at the Department for Transport shows that, even with the third runway, NOx emissions from Heathrow would fall by almost 50 per cent. between 2002 and 2030. We have been very clear about our intention to put that modelling into the public domain, to have it scrutinised and challenged, and to reflect on the outcome of that. It is absolutely imperative that we make our case based on the scientific evidence, not on some arbitrary political positioning.

T2. [216845] **Helen Southworth** (Warrington, South) (Lab): Warrington Bank Quay main line station is currently having a long-awaited refurbishment, but we still have only 98 car parking spaces. Will my right hon. Friend the Secretary of State use her considerable influence to get us the car parking that we urgently need?

The Parliamentary Under-Secretary of State for Transport (Mr. Tom Harris): My right hon. Friend probably has more influence than I do, but of course I am willing to take up the case. My hon. Friend is right—all the evidence is that the more car parking space is provided at railway stations, the more people will use public transport, particularly the railways. Virgin and Network Rail are aware of the situation at Warrington Bank Quay, which remains problematic unless new land is bought or the car park is double-decked. Nevertheless, I am informed that Virgin and Network Rail aim to provide 140 new car parking spaces by November 2009.

T4. [216847] **Mr. Crispin Blunt** (Reigate) (Con): In 2001, the Government promised that, in the next 10 years, they would produce a more silent surface on all the urban motorways. We are still waiting for the major repairs that have to take place close to Walton-on-the-Hill, between junctions 8 and 9 of the M25. Why are my constituents going to have to wait any longer for the Government to deliver on their promises?

Mr. Tom Harris: Essentially, the hon. Gentleman is asking that new, low-noise surfacing should be imposed on particular stretches of motorway, even when they do not require resurfacing as a result of wear and tear. The Government's position is that the best value for money for the taxpayer is to use low-noise surface material when it is necessary to resurface a motorway. If the hon. Gentleman believes that a huge extra expenditure in his

area is justified, he should speak to those on his Front Bench, but I do not think that they would be willing to put their hands in their pockets and make that commitment.

T3. [216846] **Paul Flynn** (Newport, West) (Lab): Last year, 1,500 people died in London as a result of air pollution. A decision was taken this morning that will set in reverse 50 years of work to improve the air quality in London by issuing an invitation to encourage even more polluting, gas-guzzling, Chelsea tractors to poison the air we breathe. What can the Government do to protect us from the anti-environment excesses of Boris the buffoon?

Mr. Speaker: Order. We should use temperate language.

The Minister of State, Department for Transport (Ms Rosie Winterton): My hon. Friend obviously feels strongly on this matter, but the issue in question is devolved to the Mayor of London. No doubt my hon. Friend will make his views clear to him.

T5. [216848] **Mark Pritchard** (The Wrekin) (Con): Given the number of airlines going out of business and the number of British airlines suffering in the credit crunch, does the Minister agree with the recent decision by the Civil Aviation Authority to increase its charges at Heathrow by 86 per cent. over the next five years?

The Parliamentary Under-Secretary of State for Transport (Jim Fitzpatrick): That decision is a matter for the CAA, which makes the recommendations. There is an outstanding legal case, in which easyJet is undertaking a judicial review of certain decisions made, and those matters will be resolved in the courts shortly.

T6. [216849] **Harry Cohen** (Leyton and Wanstead) (Lab): Transport for London is investing in greener, non-petrol driven buses, but it is a slow process. There should really be a national, co-ordinated programme of investment. What is the Department doing to get a programme under way, so that we can ensure that the majority of buses—if not all of them—are non-petrol driven?

Ms Rosie Winterton: My hon. Friend makes an important point about the investigation of alternatives. There are various ways in which we can assist in that process. Research programmes have been undertaken to look at some of the alternatives and, in some instances, we are assisting businesses in that respect. With the reform of the bus subsidy for operators, we will be able to look at what can be done to encourage alternative, more efficient vehicles.

T7. [216850] **Mrs. Linda Riordan** (Halifax) (Lab/Co-op): The guidance published in 2006 on setting local speed limits was welcomed by those campaigning for 20 mph limits. However, instead of just encouraging local councils to adopt such schemes, what plans have the Government put in place to ensure that they are made mandatory, and not just outside schools, but nurseries, too?

Jim Fitzpatrick: I do not want to disappoint my hon. Friend, but we do not have plans to make such schemes compulsory. As she has outlined, we have given guidance, and we hope that local authorities take up the opportunity to introduce 20 mph speed-limit zones, where they think it appropriate. That could involve nurseries or shopping precincts and not just schools. The matter is very much under local control, depending on the profile of road safety in that area.

To help with take-up, we plan to collect data from towns and cities where such schemes have been introduced. That project is now in hand. The preliminary evidence shows that where zones have been introduced with physical restrictions—be they road humps or chicanes—we have seen about a 60 per cent. reduction in crashes and a 67 per cent. reduction in crashes involving children. There is great value in the introduction of 20 mph zones. Local authorities throughout the country have shown great interest in them, and we hope that many more will take up the option.

Norman Baker (Lewes) (LD): Yet again this year, as in every year, the Government are pushing up train fares above the cost of inflation, with their flawed retail prices index-plus policy. At the same time, franchised train companies are having to pay a premium—a kind of stealth railway tax—for their franchises, which might account for the fact that the Government's expenditure on railways is due to fall next year, according to their own figures. When are the Government going to get off the fare escalator, abandon the RPI formula and give fare-paying passengers a fair deal?

Ruth Kelly: I certainly understand the pressure on people's personal finances. I am determined that we shall restore passengers' confidence in rail fares, and the hon. Gentleman raises the issue of regulating rail fares. We cap fare increases after inflation to protect passengers from unduly high fare increases. It is worth remembering for a moment that almost half of all rail journeys are made with regulated fares, which are no more expensive in real terms than they were at the time of privatisation, so clearly the regulatory cap is serving a purpose. It is important that we simplify the system and ensure that people are confident that they receive good value for money when they pay a rail fare. The Association of Train Operating Companies has promised to promote price simplification and, ultimately, bring in a price promise, but I think that we may need to go further. That is why I have asked Passenger Focus, the rail passenger representative group, to conduct a study to see what further changes are necessary.

John McDonnell (Hayes and Harlington) (Lab): My right hon. Friend issued a statement this morning that will delay the decision on Heathrow until the end of the year at least. For my constituents, that means continued blight. I have families with young children living in overcrowded accommodation in my constituency who cannot sell their properties. Lenders are no longer lending to people in my area, blighted by Heathrow, to enable them to purchase and sell properties. The solution is to drop the madcap scheme for expansion but, in the meantime, will my right hon. Friend meet a delegation of constituency MPs from the area and consider the introduction of an emergency blight package to compensate those people affected by the Government's delay in their decision-making processes?

Ruth Kelly: I appreciate my hon. Friend's concern on behalf of his constituents. Whichever way the decision goes, he is clearly concerned about delay in the process

and its impact locally. It is important, however, that we rigorously analyse the consultation responses. We have an independent process for doing that, which will be peer reviewed to ensure that all the responses are taken into account. I have promised the House that I will give an update later this year. We have to look, too, into the impact on the demographic groups and equalities in the boroughs likely to be affected by any change. However, I shall pass on my hon. Friend's comments about the detriment that his constituents are facing to those involved in the consultation, so that they can think about how best to improve the situation locally.

Christopher Fraser (South-West Norfolk) (Con): Will the Secretary of State join me in welcoming today's decision by the east of England regional planning panel to recommend prioritisation of the A11 upgrade from Thetford to Fiveways corner? Will she also assure me that the Government will take account of the East of England regional assembly's advice and confirm funding without delay, thus bringing an end to years of waiting for a dual carriageway linked to Norfolk?

Mr. Tom Harris: The Government have already pledged £8 billion to regional transport boards throughout England over a period of 10 years. We always accept and take seriously the advice of regional transport boards, and things will be no different in this case. However, it remains up to the regional transport board in the hon. Gentleman's area to look into the priorities that it has already established, in the light of the refresh that will take place in the second half of this year.

T8. [216851] **Andrew Gwynne** (Denton and Reddish) (Lab): Given that the Secretary of State was led to believe by the Greater Manchester passenger transport authority and the Association of Greater Manchester Authorities that public consultation on the transport innovation fund bid and congestion charge would be in depth and extensive, does she share my concern and dismay that of the four roadshows planned for Tameside not one will be in Denton, the second largest town in the borough and a community directly affected by the M60 outer charging zone? Can she ensure that my constituents' views will be sought by the powers-that-be in that process and use her good offices to ensure that we have a roadshow?

Ms Rosie Winterton: I take my hon. Friend's points on board. Obviously the TIF bid presents an important opportunity for the people of Greater Manchester, but it also involves a very big decision, and it is vital for all those affected to be able to have their say. I am sure my hon. Friend will appreciate that it not for me to comment on each specific aspect of the consultation, but it is important for it to be full and thorough. I urge him to continue to pursue the matter with the Greater Manchester authorities.

Adam Price (Carmarthen, East and Dinefwr) (PC): Why do Network Rail's plans for a western high-speed rail route end in Bristol rather than extending to Wales? Do the Government support that vision of a two-speed Britain?

Mr. Tom Harris: I do not think anyone could honestly claim that the Government have done anything other than put their money where their mouth is in developing the railway network. The hon. Gentleman's constituents are set to benefit from the upgrading and restructuring of Reading station, which is costing more than £400 million. It will relieve a crucial bottleneck on the Great Western line, which is also where I expect the new inter-city express programme trains to be piloted from 2015.

Point of Order

3.36 pm

Dr. Julian Lewis (New Forest, East) (Con): On a point of order, Mr. Speaker. Is there any way in which, within the rules, I can convey the House's congratulations to Sir Igor Judge, who has just been appointed Lord Chief Justice? As you will recall, Sir Igor was one of the judges who decided that MPs' home addresses should be made publicly available. Does not this promotion illustrate the fact that one silly mistake need not wreck a promising professional career?

Mr. Speaker: I think the hon. Gentleman is trying to draw me into an argument. As for his first point about congratulations, he could always table an early-day motion, at which he is very expert nowadays.

Public Contracts (UK Tax Requirements)

3.37 pm

Nia Griffith (Llanelli) (Lab): I beg to move,

That leave be given to bring in a Bill to place certain requirements relating to payment of tax in the UK on companies bidding for public contracts; to prohibit the transfer of such contracts overseas; to require companies bidding for public contracts to provide certain information relating to tax payments; and for connected purposes.

I am glad to have the opportunity to present a Bill that is motivated by fairness and justice—values that, are, I am sure, important to every hon. Member. I am not the first to raise the matter in the House: my hon. Friend the Member for Great Grimsby (Mr. Mitchell) tabled early-day motion 1108, for which I commend him.

Let me begin by informing the House of the Bill's bald and brief title. It is called the Public Contracts (UK Tax Requirements) Bill. If I wished to translate that into the vernacular, I could do no better than direct Members' attention to an article by Professor Prem Sikka on the private finance initiative that appeared in the May edition of the magazine *Chartist*. Prem Sikka is professor of accounting at the University of Essex, and I am indebted to him and his research on the complex workings of the PFI for much of the illustrative detail that I shall use to explain the purposes of my Bill.

I referred to the vernacular. The main heading that appears over Professor Sikka's article reads "Biting the hand that feeds them". As if that were not sufficiently clear, the subheading is even snappier and more explicit: "Prem Sikka on the tax avoidance scam operated by some PFI companies". Not much ambiguity there! Furthermore, tax avoidance is readily understood by the general public, and, in the United Kingdom, condemned as being unfair and unjust.

That is important. One of the selling points about PFI among the general public is how easy it is to understand in terms of our own lives in a modern, property-owning democracy. The vast majority of people, when buying a house or a flat, take out a mortgage. They agree to pay off their loan plus interest over a period of years, according to the terms of the mortgage. That is why many of the opponents of PFI talk in terms of mortgaging the future of our country. Be that as it may, the concept of borrowing and paying off the loan plus interest has become acceptable to the vast majority of the British people, who, until comparatively recently, even trusted the lender to behave both honourably and competently.

The private finance initiative is a partnership between public services and private companies. Private companies are paid from the public purse to build, and often to maintain, projects for what may well be a period of 30 years—a bit like our mortgage, the general public might be thinking. The problem is that some companies that have won PFI contracts would appear to have transferred their ownership to a tax haven. In this way, they could avoid paying UK tax on their income and profits. What I find particularly outrageous—and I think the electorate do, too—is that these profits come from the public purse; in other words, the untaxed profits come from hard-earned taxpayers' money.

[Nia Griffith]

The real difficulty is that there is a lack of transparency, and that currently those awarding contracts in the public-private partnerships or PFIs are not required to request sufficient explanation and detail about the tax arrangements of the companies bidding for these contracts. We all understand that large companies will have projects and businesses in many different countries, but the British public want to be sure that their tax money is not going to fund schemes by paying companies that are somehow not paying their full dues in UK tax. There will always be a suspicion that an investment company such as 3i Infrastructure Ltd—which has a 50 per cent. equity stake in Alpha Schools, a company formed to bid for a £134 million project to build and refurbish 11 schools in the Scottish highlands—has a specific reason for being registered in Jersey. A company spokeswoman is reported as saying:

"Alpha Schools is a company registered in the UK and liable to UK tax. It has two main shareholders: 3i Infrastructure Ltd and Galliford Try—a leading construction firm.

3i Infrastructure is a Jersey-based investment company. However, the PFI companies in the portfolio of that company are registered and taxed in the UK in the normal way. The post-tax profits from these PFI companies are simply aggregated by 3i Infrastructure, before being passed on to investors."

Is this really sufficient to allay the public's fears? I suggest not, and that is why we need this ten-minute Bill.

It is not sufficient that Treasury rules state that Government Departments should pay attention to the "propriety of tax arrangements" of companies involved in public-private partnerships or PFI deals. To reassure the public that such firms are paying the appropriate UK tax for the money that they make on public-private partnerships, we must require firms to make more information available. It is important to note that these proposals do not impose any additional costs on companies, as they already have the information that is required.

A few minutes ago, I gave what I described as the "bald and brief title" of my Bill. Let me now describe what the Bill would mean in practice. It would mean that public contracts could not be awarded to companies or investors resident outside the UK for tax purposes. It would mean that companies would be forbidden to transfer any aspect of PFI contracts to a location outside the UK. It would mean that all companies bidding for public contracts would have to include a public account of tax payments for the preceding five years. This account would have to include copies of their tax returns and a table showing the jurisdictions that they operate from, together with sales, costs, profits, employees, liabilities and assets in each.

In conclusion, my Bill is not only designed to tidy up an accounting anomaly. It is, rather, motivated by a sense of the unfairness and injustice that can be allowed by the current arrangements, and, perhaps just as importantly, by a wish to restore the public's confidence that the accounting is transparent and that untaxed profits cannot come from hard-earned taxpayers' money.

Regardless of what anyone thinks of the underlying principles of PFI, it cannot have been the intention of those who originally gave us the concept to have allowed such tax-funded tax avoidance, but that, in effect, is what we have. This, surely, is a blatant example of the law of unexpected consequences. Having had it brought to our attention, it is surely our duty to put right what has gone wrong, and to replace injustice with justice and inequity with fairness. I commend the Bill to the House.

Question put and agreed to.

Bill ordered to be brought in by Nia Griffith, Gordon Banks, Ms Karen Buck, Mr. David Chaytor, Michael Connarty, Linda Gilroy, Kelvin Hopkins, Mr. Kevan Jones, Ian Lucas, Rob Marris, Ann McKechin and Dr. Alan Whitehead.

PUBLIC CONTRACTS (UK TAX REQUIREMENTS)

Nia Griffith accordingly presented a Bill to place certain requirements relating to payment of tax in the UK on companies bidding for public contracts; to prohibit the transfer of such contracts overseas; to require companies bidding for public contracts to provide certain information relating to tax payments; and for connected purposes: And the same was read the First time; and ordered to be read a Second time on Friday 17 October, and to be printed [Bill 135].

Orders of the Day

CONSOLIDATED FUND (APPROPRIATION) (NO. 2) BILL

Order for Second Reading read.

Question, That the Bill be now read a Second time, *put forthwith, pursuant to Standing Order No. 56 (Consolidated Fund Bills), and agreed to.*

Bill accordingly read a Second time.

Question, That the Bill be now read the Third time, *put forthwith, and agreed to.*

Bill accordingly read the Third time, and passed.

Criminal Evidence (Witness Anonymity) Bill (Allocation of Time)

3.47 pm

The Parliamentary Under-Secretary of State for Justice (Maria Eagle): I beg to move, That the following provisions shall apply to the Criminal Evidence (Witness Anonymity) Bill:

Timetable

1.–(1) Proceedings on Second Reading, in Committee, on consideration and on Third Reading shall be completed at this day's sitting in accordance with the following provisions of this paragraph.

(2) Proceedings on Second Reading shall (so far as not previously concluded) be brought to a conclusion three hours after the commencement of proceedings on the Motion for this Order.

(3) Proceedings in Committee, on consideration and on Third Reading shall (so far as not previously concluded) be brought to a conclusion six hours after the commencement of proceedings on the Motion for this Order.

Timing of proceedings and Questions to be put

2. When the Bill has been read a second time—

(a) it shall (notwithstanding Standing Order No. 63 (Committal of bills not subject to a programme order)) stand committed to a Committee of the whole House without any Question being put; and

(b) the Speaker shall leave the Chair whether or not notice of an Instruction has been given.

3.–(1) On the conclusion of proceedings in Committee, the Chairman shall report the Bill to the House without putting any Question.

(2) If the Bill is reported with amendments, the House shall proceed to consider the Bill as amended without any Question being put.

4. For the purpose of bringing any proceedings to a conclusion in accordance with paragraph 1, the Chairman or Speaker shall forthwith put the following Questions (but no others)—

(a) any Question already proposed from the Chair;

(b) any Question necessary to bring to a decision a Question so proposed;

(c) the Question on any amendment moved or Motion made by a Minister of the Crown;

(d) any other Question necessary for the disposal of the business to be concluded.

5. On a Motion so made for a new Clause or a new Schedule, the Chairman or Speaker shall put only the Question that the Clause or Schedule be added to the Bill.

6. If two or more Questions would fall to be put under paragraph 4(d) in relation to successive provisions of the Bill, the Chairman shall instead put a single Question in relation to those provisions.

Consideration of Lords Amendments

7.–(1) Any Lords Amendments to the Bill shall be considered forthwith without any Question being put.

(2) Proceedings on consideration of Lords Amendments shall (so far as not previously concluded) be brought to a conclusion one hour after their commencement.

8.–(1) This paragrapn applies for the purpose of bringing any proceedings to a conclusion in accordance with paragraph 7.

(2) The Speaker shall first put forthwith any Question already proposed from the Chair and not yet decided.

(3) If that Question is for the amendment of a Lords Amendment the Speaker shall then put forthwith—

(a) a single Question on any further Amendments to the Lords Amendment moved by a Minister of the Crown, and

[Maria Eagle]

(b) the Question on any Motion made by a Minister of the Crown that this House agrees or disagrees to the Lords Amendment or (as the case may be) to the Lords Amendment as amended.

(4) The Speaker shall then put forthwith—

(a) a single Question on any Amendments moved by a Minister of the Crown to a Lords Amendment, and

(b) the Question on any Motion made by a Minister of the Crown that this House agrees or disagrees to the Lords Amendment or (as the case may be) to the Lords Amendment as amended.

(5) The Speaker shall then put forthwith the Question on any Motion made by a Minister of the Crown that this House disagrees to a Lords Amendment.

(6) The Speaker shall then put forthwith the Question that this House agrees to all the remaining Lords Amendments.

(7) As soon as the House has—

(a) agreed or disagreed to a Lords Amendment, or

(b) disposed of an Amendment relevant to a Lords Amendment which has been disagreed to, the Speaker shall put forthwith a single Question on any Amendments moved by a Minister of the Crown and relevant to the Lords Amendment.

Subsequent stages

9.—(1) Any further Message from the Lords on the Bill shall be considered forthwith without any Question being put.

(2) Proceedings on any further Message from the Lords shall (so far as not previously concluded) be brought to a conclusion one hour after their commencement.

10.—(1) This paragraph applies for the purpose of bringing any proceedings to a conclusion in accordance with paragraph 9.

(2) The Speaker shall first put forthwith any Question which has been proposed from the Chair and not yet decided.

(3) The Speaker shall then put forthwith the Question on any Motion made by a Minister for the Crown which is related to the Question already proposed from the Chair.

(4) The Speaker shall then put forthwith the Question on any Motion made by a Minister of the Crown on or relevant to any of the remaining items in the Lords Message.

(5) The Speaker shall then put forthwith the Question that this House agrees with the Lords in all the remaining Lords Proposals.

Reasons Committee

11.—(1) The Speaker shall put forthwith the Question on any Motion made by a Minister for the Crown for the appointment, nomination and quorum of a Committee to draw up Reasons and the appointment of its Chairman.

(2) A Committee appointed to draw up Reasons shall report before the conclusion of the sitting at which it is appointed.

(3) Proceedings in the Committee shall (so far as not previously concluded) be brought to a conclusion 30 minutes after their commencement.

(4) For the purpose of bringing any proceedings to a conclusion in accordance with sub-paragraph (3), the Chairman shall—

(a) first put forthwith any Question which has been proposed from the Chair but not yet decided, and

(b) then put forthwith successively Questions on motions which may be made by a Minister of the Crown for assigning a Reason for disagreeing with the Lords in any of their Amendments.

(5) The proceedings of the Committee shall be reported without any further Question being put.

Miscellaneous

12. Paragraph (1) of Standing Order No. 15 (Exempted business) shall apply so far as necessary for the purposes of this Order.

13.—(1) The proceedings on any Motion made by a Minister of the Crown for varying or supplementing the provisions of this Order shall (so far as not previously concluded) be brought to a conclusion one hour after their commencement.

(2) Paragraph (1) of Standing Order No. 15 (Exempted business) shall apply to those proceedings.

14. Standing Order No. 82 (Business Committee) shall not apply in relation to any proceedings to which this Order applies.

15.—(1) No Motion shall be made, except by a Minister of the Crown, to alter the order in which any proceedings on the Bill are taken or to recommit the Bill.

(2) The Question on any such Motion shall be put forthwith.

16.—(1) No dilatory Motion shall be made in relation to proceedings to which this Order applies except by a Minister of the Crown.

(2) The Question on any such Motion shall be put forthwith.

17. The Speaker may not arrange for a debate to be held in accordance with Standing Order No. 24 (Emergency debates)—

(a) at this day's sitting, or

(b) at any sitting at which Lords Amendments to the Bill are, or any further Message from the Lords is, to be considered,

before the conclusion of any proceedings to which this Order applies.

18.—(1) Sub-paragraph (2) applies if the House is adjourned, or the sitting is suspended, before the conclusion of any proceedings to which this Order applies.

(2) No notice shall be required of a Motion made at the next sitting by a Minister of the Crown for varying or supplementing the provisions of this Order.

19. Proceedings to which this Order applies shall not be interrupted under any Standing Order relating to the sittings of the House.

The motion provides for all the stages of this Bill to be taken today. It provides for six hours of debate in two segments: the first three hours for the debate on this motion and on Second Reading, and the second three-hour segment for Committee, Report and Third Reading. I would be the first to acknowledge that six hours to debate the important issues addressed in this Bill is less than ideal, and it would certainly be undesirable if the emergency legislation today were not to be superseded by a Bill in the next Session allowing much fuller parliamentary scrutiny. However, I would like to explain briefly why we need to press ahead at such speed.

Following the decision by their lordships in the case of Davis, there is a broad consensus—indeed, we saw it at the time of the statement to the House by my right hon. Friend the Secretary of State for Justice and Lord Chancellor following that judgment—that we need to legislate urgently to restore the power of the courts to make witness anonymity orders in appropriate cases. That is widely accepted by Front Benchers in both Houses, by outside commentators and experts of various kinds, and by the Law Lords themselves. They, in the leading judgment by Lord Bingham, said that urgent legislation might be appropriate. I accept that not everybody would think that, but there is a broad range of people who do. Failure to act quickly could lead to a significant number of ongoing and pending trials having to be abandoned and, potentially, to a large number of appeals against convictions secured, to a greater or lesser extent, on the basis of evidence provided by anonymous witnesses. That is the basis of the need for urgency and the reason the timetable motion is as it is today.

Sir Patrick Cormack (South Staffordshire) (Con): I completely understand the general drift of the hon. Lady's argument and do not quarrel with it. However, I understand that the House of Lords will have two days

for the Bill and we have only one. Surely the elected House should have at least as much time as the House of Lords.

Maria Eagle: The hon. Gentleman is slightly misinformed. The other place will have two half days, equating to one full day, so there is a basic equality in the time allowed. I appreciate his general point about the undesirability of having a short time, but we need to move swiftly.

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): Having read the Davis judgment and listened to the beginning of the Minister's speech, I agree that time is of the essence. Would it not be appropriate, therefore, to have a sunset clause? We know that the Bill will be superseded at some point, but we could make absolutely sure—belt and braces—through a sunset clause. I think that that would be accepted on both sides of the House.

Maria Eagle: The hon. Gentleman is stealing my thunder. The Government have tried to act consensually, given the need for speed, and in consultation with other parties we have accepted the principle that the Bill should contain a sunset clause. If the House agrees, it will be added to the Bill later. No doubt, we will have some discussion about what form it should take, and we have several options to consider.

Philip Davies (Shipley) (Con): We all agree that it is a good idea to provide protection for brave witnesses who want to give evidence to put criminals into prison. However, does the Minister agree that legislation passed in such haste can cause more problems than it provides solutions? Will she reflect on the fact that slightly more time might be needed to get it right? It could still go through relatively quickly.

Maria Eagle: I appreciate the general point that the hon. Gentleman makes in that there is some danger in hasty legislation. We have said, and will say again later, that the Bill will be a stopgap. There is to be a sunset clause, as I have said, and we will consider amendments to include it in the Bill later. My right hon. Friend the Lord Chancellor has made it clear that further legislation will be introduced next Session—the law reform, victims and witnesses Bill—that will subsume the contents of this Bill and enable full parliamentary scrutiny. At the same time, we will have cover for the urgent problems caused by the sudden arrival of the judgment in Davis.

The amendments tabled by the right hon. and learned Member for Sleaford and North Hykeham (Mr. Hogg) have not been selected, but I know the substance of what he suggests—and he will no doubt make his own contribution later. He suggests that we should take the summer recess to consider the issues raised by the Davis judgment in more detail and not take the Lords stages of the Bill until the spill-over in the autumn. I fully understand his concern about the undesirability of hasty legislation, as I have already said, and about the timetable motion we are considering, but I cannot commend such a delay to the House as it would cause added distress and worry to many vulnerable and intimidated victims and witnesses, and undermine confidence in the criminal justice system generally, which none of us would be happy to see. Such confidence is vital if justice is to be done and the guilty brought to book.

The right hon. and learned Gentleman says that courts should adjourn these cases for four months, while we take the time to consider more fully, and ask the Law Commission and other experts for their views. But many victims of serious violent offences, or their relatives, or intimidated witnesses looking forward to the day when the trauma of giving evidence is behind them, would not agree that four months is a short delay. They would want the trial completed as soon as possible. What of a defendant remanded in custody? He, too, would want justice to be done with appropriate speed. While it may be true that if found guilty he will get credit for the time that he has spent inside, not all those tried are found guilty. Therefore, in some circumstances, people could be locked up for longer than necessary, even if they are not found guilty. Moreover, such a delay would leave the whole issue of anonymous evidence in legal limbo. That is not a sensible or acceptable way, in my judgment, to proceed.

We have, I believe, a sensible way forward that will meet the concerns of the right hon. and learned Member for Sleaford and North Hykeham about the speed with which the timetable motion seeks to take the Bill through all its stages. As I have mentioned, my right hon. Friend the Lord Chancellor has given a firm undertaking that he will repeal and subsume the provisions of the Bill into next Session's law reform, victims and witnesses Bill. That will allow further and fuller debate of these important provisions, but with the cover of the arrangements in this Bill to prevent the mischief of courts having no power to grant anonymity to witnesses in the intervening period.

I hope that I have explained the urgency that we face today.

Mr. David Heath (Somerton and Frome) (LD): I fully understand why the hon. Lady wants to accelerate proceedings. I have listened carefully to her, but I do not entirely understand why the apparent desire to finish proceedings at 10 o'clock should take precedence over the need to scrutinise every clause of the Bill. Why do we not simply accelerate but maintain our proceedings until such a time this evening when every clause has been properly scrutinised and every amendment has been considered?

Maria Eagle: I am grateful to the hon. Gentleman for those comments. The workings of the usual channels have always been a complete mystery to me, as I have never been a part of them, but there we are. There has been some sort of agreement and it is incumbent on us to get along and debate the important points of the Bill as swiftly as we can. On that basis, it is probably time I resumed my seat.

3.56 pm

Mr. Edward Garnier (Harborough) (Con): I want to make it clear at the outset that the official Opposition do not accept the Government's timetable, although we accept the principle behind the need for the legislation. The Bill has not come upon us by surprise. The decision of the Judicial Committee of the other place was made two or three weeks ago, but the trial took place as long ago as 2004, the murder took place in 2002 and the Court of Appeal considered the matter in 2006. Throughout that time, I suspect that lawyers within the Government will have been anticipating—if they were not, they

[Mr. Edward Garnier]

should have been—one result or the other. That is to say, a confirmation—*[Interruption.]* If the Home Secretary would keep her mouth shut briefly, we could get on. [HON. MEMBERS: "Oh!"] I mean that quite seriously, Mr. Speaker—

Mr. Speaker: Order. We must have temperate conversation and language. The important thing is that I am listening to the hon. and learned Gentleman.

Mr. Garnier: I could not be more grateful, Mr. Speaker.

As I said, the Court of Appeal decision was in 2006 and it must have been within the contemplation of the Government that the House of Lords would either disagree or agree with the Court of Appeal and that contingency arrangements should therefore be arranged. However, we do not deny that there is urgency, artificial or otherwise, when it comes to dealing with the problem. We therefore think that there is some ground for the Government's case for urgency. However, what we are about is a fairly fundamental change in the law as it is now declared to be.

We are not talking about a pro forma Bill. Before we got on to this business, we dealt with the Consolidated Fund (Appropriation) (No. 2) Bill, which went through all its stages in about five seconds—

David Howarth (Cambridge) (LD): That is only all the money.

Mr. Garnier: The hon. Gentleman is quite right; it only deals with the money.

Since the 1979-80 Session, 60 Government Bills have gone through the Commons with all their stages being dealt with in one day. They were largely uncontroversial Bills, such as those to do with consular fees, friendly societies, the Commonwealth Development Corporation—there were two such Bills in that period—the borrowing powers of British shipbuilders and international monetary arrangements. There was the Caravans (Standard Community Charge and Rating) Bill, the Community Charges (General Reduction) Bill, the Australian Constitution (Public Record Copy) Bill, the Parliamentary Corporate Bodies Bill, the Stamp Duty (Temporary Provisions) Bill, the Welsh Development Agency Bill and so on. There was a Bill to amalgamate county and European election dates, and others that were more controversial in their implications if not in their deliberation, by which I mean those to do with the peace process in Northern Ireland.

I suggest that although there is some urgency for the current Bill to be dealt with before the end of this term, there would be nothing to prevent the Government from urging the House to sit beyond 22 July if it were thought appropriate for the Bill to be given greater consideration.

The Minister is right that the House of Lords will consider the Bill on two separate days, but they will be half-days. The importance of that is not so much the amount of time available on each of those days but the gap between them, when outside interests and their lordships will be able to consider better the implications of the Bill. We will not get that advantage. We are to go from Second Reading to Third Reading by 10 o'clock. I suggest to the House that that is not a sensible way to deal with this extremely important Bill.

Sir Patrick Cormack: May I infer from what my hon. and learned Friend says that there was an attempt to negotiate a better timetable through the usual channels, and that those negotiations failed?

Mr. Garnier: Like the Minister, I am not a member of that secret society, the usual channels, so I have absolutely no knowledge of what has been going on behind the scenes. I can say, as she did, that there have been discussions between our party and the Government, and I dare say between the Liberal Democrats and the Government, about the content of the Bill. Given the constrained timetable, we wanted to reach as much agreement as possible. However, legislation should be made in this Chamber, not in ministerial meetings outside it. Although I thank both the Secretary of State and the Minister for their consideration in being as open as they can with us, that does not undermine the thrust of my argument that the timetable is inadequate for this important Bill.

Rob Marris (Wolverhampton, South-West) (Lab): Will the hon. and learned Gentleman give way?

Mr. Garnier: I will if the hon. Gentleman will be very brief.

Rob Marris: Does the hon. and learned Gentleman not accept that there is a certain contradiction between the two limbs of his argument, one of which is that the Government have had plenty of time to consider the matter since 2004, and the other of which is that he feels stampeded? He and his party have had plenty of time to consider the issue, too.

Mr. Garnier: The hon. Gentleman misunderstands. It is the Government's Bill. We did not see it until it was in its draft form last week.

Maria Eagle: Nor did we.

Mr. Garnier: There we are—nor did the Government. Perhaps unwittingly, the hon. Gentleman has made my point about the lack of preparedness that the Government are guilty of.

I shall stop there, because I know that others wish to speak and we need to get on with the Bill. I understand the parliamentary arithmetic, but as a matter of principle the official Opposition will resist the motion.

4.3 pm

David Howarth (Cambridge) (LD): I, too, accept the need for speed in this situation. A large number of cases pending, or recent cases pending appeal, were decided on the basis of the law as it was believed to be before the Davis decision. In addition to the factors that the Minister mentioned, there is the fact that custody time limits might well run out while a resolution of the legal position is awaited. I would not want a lot of defendants to find themselves with a presumption in favour of bail because we had acted too slowly. It is reasonable to say that if we fail to act swiftly, a lot of people might be released who should not be.

Additionally, as the Minister said, the House of Lords invited Parliament to act quickly on the Davis case, and that is what we are doing. Members of all parties agree

that there should be some rules; it is simply a question of deciding what those rules should be, and there is a good deal of urgency to that.

However, I accept that there are grave dangers in legislating too quickly. Knee-jerk legislation is one of British politics' besetting sins, especially in the area of criminal justice. The Dangerous Dogs Act 1991 and the Prevention of Terrorism Act 2005 are just two examples, although the original Official Secrets Act 1911, passed by the last Liberal Government, was also far too quick. Slow politics, rather like slow food, tends to be healthier and more productive.

The hon. and learned Member for Harborough (Mr. Garnier) asked one question that I hope the Government will answer at some point. I hear what other hon. Members have said about this Bill being an opportunity for other parties, but the Government seem to have been taken by surprise by the Davis decision. Various legal practitioners thought that there was at least some possibility that the decision would be as it was, so I am surprised that the Government have been in such a rush to get legislation in place.

Given that we are where we are, however, we have to act quickly. Because of the two factors that the Minister mentioned, I am far less inclined than I would otherwise have been to oppose this rather brutal allocation of time motion. The first factor is the promise that the entire debate will be rerun quite soon in the forthcoming law reform, victims and witnesses Bill, although I hope that the Government will be able to tell the House when that Bill will be introduced. Will it be early in the next Session's legislative programme, or late? I would be more reassured if I knew at least approximately when that would happen.

Rob Marris: Would the hon. Gentleman be further reassured if the Government were to say that adequate time will be given to consideration of that Bill? Does he agree that the successor to this Bill and all the welcome provisions in it should not be shovelled into a portmanteau Bill considered in one day?

David Howarth: I thank the hon. Gentleman for that important suggestion. On various occasions, especially in Committee and on Report, we have found ourselves discussing newly arrived Government amendments rather than the original proposals. Some reassurance on that would be welcome.

The second important point that the Minister made was that the Government were including a sunset clause in this Bill. It is not the one that we would propose, although it is closer to that than I expected. However, the Government have accepted the principle, and that shows that they accept that this legislation is temporary.

The one thing that I am confident of is that we will make some mistake or other with this Bill. I do not know what it will be, but at least we will have the chance to put it right soon.

4.7 pm

Mr. Douglas Hogg (Sleaford and North Hykeham) (Con): There was an interesting exchange at the end of the speech by my hon. and learned Friend the Member for Harborough (Mr. Garnier). He said that he had not seen the draft Bill until the end of last week, and the Minister made a sedentary intervention to the effect that Ministers had not seen it either. That means that we are actually dealing with Government by decree, or enactment by officials. We are so truncating the parliamentary process that, broadly speaking, we are dealing with a Bill drafted exclusively by officials, and I am against that.

I am going to say something about the timetable motion, although I am sure that that will cause people to say, "You're taking time out of the substantive debate on Second Reading." That is perfectly true, and there are three answers to that point. First, if we are doing something that is wrong, we should say so, and the only place for that is on the Floor of the House. Secondly, and differently, the Government have chosen to draft the allocation of time motion in such a way that this debate comes out of the time for Second Reading. They did not have to do that, but that was their choice, and I suspect that they made it to truncate debate. In my view, that is scandalous.

The third answer is that the Government are determined to get this Bill passed today in the form that they want. Anything that we say or do in this Chamber today is utterly irrelevant because the Government have the troops and they intend to push the Bill through. So I make no apology about speaking to the allocation of time motion or for taking time out of the Second Reading debate.

I move from those points to the substance of what I want to say. This is an important Bill for the kind of reasons that my hon. and learned Friend outlined. It is the kind of Bill that requires serious consideration. It is the kind of Bill that normally would fall within the ordinary parliamentary process—pre-legislative scrutiny, Second Reading, delay, Committee, Report, Third Reading and up to the other place. All of that would allow the Government and hon. Members to consider where they stood and to receive representations from outside. That is not happening today.

This thing was published on Thursday, rather late. We have had little opportunity to do research and have received little comment from outside. The Government have had little chance to reflect further. That does not alter the fact that they have already tabled five amendments and a new clause, and doubtless they will table others in the other place as well. I am conscious even as I speak that there are amendments that I should have tabled but have failed to do so. I tried to table them in manuscript this morning but, understandably, they were not accepted. The hon. Member for Cambridge (David Howarth) said that we were going to make mistakes, and by God we are. That is the inherent characteristic of legislation of this kind.

The Bill is actually an example of where we could learn considerably by experience because there is other legislation in place. There is a New Zealand Act—the Evidence Act 2006—which I believe was a consolidation Bill, which means that the legislation had been in place there for some time. It would have been interesting to know the experience in New Zealand and the extent to which the legislation worked for justice or injustice. That is research from which we will not be able to benefit. I understand that in the Netherlands a counterpart piece of legislation is in place. I would have been interested to know what the experience of the Dutch was on a Bill of this kind, but we are going to be denied that.

[Mr. Douglas Hogg]

There is another point that we need to keep in mind. The House of Lords did not merely decide that the common-law power did not exist; it also decided that the protective measures put in place by the trial judge in the case of Davis rendered the trial unfair. So the House of Lords decided the case on two bases—the absence of the common-law power and the fact that in any event the protective measures rendered the trial unfair. We need to reflect seriously on how the powers that we propose to take unto ourselves would not have an unfair consequence.

Let me suggest what we should do. In an ideal world, yes we need to legislate. I am perfectly willing to accept that there is a small number of cases in which witness anonymity orders are appropriate. We need the Law Commission's advice, in my view, and we need research too. I do not believe that we need to get this thing through by the end of this sitting. It is true that there are cases under way. I do not know how many, but there will be some. They can be adjourned. It is quite usual for criminal cases to be adjourned for several months. My proposal is that they should be adjourned until the back end of this year. The appeals could be relisted for the same sort of reasons.

If there is urgency, I would like to see happen something like the following. The Bill should clear the House by the end of July and go up to the other place, which would consider the Bill in October. Meantime, the Government could embark on proper consultation and seek the advice of the Law Commission. If the Bill needed to be changed as a result of that advice or consultation, amendments could properly be tabled in the other place in October and brought back to this House in October or November. The Bill would then become law by the end of this Session—by December. I believe that that would provide for the degree of urgency that the Government say they require and give this House the opportunity to make a more informed decision as to the merits of what we are doing.

The Government know that is my position; the Minister perfectly fairly set out my proposals, but I fear they will not be accepted—she made that point plain. In that case, and for that reason, I shall vote against the timetable.

4.14 pm

Mr. David Heathcoat-Amory (Wells) (Con): After listening to this brief debate, I rise to support what my right hon. and learned Friend the Member for Sleaford and North Hykeham (Mr. Hogg) said. I speak as a non-lawyer but I accept the need for legislation in this case, although I, too, cannot understand why a Government who have introduced dozens of criminal justice Bills since 1997 could not have foreseen the problem and prepared accordingly.

I, too, am aware that it is when the House legislates in a rush that it makes mistakes. Some of us remember the Dangerous Dogs Act 1991, and realise that when we all agree rather quickly about something we often make mistakes. That Act has certainly been widely found unworkable and inappropriate, so I have a strong prejudice against doing something quickly.

We are not dealing with a matter of trivia, but with a constitutional matter; the rights of the accused are, in my view, constitutional. We are dealing with the coercive power of the state, and such matters should be approached with great humility and care. In other countries, the rights of the accused form an important part of the written constitution. The sixth amendment to the United States constitution, which is part of the Bill of Rights, actually forbids anonymous evidence altogether, and has been strictly interpreted by the American courts, although they may get round it by using witness anonymity programmes and suchlike.

Doubtless the framers of the American constitution were responding to previous abuses; the inquisition, for instance, regularly denied the accused knowledge of the charges against them or the names of their accusers. As a result, subsequent written constitutions have made protecting the rights of the accused a matter of prime importance.

I am not satisfied that this matter has been properly ventilated. For instance, we normally receive a good many representations from human rights organisations and outside lobby groups, but I have received very few, so I must ask the Minister whether she is satisfied that the normal process of scrutiny, not just in Parliament but outside, has been carried out. Are we certain that a statutory right to anonymity will not gradually be expanded over time, for the convenience rather than the safety of witnesses, and become fairly routine? It would undermine a cardinal principle of the safeguard that in normal circumstances the accused should be confronted by his or her accusers, who can thus be cross-examined.

My final point is that although the Secretary of State says that the measure is compatible with the European convention on human rights, my reading of the convention is that it is very strict indeed about this matter.

Mr. Hogg: There is a further related point. Does my right hon. Friend recall that Lord Mance, one of the Law Lords who gave the judgment, made it plain that in his opinion the particular protective measures put in place were incompatible with European jurisprudence?

Mr. Heathcoat-Amory: If that is true—I defer to my right hon. and learned Friend's opinion—it is very serious indeed, because the House is being misadvised on an important matter. We have heard nothing about it, although perhaps we shall on Second Reading.

All these things should not simply have been left to exchanges in the Chamber on a single day, but should have been explored outside with legal bodies and human rights organisations. We have not been given time to do that. The process is objectionable, and I agree with the points made by my right hon. and learned Friend: this is exactly how mistakes are made.

4.19 pm

Mark Fisher (Stoke-on-Trent, Central) (Lab): I agree with almost everything that the right hon. Member for Wells (Mr. Heathcoat-Amory) has said. Every Member of this House knows—not thinks—that legislation made in haste is almost inevitably bad, but here we are, producing such legislation again, and doing it with our eyes open. That says something very serious about the House. This short debate has revealed certain extremely worrying aspects of the matter. The Under-Secretary of State for Justice, my hon. Friend the Member for Liverpool, Garston (Maria Eagle) said that there was nothing that

she could do about the timetable, because although she did not understand the usual channels—well, she has only been in the House for 10 years or so—she was powerless before them. Whose usual channels are they? They are our usual channels, and they are the servants of Secretaries of State and Ministers. We are not the creatures of the usual channels; they do the bidding of Ministers, in co-operation with the Opposition Whips. To say, "There's nothing we can do, because the usual channels make it impossible for us," is ridiculous.

The Secretary of State said that he had not seen the Bill until last week. What on earth is going on? I agree with the hon. and learned Member for Harborough (Mr. Garnier): what on earth are we doing looking at legislation when the Secretary of State says that he did not see it until a few days ago, and asks us to nod it through?

The Secretary of State for Justice and Lord Chancellor (Mr. Jack Straw): My hon. Friend knows very well why we are introducing this emergency legislation. Their lordships did not reach their judgment until 18 June. We have acted with great rapidity, and most people are willing to give us credit for that. We then had to agree instructions to counsel. There were detailed consultations with the other parties, and with others outside the House. If we had rushed ahead without those consultations, we would have ended up with a far less well drafted Bill. I fail to understand the criticism, given that everybody in the Chamber, bar one or two Members, accepts the need for speed in this case. I will explain that need when we move on to Second Reading.

Mark Fisher: I am grateful to my right hon. Friend for that. Yes, I think that everybody does accept the need for haste, but not necessarily breakneck haste, with the Bill having to complete all its stages this evening. Also, we do not need to finish at 10 o'clock. There is nothing in our Standing Orders to say that debate has to finish then. Indeed, most of us who have been in the House for 15, 20 or 25 years know that many times, when it was necessary, we have debated matters far into the night. Nobody likes doing that, and it does not necessarily make for very intelligent debate or very good consideration, but it is certainly better than having an artificial limit, and saying, "We must go home to our beds at 10 o'clock, and we'll confine and constrain consideration of the Bill simply to get us out of the building by then." That is not how matters should be conducted in Parliament. We should give legislation the time that it needs. As the right hon. Member for Wells rightly said, we are not talking about any old legislation; we are talking about criminal legislation. We are deciding on measures that will determine whether people are at liberty. We owe criminal justice legislation rather more respect and caution than normal legislation.

We are rushing things through totally artificially. We do not need to finish today, or at 10 o'clock, yet we are saying that we will accept all that. That is not right. Surely that demonstrates that one of the things which is so desperately wrong with this Parliament, and recent Parliaments, is that we are becoming completely supine before the view of the Executive. If the Executive say that they want something straight away, we give in to them. The House should start to assert itself. It should ask, "Is this right? Do we consider this to be the right way of doing things?" It should make its will felt. Unless it does so, and unless we take control of our business and our agenda, the whole parliamentary system will be brought into disrepute. That is quite apart from the issue of the validity of the Bill and of the way in which we are considering it. We are becoming supine in our own Chamber, and it is about time that we asserted ourselves.

4.24 pm

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): I have listened to what has been said, and I agree that we need to act. We cannot allow the situation to remain in limbo. Everybody across the House understands that. I am not party to the discussions of the usual channels. I was once a Whip, but that does not mean that I got involved in their murky dealings and black arts. Having said that, the point was well made that we are not dealing with the wrongful prosecution of a dog owner whose dog is of a slightly different breed to those listed in an Act that was rushed through. We are dealing with people's liberty. We are dealing with the right to a fair trial, and we are dealing with a defendant's right to be confronted by his accuser.

As a practitioner, it is sometimes vital that one knows who the accuser is, because one may know something about the accuser that renders the accuser's evidence unreliable. If that is the case, one defends one client with all one's vigour, and one ensures that that person's character is brought into question thoroughly and without exception. However, from my reading of the Bill, it is not possible to do so in this instance. People who are far more learned than me are concerned about the matter. I read the New Zealand statute, largely because the right hon. and learned Member for Sleaford and North Hykeham (Mr. Hogg) suggested that I do so, but I am extremely concerned about this measure. If it is to be restricted to a small minority of cases—as I hope it will be—we can accept that, because overall, the judge will decide on the fairness of the process.

Mr. Speaker: I am interested in what the hon. Gentleman is saying, but he is discussing the merits of the Bill, and the motion is about the allocation of time. Once this debate is over, we can talk about the merits of the Bill.

Mr. Llwyd: I fully accept what you say, Mr. Speaker, and I hope to catch your eye at a later stage. In conclusion, if the power is to be used sparingly and only in very rare cases, all well and good, but learned counsel tell me that in 500 to 600 cases a year, it is routinely used by the police. If we are opening the gates up to that, we are opening the gates to injustice.

I would like far longer to discuss this, and I hoped that the timetable motion would allow more time, perhaps even an extra day. I understand the pressure on Government, and the need to move, but an extra day would help all of us in our research. To plonk this on us at the end of last week, and expect us to go through all the Bill's stages today, is unreasonable. As has been said, when we make law in haste, we get it wrong. I am sure that we will get it wrong today, but I am heartened by what the Under-Secretary said about the sunset clause. At least that is something that we can look forward to in the next 12 months. All in all, I believe that we deserve more time to discuss these important matters.

4.27 pm

Sir Patrick Cormack (South Staffordshire) (Con): I, too, was somewhat reassured by what the Minister said about the sunset clause. I was partly reassured by what I took to be an indication that there will be no pressure on the House when that major piece of legislation is introduced in the next parliamentary Session. She is nodding assent, for which I am grateful.

I am entirely persuaded of the need for the Bill, much as I accept the points that were about to be developed by the hon. Member for Meirionnydd Nant Conwy (Mr. Llwyd) when you rightly cut him short, Mr. Speaker. That is partly because of the knowledge and experience of Northern Ireland that I have gained in the three years for which I have chaired the Select Committee on Northern Ireland Affairs. I am delighted that the hon. Member for East Antrim (Sammy Wilson) is in the Chamber, because we both know that there are times when it is absolutely necessary to protect the anonymity of key witnesses.

Mr. Hogg: There is an interesting point to be made about Northern Ireland, because in 1992 Lord Diplock, and then Lord Gardiner, held that the anonymity of witnesses could not be allowed in Northern Ireland, because that would impugn the criminal process in the Northern Irish courts.

Sir Patrick Cormack: Yes, but the circumstances were very different, as my right hon. and learned Friend knows far better than I do.

Sammy Wilson (East Antrim) (DUP): I appreciate the point made by the right hon. and learned Member for Sleaford and North Hykeham (Mr. Hogg), but does the hon. Member for South Staffordshire (Sir Patrick Cormack) accept that increasingly, the evidence in Northern Ireland suggests that those who were involved in paramilitary activity, or who are still involved in it, interfere with witnesses on a regular basis, which makes it difficult for the due process of law to be carried out?

Mr. Speaker: Order. Once again, although we are on an allocation of time order, we have gone back to discussing the merits of the Bill.

Sir Patrick Cormack: I shall not do that, Mr. Speaker, save to say that I accept what the hon. Member for East Antrim says.

We are, indeed, discussing the timing, and although I accept the need for urgency and—unlike my right hon. and learned Friend the Member for Sleaford and North Hykeham—the need to get the legislation through before the House rises for the summer recess, I do not accept that we have to do it all in one day. Some intricate arguments will need to take place. I am not a lawyer and I shall probably not take part in those, but I am mindful of the fact that when we legislate in haste, we often get it wrong, although, as the hon. Member for East Antrim reminded me from a sedentary position a while ago, sometimes we can take four years over legislation, as we did on hunting, and still get it wrong.

Although I accept that the legislation is urgent and necessary, the fact is that we could have had, at the very least, two days. The Under-Secretary of State for Justice, the hon. Member for Liverpool, Garston (Maria Eagle) quite correctly put me right when she said that the other place was having two half days rather than two days of debate, but my hon. and learned Friend the Member for Harborough (Mr. Garnier) responded from the Front Bench by saying that two half days with a period for reflection in between is better than six hours on the trot.

I realise that the legislation will go through. The hon. Member for Stoke-on-Trent, Central (Mark Fisher) made an impassioned plea for the House to assert its authority, but he knows better than I that the House cannot exert its authority if the Government have a majority and whip the legislation. It is as simple and as depressing as that. On the Liaison Committee last week, I reminded the Prime Minister that if he really wanted to put Parliament back at the centre of the nation's life, he could take away the power of the Executive to impose a timetable on every Bill. I do not know precisely what happened in the usual channels—once famously referred to as the most polluted waterways in Europe—but I do know that it would have been better if the timetabling of this Bill, as of any other Bill, had been in the hands of those who are not entirely the creatures of the Executive or of the shadow Executive.

So, we will proceed with the Bill. I do not want to make a long speech and delay the debate about the substantive issues, but it is a great pity that the timetabling did not allow for a period of reflection so that we could have returned to the Bill tomorrow or on Thursday. We could have sat one day longer—on 23 July—without any great inconvenience to people. It is fairly inconvenient to come back for two days, a Monday and a Tuesday, so to have added the Wednesday would, frankly, have made the week more justifiable. I rest my case—but I think it is a pity that we are doing things in this way.

4.32 pm

Rob Marris (Wolverhampton, South-West) (Lab): In the Lord Chancellor's oral statement to the House on 26 June, he said that if the Bill before us were passed, it would be repealed in the next Session and subsumed into the forthcoming law reform, victims and witnesses Bill. Will the Minister assure the House that when that Bill comes before the House, we will have at least two days on Second Reading?

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. My advice is that the question that the Minister has been asked has nothing to do with the matter before us. There may be an opportunity for it to be dealt with at a later stage.

Question put:—

The House proceeded to a Division.

Mr. Deputy Speaker: I ask the Serjeant at Arms to investigate the delay in the Aye Lobby.

The House having divided: Ayes 283, Noes 145.

Division No. 254] **[4.33 pm**

AYES

Ainsworth, rh Mr. Bob	Barlow, Ms Celia
Alexander, rh Mr. Douglas	Barron, rh Mr. Kevin
Allen, Mr. Graham	Battle, rh John
Anderson, Mr. David	Bayley, Hugh
Anderson, Janet	Beckett, rh Margaret
Armstrong, rh Hilary	Begg, Miss Anne
Atkins, Charlotte	Bell, Sir Stuart
Austin, John	Benton, Mr. Joe
Baird, Vera	Berry, Roger
Balls, rh Ed	Betts, Mr. Clive
Banks, Gordon	Blackman-Woods, Dr. Roberta

Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Charles
Clelland, Mr. David
Clwyd, rh Ann
Coffey, Ann
Cohen, Harry
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hancock, Mr. Mike
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hoey, Kate
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Lucas, Ian
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McFadden, Mr. Pat
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Olner, Mr. Bill
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Mr. Gordon
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Riordan, Mrs. Linda
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Ruane, Chris
Ruddock, Joan
Russell, Christine
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Taylor, Ms Dari
Taylor, David
Taylor, Dr. Richard
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Ussher, Kitty
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watson, Mr. Tom
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Ayes:
Mark Tami and Mr. Dave Watts

NOES

Afriyie, Adam
Ainsworth, Mr. Peter
Amess, Mr. David
Ancram, rh Mr. Michael
Atkinson, Mr. Peter
Bacon, Mr. Richard
Barker, Gregory
Baron, Mr. John
Bellingham, Mr. Henry
Benyon, Mr. Richard
Beresford, Sir Paul
Blunt, Mr. Crispin
Bottomley, Peter
Brazier, Mr. Julian

Browning, Angela
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Butterfill, Sir John
Chope, Mr. Christopher
Clark, Greg
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Curry, rh Mr. David
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Davies, Philip
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duncan, Alan
Duncan Smith, rh Mr. Iain
Durkan, Mark
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Field, Mr. Mark
Fisher, Mark
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Christopher
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Gillan, Mrs. Cheryl
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Greening, Justine
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hammond, Mr. Philip
Hancock, Mr. Mike
Harper, Mr. Mark
Harris, Dr. Evan
Hayes, Mr. John
Heald, Mr. Oliver
Heathcoat-Amory, rh Mr. David
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Howard, rh Mr. Michael
Howarth, Mr. Gerald
Howell, John
Hunt, Mr. Jeremy
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jones, Mr. David
Kirkbride, Miss Julie
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Maclean, rh David
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
McDonnell, John
McIntosh, Miss Anne
Miller, Mrs. Maria
Mitchell, Mr. Andrew
Moss, Mr. Malcolm
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
O'Brien, Mr. Stephen
Paice, Mr. James
Paterson, Mr. Owen
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Randall, Mr. John
Redwood, rh Mr. John
Rifkind, rh Sir Malcolm
Robertson, Hugh
Rosindell, Andrew
Ruffley, Mr. David
Scott, Mr. Lee
Shapps, Grant
Simmonds, Mark
Simpson, Mr. Keith
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Timpson, Mr. Edward
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Williams, Hywel
Wilson, Sammy
Young, rh Sir George

Tellers for the Noes:
Jeremy Wright and James Duddridge

Question accordingly agreed to.

Criminal Evidence (Witness Anonymity) Bill

Order for Second Reading read.

4.49 pm

The Secretary of State for Justice and Lord Chancellor (Mr. Jack Straw): I beg to move, That the Bill be now read a Second time.

In my statement to this House on 26 June, I set out the reasons why the Government found it necessary to bring forward this emergency legislation following the Law Lords' judgment in the case of Davis. There is no need for me to rehearse at length the arguments that I presented to the House on that occasion. I will just outline briefly the background. It is as follows.

On 18 June, the Appellate Committee of the House of Lords—the Law Lords—unanimously overturned an earlier and also unanimous decision of the Court of Appeal criminal division that had allowed the use of anonymised witness evidence in certain criminal trials. The senior Law Lord, the noble Lord Bingham, looked at the common law and found that the courts had arrived at a position on anonymised evidence that was

"irreconcilable with long standing principle".

Their lordships also held that the processes used in the particular circumstances of Davis had rendered the trial unfair under article 6 of the European convention on human rights, although they accepted that, in principle, anonymised evidence was not inconsistent with article 6.

Overall, Lord Bingham said that the matter may now

"very well call for urgent attention by Parliament".

Lord Mance endorsed that approach, to deal with what he said was

"the undoubted—and there is reason to think growing—threat to the administration of justice posed by victim intimidation".

The Government—and, I am glad to say, the House—have accepted their lordships' invitation urgently to consider filling the void that was left by their judgment of 18 June. Although many points were raised when I made my statement on 26 June, there was widespread approbation across the Chamber for the necessity of introducing an emergency Bill.

There has been an intensive period of consultation since my statement, the product of which is reflected both in the Bill as introduced and in the Government amendments standing in my name. I am very grateful indeed to the spokesman for the official Opposition and to the Liberal Democrats for the constructive approach that they have adopted in the course of the consultation. In the intervening period, too, we have sought the most up-to-date information available from the Crown Prosecution Service regarding the scale of the use of anonymous witness evidence. A paper including that information was published Thursday last alongside the Bill.

In a snapshot survey, the CPS identified around 580 cases that it considered current. Of those, 290 involved undercover police officers completing test purchases of drugs, approximately 40 were live cases involving undercover police in other investigations and 50 were live cases involving members of the public as witnesses. The balance, of approximately 200 further cases, include those in which the defendant either has been convicted but not

yet sentenced or is still able to appeal under the 28-day limit. It is the live cases that will attract the greatest concern if we do not legislate immediately. It is essential that we legislate, for those cases typically involve the gravest of crimes—crimes relating to guns, gangs and drugs, for example—which give greatest cause for public concern.

Mr. Douglas Hogg (Sleaford and North Hykeham) (Con): Does the right hon. Gentleman know in how many of the live cases the defendants are in custody or on bail, which may make a difference to the House's view?

Mr. Straw: I do not have that information offhand, but I shall seek to find out whether it can be provided to the House later today. However, judging by the seriousness of the offences involved, there is a high probability that almost all those defendants will be in custody.

There is much else that we are doing to tackle those crimes, which strike so much fear among the public. We have upped the minimum sentence for knife crime, from two years to four, and established a minimum sentence for the carrying of guns. Last September, my right hon. Friend the Home Secretary set up a guns and gangs action programme in parts of four cities—London, Birmingham, Liverpool and Manchester—where the problem has been most prevalent. Since the announcement, there has been a 51 per cent. drop in firearms-related injuries and a 27 per cent. drop in all recorded firearms offences in those four areas. In the programme area in London, there has been a 53 per cent. drop in firearms offences and a 68 per cent. drop in such injuries. Sentence lengths generally have increased, too. One key driver of the dramatic increase in the prison population over the past 11 years has been a 60 per cent. increase in the number of serious and violent offenders brought to justice and then incarcerated for long periods.

Anonymised evidence and the safety of key witnesses are fundamental to getting the nasty, greedy and ruthless criminals who perpetrate those crimes off the streets. Assistant commissioner of the Metropolitan police, John Yates, said in an article in *The Daily Telegraph* on 21 June responding to the Davis judgment that, as a result of the provision for anonymised evidence taking, the detection rate for such murders—yardie, Operation Trident murders—had risen to about 85 per cent., up from, he said, around 40 per cent. in the mid to late 1990s.

However, the proportionate use of such evidence goes much wider than that. Undercover police officers and agents need protection if, for example, drug dealers and terrorists are to be brought to trial. So do communities where criminality and intimidation may not have quite the same life-threatening consequences, but can still ruin the lives of decent people. Closing down an off-licence that is selling drink to juveniles and acting as a magnet for drug dealing and disorder could be dismissed as trivial from the comfort of a leafy part of town, but not if it is down your street. The Bill seeks to ensure that when there is witness intimidation of a serious kind, and when other measures of witness protection, many of which have been put on to the statute book in recent years, are not adequate for the task, the evidence of the witness can be anonymised if the court accepts it and it is regarded as fair.

Jeremy Corbyn (Islington, North) (Lab): Like the Secretary of State, I do not want to see any more knife or gun crime on our streets, and I understand the serious problem of witness intimidation. However, will he address a problem that many people have raised: that an anonymised witness system makes it possible for old scores to be settled in a totally different way, and for a miscarriage of justice to take place? That will create two problems. First, the wrong person is in prison; secondly, the wrong person—the wrong 'un—is outside causing mayhem in the future. We could end up with something worse than the present system.

Mr. Straw: My hon. Friend is entirely right to draw attention to one of the dangers of taking anonymised evidence. It would serve no purpose for us to pretend otherwise. In principle, as the Law Lords accept—along with everyone else—it must be right, and fundamental to a fair trial, for someone accused of any crime, particularly a serious crime but self-evidently and by extension a trivial one, to have the right to confront his or her accuser, to know the accuser's identity and to challenge his or her motives.

One of the challenges with which the courts have had to deal in the past, having established before the Law Lords' judgment that in certain circumstances it was permissible in common law to use anonymised witnesses, and also the key challenge that we faced in drafting the Bill, is the need to ensure as far as possible first that a witness anonymity order is not granted unless and until the judge considers it necessary under the scheme of the Bill, and secondly that the circumstances in which it is granted give the defendant the maximum opportunity to challenge the credibility of the witness, although the identity of that witness has been kept from him or her. It is not unusual in some of the very serious cases with which we are dealing for the witness for the prosecution to have a grudge, and he or she may well have previous convictions for violence. That does not necessarily render his or her evidence unworthy or untrue, but of course it raises questions about it, and we must be very careful for that reason.

Let me explain the scheme of the Bill; this may give my hon. Friend the Member for Islington, North (Jeremy Corbyn) some reassurance. Clause 1 introduces the concept of statutory "witness anonymity orders" and abolishes the common-law rules. The Bill deals only with criminal proceedings because the House of Lords judgment in Davis concerned criminal proceedings alone. There is no change in the position in relation to civil proceedings. Clauses 2 to 8 set out the nature of the orders and who can make them. As I told the hon. and learned Member for Torridge and West Devon (Mr. Cox) after my statement on 26 June, they can be sought by either the prosecution or the defence.

A key part of the Bill is contained in clauses 4 and 5, which relate to the conditions and considerations involved in the making of an order. Clause 4 sets out the three conditions: that the order is necessary to protect the safety of the witness or other person or to prevent any serious damage to property or real harm to the public interest; that the measures would be consistent with the defendant's receiving a fair trial; and that it is necessary to make the order in the interests of justice.

Clause 5 sets out the considerations to which the court must have regard. These include whether the witness's evidence could be properly tested without his

[Mr. Straw]

or her identity being disclosed—a point I make to my hon. Friend the Member for Islington, North; whether there are reasons to believe that the witness may not be credible; and whether alternative means short of a witness anonymity order could be used to protect the witness's identity.

Lynne Jones (Birmingham, Selly Oak) (Lab): Would it be possible for the anonymity not to be complete? For example, if the witness were to be screened, would it be possible for the screen to apply only to the defendant, or certain people in the court, but not to the judge and jury, who may need to take into account the demeanour of the witness in deciding on the truthfulness of their evidence?

Mr. Straw: I can reassure my hon. Friend on that. In all the cases that I am aware of, the identity of the witness is known to the judge, and the screening—and, for example, the mechanical disguising of the voice—is for the defendant and his representatives, but the jury can see the witness. Therefore, such special measures are put in place—and precisely those arrangements were put in place in the case of Davis, which was the subject of the Law Lords' judgment. *[Interruption.]* My hon. and learned Friend the Solicitor-General points out that clause 2(4) sets out the conditions. It states: "Nothing in this section"—or, indeed, in the Bill—

"authorises the court to require—

(a) the witness to be screened to such an extent that the witness cannot be seen by—

(i) the judge or other members of the court (if any);

(ii) the jury (if there is one); or

(iii) any interpreter or other person appointed by the court to assist the witness".

and the witness's natural voice has to be heard by those three.

In addition to the five conditions in clause 5(2), following suggestions I have received, an amendment tabled in my name proposes that courts must act so as to have regard to whether the evidence might be the sole or decisive evidence before granting anonymity. That was a concern for the Opposition parties and others, and it was central to the judgment in Davis. This is not a bar on the granting of an anonymity order, but it will be stated as a consideration in the legislation.

The Bill will come into force on Royal Assent, hopefully before the summer recess. The House, however, is well aware that there are a number of cases in the pipeline, and that there may well be defendants who have already been convicted who would seek to make out-of-time appeals, either directly or via the Criminal Cases Review Commission, in the light of their lordships' judgment. Clauses 10 and 11 will therefore ensure that the new law can also apply to any proceedings in cases of this kind.

Clause 10 applies to proceedings and trials that are already under way. In essence, the judge has to look at existing common-law orders, which are already made, and decide whether they could have been made under the new law. If the witness has already given, or has started giving, his or her evidence and the judge concludes that the defendant cannot receive a fair trial, subsection (7) tells the judge that he must make suitable directions for bringing the trial or hearing to a conclusion, and that includes the possibility of a retrial.

Clause 11 applies to proceedings that have been completed. The appellate court then has to consider whether the new statutory anonymity order could have been made under the new law. It must treat the conviction as unsafe if it concludes that the defendant had not received a fair trial.

The remaining clauses relate to interpretation, commencement and extent.

Rob Marris (Wolverhampton, South-West) (Lab): Will the Secretary of State briefly explain why most of the Bill does not apply to Scotland, and what they do there?

Mr. Straw: They do things differently, and they always have done. The right hon. and learned Member for North-East Fife (Sir Menzies Campbell), who is present, is a good Scots lawyer, and one of the things I learned on almost the first day I began studying English law was that I would gradually become acquainted with the legal systems of Ireland, Australia, Canada and Malta, but never of Scotland. *[Interruption.]* Yes, and of Essex, too. My hon. Friend will therefore forgive me if I do not go down a path—

Mr. Hogg: It does not stop Scots MPs voting on Bills such as this.

Mr. Straw: I refer the right hon. and learned Gentleman to the interesting report produced by the right hon. and learned Member for Rushcliffe (Mr. Clarke).

The Bill will cover England, Wales and Northern Ireland, and Scotland and the Crown dependencies as well in respect of the service courts. We have, by the way, asked the Scottish Administration whether they would like us to include reference in this Bill for them—they are fully entitled to do so—but their current view is that that is not necessary.

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): A week ago, a leading Queen's counsel opined that far too many of these anonymity orders are being made. He said that between 500 and 600 are being made, and that the police are routinely going a bit over the top. Ken Jones of the Association of Chief Police Officers said that the figure is only a handful a year. Under this legislation, does the right hon. Gentleman foresee fewer applications than 500 or 600 a year, or does he think that figure will be about the same or even that there will be an increase?

Mr. Straw: I think it inherently improbable that there will be an increase in the number of orders, because we are now laying down a statutory scheme that is broadly based on past practice, subject to this really important caveat: we have also had to take account of what their lordships said in the Davis judgment, particularly in respect of Strasbourg jurisprudence. Time will tell, but I suspect that the figure will almost certainly not be more, and could be fewer. The courts and the prosecutors will be looking at whether, in certain cases where a witness anonymity order has been made in the past, it would be adequate for the task for a witness protection order to be made.

David Howarth (Cambridge) (LD): I was very glad to hear what the Lord Chancellor just said. Would he therefore care to comment on paragraph 50 of the explanatory notes? It states:

"The Bill will not generate new costs. It aims to restore the law to, broadly, the position it was believed to be prior to Davis."

Surely it cannot go back to the position prior to Davis, precisely because of the point that the right hon. Gentleman made about the human rights position.

Mr. Straw: In that respect, the hon. Gentleman is entirely right. Happily, those are just explanatory notes.

Frank Dobson (Holborn and St. Pancras) (Lab): Virtually everyone recognises the unfortunate necessity for anonymity in a very limited number of cases, and a lot of people will have been rather disturbed to discover just how many cases there have been under the common-law arrangements. Will my right hon. Friend undertake to make sure that every single order issued under the new legislation will be logged, and that there will be regular reports to the House on the numbers? We certainly would not want this legislation to allow the police to start using what is proposed as a routine response in the odd difficult case.

Mr. Straw: The Crown Prosecution Service has collected a good deal of information so far about the number of cases. There is a very strong argument for its keeping a proper log of all of them, and it is important that the House should know what has happened, not least when we come to debate the Bill later in the year or early next Session. I will therefore raise that matter with my right hon. Friend the Attorney-General, because it will be a matter for the CPS.

If my right hon. Friend the Member for Holborn and St. Pancras (Frank Dobson) looks not at the explanatory notes but at the background note on the number of cases, which we published alongside the Bill, he will see that the number that raised a concern of the sort raised by my hon. Friend the Member for Islington, North—cases in which the credibility of witnesses is an issue, because they could well have been accomplices to other crimes and could have as criminal a past as the defendants in the dock—is relatively small. It is thought to be about 40 or 50. Of the total, a large proportion involve undercover police officers or agents, and I do not think that anybody would argue that we should not routinely protect their identity.

Mr. Andrew Dismore (Hendon) (Lab): The Director of Public Prosecutions gave evidence to my Committee this afternoon, and he said that the CPS is now logging the cases, the reasons for the applications and the outcomes. It had no reason to do so before, because the procedure was considered lawful. He also told us that he expected to see roughly the same number concerning undercover operations, but fewer instances relating to what he called the civilian cases, especially those involving gun crime under Operation Trident.

Mr. Straw: That is extremely helpful information, fresh from an evidence session, and I am grateful to my hon. Friend.

I said in my statement of 26 June—it is repeated in the explanatory notes—that it is our intention that this emergency legislation will be repealed by legislation that is to be included in next Session's law reform, victims and witnesses Bill. The Under-Secretary of State for Justice, my hon. Friend the Member for Liverpool, Garston (Maria Eagle), has already referred to the representations that have been made that this undertaking should be reflected in the Bill, and we have tabled amendments to that end, so there will be a sunset clause.

I have signed a statement under section 19 of the Human Rights Act 1998 that in my opinion the provisions of the Bill are compatible with the European convention on human rights.

Chris Huhne (Eastleigh) (LD): On the issue of testing the credibility of witnesses, which is germane to the Human Rights Act 1998, is it the Lord Chancellor's understanding that under the terms of this Bill, judges will be able to appoint an independent counsel to investigate the credibility of a witness before granting an anonymity order? If that is the case, why has he resisted adding such a provision to the Bill?

Mr. Straw: It is certainly the case that courts have an inherent jurisdiction to appoint special counsel or advocates, and they have used that in the past. Indeed, one was used in the case of Davis. That inherent jurisdiction will continue. Given the time constraints on Second Reading, I will explain when we come to the amendments on that issue why the Government intend to resist its inclusion in the Bill at this stage.

Mr. Edward Garnier (Harborough) (Con): Not for the first time, the Lord Chancellor alleges that the courts have an inherent jurisdiction to appoint a special advocate, as distinct from an amicus or counsel to an inquiry, for example. When he deals with the special advocate proposals, will he please arm himself with some authority for that view? I know that he mentioned the Davis case—*[Interruption.]*

Mr. Straw: I shall do my best to do so. I see that the hon. and learned Gentleman has been given "Archbold" to read on the subject: perhaps we can share the page.

Further background in relation to our ECHR responsibilities is included in the explanatory notes accompanying the Bill, but permit me to quote Lord Mance from the House of Lords judgment. He noted that

"it may well be appropriate that there should be a careful statutory modification of basic common law principles. It is clear from the Strasbourg jurisprudence...that there is scope within the Human Rights Convention for such modification".

He went on to say that

"it is not certain that there is an absolute requirement that anonymous testimony should not be the sole or decisive evidence".

For good measure, I might add that I found out from the ever-helpful Library research paper that there is international support—with conditions—for accepting anonymised evidence, described in the United Nations good practice guide.

The late Lord Denning once warned that

"in the very pursuit of Justice our keenness may outrun our sureness and we may trip and fall".

Mr. Robert Marshall-Andrews (Medway) (Lab): My right hon. Friend has mentioned the law reform, witnesses and victims Bill, which will shortly come before Parliament and will act as the sunset for these provisions. The Bill that we are considering is creating new special measures.

[Mr. Robert Marshall-Andrews]

Is he aware that there is considerable and widespread concern in the legal profession, on both sides—prosecution and defence—that all special measures are widely overused to the point of abuse, particularly screening and the use of video links for younger witnesses, who can be as hard as any witnesses in a court? Juries do not like those measures, and they are having a contrary effect to that which was originally intended.

Mr. Straw: I am aware of that, not least because of representations that my hon. and learned Friend has made to me. I do not have a sense at the moment of the extent to which special measures, which are distinct from witness anonymity orders, are used. I am happy and ready to follow that up, as we ought to, with my right hon. and learned Friend the Attorney-General, the prosecuting authorities and others. It is important that the measures should be used as an exception and not as the rule.

In conclusion, I have quoted Lord Denning's warning that too much haste can lead to mistakes. Hon. Members from all parts of the House are well aware of the significance of the legislation and the short time in which it has been prepared and introduced. There is a practical need for it to be passed as soon as possible in order to prevent some of society's most dangerous criminals from escaping justice.

I am mindful of the principles at stake. More prosecutions do not necessarily mean more justice unless those prosecutions are fair. That is the balance that the legislation seeks to strike. In the time available, we have done our very best with the Bill. I am clear that it is consistent with the European convention on human rights and will ensure a fair trial for the defendant while ensuring protection for victims and the public, which is also very important. I commend the Bill to the House.

5.17 pm

Nick Herbert (Arundel and South Downs) (Con): The House finds itself in an invidious position. In June, the House of Lords held in the case of Davis that measures taken to protect the identities of witnesses were incompatible with common law. As a consequence, a number of current criminal cases have been thrown into doubt and, whatever view one takes, that uncertainty needs to be addressed quickly.

The Law Lords made it clear, however, that subject to the overriding need for a fair trial, there is scope for Parliament to legislate to allow by statute greater use of anonymous evidence than common law permits. The legislation must be consistent with the right to fair trial, not least because it would otherwise be incompatible with article 6 of the European convention on human rights.

As I said in the House two weeks ago:

"We recognise our constitutional duty to scrutinise as best we can all legislation...and not to attempt to hinder the Government improperly...My party is committed to working with the Government in a constructive way to deal with this problem". [*Official Report*, 26 June 2008; Vol. 478, c. 517.]

That is what we have sought to do, and I am grateful to the Justice Secretary for his approach. Accordingly, we support the principle behind the Bill, but we have concerns about its scope.

Rob Marris: The hon. Gentleman and the hon. and learned Member for Harborough (Mr. Garnier), who spoke before, have said that the official Opposition support in principle the reasons behind the Bill. Does not the hon. Gentleman see a contradiction in a party in official opposition wrapping itself in the Magna Carta on the issue of 42 days but discarding it when it comes to this Bill?

Nick Herbert: I shall address the balance that we need to achieve. I shall not dignify that intervention to any greater extent.

Even if circumstances dictate that we must legislate swiftly, that does not mean that we should do so lightly. As the Secretary of State said, important principles are at stake. As long ago as 1720, the English courts recognised confrontation as

"the most effectual method of establishing the truth".

In 1641, this House moved to abolish the Court of Star Chamber, which, once praised for its speed and flexibility, gradually evolved into a body in which the interests of justice were subjugated to the convenience of the Crown. In the United States of America, a defendant's right to confront his accusers is recognised explicitly in the sixth amendment to the constitution. Like much of the US Bill of Rights, that provision merely reflected contemporary English law.

The right of defendants to confront their accusers is not a mere historical nicety. It was developed in our common law precisely to ensure that justice was done. The overriding principles of justice are clear and simple: to convict the guilty and acquit the innocent. It is in no one's interests if, in the interests of securing convictions, we risk convicting the innocent. Miscarriages of justice result in the truly guilty going unpunished and leave the public at risk. There can be no utilitarian argument for setting aside the principles of justice. That is why, with all due respect to Assistant Commissioner Bob Quick of the Metropolitan police, for whom I have the highest personal regard, his call for emergency legislation on the grounds that there is

"too much principle and not enough pragmatism in the criminal justice system"

is seriously misplaced.

Nevertheless, we recognise that a consequence of the Law Lords' judgment may well be that the guilty go free. That, too, would be contrary to the principles of justice. If justice can be done only through the use of anonymous evidence, the courts should have the power to hear that evidence. However, it should be used out of necessity to secure justice, not out of convenience to secure convictions. Its use should be exceptional, not routine, and the court must decide whether the risk of intimidation justifies it. The assessment must be objective, and it cannot be left to the defendant. That is a weakness in the Bill and needs addressing.

Mr. Michael Ancram (Devizes) (Con): I have been listening carefully to the arguments that have been advanced. One problem that I have is that both the Secretary of State and my hon. Friend talk about the need to have a fair trial. How can an accused person have a fair trial if he does not know the identity of his accuser?

Nick Herbert: That goes to the heart of the dilemma that we are confronting. The principle set out in the Bill is that a judge must be satisfied about a number of considerations, including a defendant's general right to know the identity of a witness, before allowing the use of anonymous evidence. Those tests are in the Bill precisely to restrict the use of such evidence. Some may disagree, but I think that most Members agree that the use of anonymous evidence will not necessarily be a bar to a fair trial. The Opposition believe that it is right to allow judges to make the decision, subject to the tests that Parliament will set out.

Jeremy Corbyn: Does the hon. Gentleman accept that article 6 of the European convention on human rights provides a long-stop defence to ensure that judges do not abuse anonymity orders? Like him, I am concerned that we must not repeat the most ghastly miscarriages of justice of the past through the misuse of those orders.

Nick Herbert: The hon. Gentleman will know that the Law Lords made it clear in their judgment that there would be circumstances in which anonymous evidence could be used in a way that is consistent with article 6 of the convention. The Government are introducing this Bill to try to ensure that consistency, but they accept that challenges to it are very likely.

Mr. Hogg: Does my hon. Friend agree that the real problem with the Bill, and it is a problem that affects us all, is that the Davis judgment will be examined to determine witness credibility? The judgment makes it plain that the Davis case was sent back to the Court of Appeal because the common-law power that had previously been thought to exist did not in fact exist. Another reason why the case was sent to the Court of Appeal was that the exercise of the protective measures—they were precisely the same as those contemplated in the Bill—made the trial unfair. That problem will arise very often when the credibility of witnesses is at stake. It may stand in the way of the use of the protective measures, because Davis shows that they render a case unsafe.

Nick Herbert: The Law Lords also invited Parliament to set out a statutory framework, which we are seeking to do. It is likely that the Davis case will fall and that it will not be saved by the statutory provisions in the Bill.

Mr. Hogg: I am sorry, but my hon. Friend is wrong about that. The case will fall to the extent that the common-law power will be replaced by statute, in a sense, so the fact that judges hitherto have made orders that they were not entitled to make will not by itself be grounds for appeal. However, if the protective measures render a trial unfair—as was the case in Davis—the orders will not be made. If they were made, the convictions would be quashed.

Nick Herbert: I invite my right hon. and learned Friend to make those points in greater detail during the Committee stage—not least so that my hon. and learned Friend the Member for Harborough (Mr. Garnier) can answer them. I am afraid that he has lost me.

I turn now to the weight of the provisions in the Bill, and the considerations against which the court must judge the acceptability of anonymous evidence. The explanatory notes concede that the Bill's statutory framework draws on the model provided by New Zealand's Evidence Act 2006. However, there are a number of significant omissions from the conditions that that legislation set out. The Government have moved already to correct one. Government amendment No. 42 adds a consideration that the court must have regard to whether the evidence from the anonymous witness might be the "sole or decisive" evidence. We pressed for that inclusion: we welcome it and are grateful for the Government's concessions.

That leaves two considerations that are present in the New Zealand legislation but absent from the Bill—first, that the court should have regard to the gravity of the offence and, secondly, that it should have regard to the principle that witness anonymity orders are justified only in exceptional circumstances.

It is important for the House to know why the Government have excluded those tests. The Law Society has urged us

> "to ensure that the legislation is robust enough to prevent witness anonymity becoming a routine request that is made in ordinary cases without very good reason. We are very concerned to ensure that these orders will only be used in the most exceptional of cases."

That is precisely the wording used in the New Zealand legislation.

Similarly, the chairman of the Bar Council, Tim Dutton, has agreed that allowances must be made where witnesses are in genuine fear for their lives, but warned:

> "We must be careful that anonymity remains the exception to the norm. Such arrangements cannot be offered routinely by prosecuting authorities to witnesses as an incentive to give evidence. It is important to recall...that special measures for witnesses, and in particular anonymity, are only ever required in exceptional circumstances".

That shows that the Bar Council supports the provisions, but only in "exceptional circumstances".

The Justice Secretary quoted the article by Assistant Commissioner John Yates in *The Daily Telegraph* of 21 June, in which he called for emergency legislation. But Assistant Commissioner Yates also said that special measures to allow witness anonymity

> "should be confined only to the most serious cases."

We have been told that 580 cases will be adversely affected if we do not continue to allow anonymous evidence, but the Government have confirmed now that only 50 cases involve members of the public as witnesses. Half of the 580 cases involve test purchasers of illicit substances, with only a minority of the 580 representing the most acute cases in terms of timing and risk. The question is, therefore, how many of the cases will, and should, be saved by the legislation? Are we being asked to legislate to secure witness anonymity in the most serious cases, or more widely than that? Clearly, it matters whether the legislation is designed to allow for anonymous evidence in drug cases, where the gravity of the offence is relatively less serious, or whether it should apply only in much more serious cases involving, for instance, terrorism, murder and gang violence, where people's lives may be at stake.

It is also important that we understand the scale of witness intimidation and whether it is a growing trend. Such intimidation is, after all, not new. Nor has the criminal justice system in this country had problems

[Nick Herbert]

securing very high-profile convictions in the past without resorting to witness anonymity provisions. As the Law Society has observed,

"in the past convictions have been achieved without this legislation in notorious cases",

for example, the Kray and Richardson cases. Furthermore, Members of this House on both sides will be only too aware of the scale of witness intimidation confronting police and prosecutors in Northern Ireland during the troubles—a period in which witness anonymity was explicitly rejected as a solution to the problem of intimidation.

No one should doubt the effect of witness intimidation in serious criminal cases involving gangs and organised crime. We all want to see violent criminals successfully prosecuted in the interests of public safety, and few want to outlaw anonymity procedures entirely. Certainly, both the Bar Council and the Law Society recognise its importance. Nor do we question the many practical difficulties that the police have in encouraging witnesses—many of them young and vulnerable—to co-operate in giving evidence at a trial, but the Law Society has also noted

"concern among prosecutors that police officers are too ready to make promises of anonymity pre-trial in circumstances where it is not, or will not be, appropriate."

Today, the Director of Public Prosecutions, I think in evidence to the Joint Committee on Human Rights, chaired by the hon. Member for Hendon (Mr. Dismore), has said that evidence that witness intimidation is growing is "anecdotal". We need a proper assessment of the growth and nature of witness intimidation, and if that is not possible now, the Government should produce it ahead of the law reform, victims and witnesses Bill. We need to ensure that the use of anonymous evidence is proportionate to that assessed threat.

It is common ground that alternatives to witness anonymity should be preferred. The question is how effective they are. In its briefing on the Bill, Justice emphasises the importance of witness protection. It highlights the fact that in the United States, the Marshal Service boasts that it has never lost a witness under its protection.

Jeremy Corbyn: The hon. Gentleman must be aware that where there is a problem of knife crime among young people and gangs, it is very difficult for the police to get anyone to give evidence unless they can offer some pretty cast-iron guarantees of the safety of witnesses. Otherwise, the police simply will not get any evidence: result—no prosecution, no conviction, and someone who is the leader of a gang that has treated people abominably gets off scot-free and continues to cause mayhem in an area.

Nick Herbert: I understand the hon. Gentleman's point. I was going on to give the counter view to the point that Justice was making about the reliability of witness protection schemes as an alternative to the use of anonymous evidence. There are limits to the use of witness protection schemes. As the Court of Appeal noted in its judgment in the case of Davis

"in reality, and certainly for the individual of good character, with established roots, this kind of programme is unacceptable".

The judgment added that

"this process is grossly invasive of the right of the witness and his family to private and family life".

As Danielle Cable, the fiancée of Kenneth Noye's victim, Stephen Cameron—herself in witness protection—said:

"I have lost twice—Stephen and my old life."

Witness protection may not be an alternative to using anonymous evidence, but it is an important means of bringing some cases to justice. At present, there is no statutory witness protection scheme, and provision across police forces is still patchy and sometimes inconsistent. I hope that the law reform, victims and witnesses Bill will address those concerns where this emergency Bill plainly cannot.

In conclusion, I remind the House of what I said in my response to the Justice Secretary's statement on 26 June. I asked him if he would

"consider carefully whether it is wise to rush through all stages of the Bill in this place in one day".—[*Official Report*, 26 June 2008; Vol. 478, c. 517.]

I regret that it is exactly what is happening. We have been allocated only six hours to consider these matters as every stage of the Bill is pushed through the House in a single day. We accept the need for legislation to deal with the problem swiftly, but we do not accept that it is necessary to truncate debate and rush consideration in this way. The Government have already tabled amendments to a Bill that they introduced only days ago.

I welcome the Government's concession that a sunset clause will be written into the Bill to ensure that the provisions are replaced in the forthcoming law reform, victims and witnesses Bill. We pressed for such a provision and I am grateful to the Justice Secretary for conceding it, as it will give the opportunity for more considered legislation and discussion of proposals such as the use of special advocates and special measures. Nevertheless, driving laws through the House in a single day is unwise and unnecessary. It will only add to concerns about the measure, not least in the other place, and is bound to increase the risk that we will get something wrong. When both the safety of our communities and the liberty of individuals are involved, that is a serious matter.

The Bar Council has said:

"The criminal process is not a static one; its procedures are not frozen in a past era of mythic perfection. But its commitment to a proper balance between the various interests and rights of those caught up in the process remains the same: to do justice in a way that serves the public interest while protecting the rights of the victims of crime, the witnesses in criminal proceedings and those suspected of serious criminal wrongdoing."

We support the use of anonymous evidence where it can be accepted without prejudicing a fair trial. We understand the need to legislate swiftly to ensure that some serious cases do not fall, but we must ensure that the correct balance is struck. I am grateful to the Government for addressing a number of the concerns we have expressed, and I hope that spirit of constructive debate will continue. Above all, however, we should be concerned that the Bill is properly scrutinised so that justice can be done.

Several hon. Members *rose—*

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. I remind the House that Mr. Speaker has placed an eight-minute limit on Back-Bench speeches, which operates from now.

5.38 pm

Mr. Andrew Dismore (Hendon) (Lab): My right hon. Friend the Secretary of State for Justice obviously faced a difficult task in producing the Bill in such a short time, and he has done a pretty good job.

The Joint Committee on Human Rights, which I chair, has not yet had the opportunity to report on the Bill, although this afternoon we held an evidence session with the Director of Public Prosecutions and Mr. Paddy O'Connor, QC, who gave the defence perspective, so we heard arguments on both sides of the coin and we hope to be able to report before the Bill completes its passage in the other place. My remarks today are my own, although on the basis of the work we have been able to do so far I should be very surprised if there was dissent from other members of the Committee to what I have to say.

The Bill is broadly to be welcomed from a human rights perspective. It does not purport to prescribe what constitutes a fair trial when anonymous evidence is given, but provides a general framework for the making of discretionary anonymity orders by courts, setting out the sort of considerations that are relevant to the exercise of the court's discretion. The right to a fair trial is adequately guaranteed under the Bill's provisions. In view of the express protection of the right to a fair trial, and the discretion left to the trial judge to determine that question, I accept the analysis in the explanatory notes that the Bill is compatible with article 6 of the European convention on human rights. Having said that, there is always the possibility of improving the Bill, and I hope that we can make some improvements today. I fully accept that the Government amendments that have been tabled make significant improvements, too.

The Director of Public Prosecutions told us today that convictions principally based on anonymous evidence are not automatically in breach of the article 6 right to a fair trial, and I agree. Strasbourg has not had difficulties with anonymous witness evidence. The real issue is the parameters and the scheme in which the evidence is used. The right to a fair trial is a fundamental one, and not a balanced one, as may have been suggested in some of the remarks that we have heard. Clause 4(4) guarantees that fundamental right. Under the Bill, the right to a fair trial trumps everything else.

We were told by the DPP that there are 1.3 million prosecutions a year in this country. That gives us perspective, and shows us that witness anonymity is used exceptionally; we are talking about several hundred cases. They are mainly undercover police cases involving drugs or conspiracies. If the suggestion is that such cases are not sufficiently serious, I think that the suggestion is wrong. Clearly, if a drugs officer has his identity revealed in court, he can no longer be effective as a drugs officer in any future case. That may not be a problem for the case in question, but it will certainly affect the police's ability to combat drugs in future.

The real issue is what the DPP called the civilian cases, in which members of the public are involved; there are 50 of them a year. The DPP stressed the urgency of the issue, and even Mr. O'Connor was not absolute in his opposition to, or criticism of, the need for such anonymous witnesses. Of course it is important that we prosecute those who wish to intimidate witnesses. We should bring cases of conspiracy to pervert the course of justice. Mr. O'Connor believes that convictions for intimidation have doubled. The real issues are the accuracy of the evidence and the credibility of the witness. Those issues do not really arise in undercover police cases or, for example, in cases in which an old lady has accurately recorded the registration number of a getaway vehicle after a bank robbery. A problem arises with witnesses who may themselves be involved in criminality—they may be involved with a rival gang, for example—and the Bill provides for a judge to take that credibility issue into account when deciding whether to grant an anonymity order.

The DPP told us that there would be fewer cases involving anonymity. The undercover cases would be largely unaffected, but in Trident cases—he thought that there were about 30 Trident cases a year—the criminality of witnesses means that we may well not be able to prosecute all of them, as we do now. He could not give an estimate of how many cases might not be brought. The DPP thought that the process provided by the Bill would throw up cases where credibility would be an issue, particularly as both the judge and any appeal court would know the identity of the witness concerned.

One of the key issues raised by Mr. O'Connor was the question of where the witness's fear came from. He was concerned—there is possibly some merit in this—that the fear came from police suggestion, rather than being volunteered by the witness. We need to look into police procedure to ensure that the witness is expressing his fear, rather than having fear put into his mind by the police, as that would undermine the whole process. The witness might not be afraid at all until that point.

Mr. Hogg: That, of course, rather argues for the existence of special counsel, who could, for example, question the witness on precisely the source of the fear.

Mr. Dismore: I agree, and one of my amendments provides for independent counsel for that reason. I understand that it is inherent in the jurisdiction of the Crown court to appoint counsel. However, that is not the case in the magistrates court. The evidence that we were given today suggested they did not have that inherent jurisdiction, primarily because when magistrates judge cases, they are also finders of fact, with a jury role. That creates certain complications.

Mr. Robert Flello (Stoke-on-Trent, South) (Lab): Does my hon. Friend recognise that there is a general perception of concern among our constituents when it comes to giving evidence about something that has been witnessed, particularly if there is an issue with a serious drug dealer in an area, and that there is a need to address that concern?

Mr. Dismore: I fully accept that, and it is a very valid point, but the concern should be expressed by the witness. The police should not suggest it to the witness, as that might create fear that had not previously existed. That would actually feed the climate of fear to which my hon. Friend rightly refers. We should not make it worse than it is.

Sammy Wilson (East Antrim) (DUP): Does the hon. Gentleman not accept that the police have a duty of care to witnesses, so if they believe that someone with a violent record may try to interfere with a witness, that

[Sammy Wilson]

witness should at least be warned? There is no point a witness dropping out later in a case. The police should try to test how strong they are at the very beginning.

Mr. Dismore: My concern is that that would become a routine, rather than the exception. However, in those very dangerous cases, the point that the hon. Gentleman makes is a fair one.

It has been said that we did not have this procedure in the trials of the Richardsons or the Krays, but those gangs were around for years and years, intimidating the east end. If it had been available then, we might well have been able to deal with them at an earlier stage. As far as the Director of Public Prosecutions has been able to establish, there has not been one anonymity case in a magistrates court, and only one in the juvenile courts. It has been suggested that magistrates courts should be excluded, but the fact remains that under counter-terrorism laws, some cases are triable either way, so it is dangerous to suggest that magistrates courts should be entirely excluded.

As for the relevant considerations, the Government have tabled an important amendment on the "sole or decisive" issue, which satisfies a key concern of the European Court of Human Rights. However, we must also consider the issue of the defendant being responsible for intimidation. Mr. O'Connor considered that point, and if the defendant is responsible for intimidation, he can hardly complain about witness anonymity interfering with his article 6 rights. For that very reason, that should be one of the relevant considerations, and it sends a clear message that those who become involved in intimidation should not expect witnesses to give evidence openly against them.

A number of hon. Members wish to speak, so I shall conclude. As far as I am concerned, the Bill complies with article 6. The Government have moved significantly in their amendments, although there are one or two things we can do to tweak the Bill today and in the other place. Broadly, however, my right hon. Friend the Justice Secretary has done a very good job in dealing with a very difficult set of circumstances with which he has been faced in a very urgent way.

5.47 pm

David Howarth (Cambridge) (LD): I fully accept what the hon. Member for Hendon (Mr. Dismore) has said, and that overall the Bill complies with human rights law. However, that does not mean that there are no difficulties—not just practical ones but human rights difficulties—with some of its provisions, and I shall return to that.

As we are here because of the Davis case, it is important to understand what the court said, and more importantly, did not say. It did not say that anonymous witnesses should never be contemplated, or that anonymity always means that the trial is unfair, although some people at the criminal defence Bar seem to believe that that is so. They think that credibility is always a potential issue, so there is always a problem of that sort. However, the court did not believe that, and I do not believe it.

There is a balance to be struck between two serious threats to the rule of law. First, we have heard a great deal about the intimidation of witnesses—and I do not want to repeat earlier remarks—which goes to the heart of the judicial system itself. If we cannot get people into court to decide a matter, there is no point having a law in the first place. Therefore, it is a fundamental question about the rule of law. Secondly, on the other hand, unfair trials are themselves a threat to the rule of law. If trials simply become mechanisms for locking up people whom the state wants to lock up, we cease to have law even if we might have some order.

There has been discussion about whether the problem of the intimidation of witnesses has become worse, and we have discussed the Kray twins, the Richardsons and so on. In other discussions, reference was made to the fact that the problem of witness intimidation goes back to ancient times. It is very difficult to judge whether the problem is getting worse, but it is likely to be growing where gang culture is growing. Whether growing or not, intimidation is a sufficiently serious problem, because it strikes at the heart of the system, for us to take it very seriously indeed. I am with those who say that witness protection is not sufficient, because it is not enough to say to a potential witness, "You have to completely change your entire life—to give up your entire life—just because of this one case." Not many people are going to take up that offer, so we must have measures that fall short of full witness protection.

Some commentators have said that the issue is not one of balance—that we cannot balance the right to a fair trial against anything else, because it is an absolute right. Even David Pannick, QC, said so in *The Times* last week, but I do not think that that is correct. The human right to a fair trial is absolute, but whether that right has been violated in a particular case is a matter of degree. Going beyond that and to echo what has already been said, human rights legislation and the human rights system set a limit on what can be done, but that before we reach it, there is a balance to be struck. The Pannick view is correct only if anonymity always and automatically violates human rights. I do not think that it does.

In the Davis case, the House of Lords did not lay down a bright-line test or say, "If X, Y and Z happened, there must have been a violation of the human rights standard." However, the House of Lords did say—this is the hard case that we all must consider—that in a case in which anonymous witness evidence was the sole or decisive evidence, and in which witness credibility is a real issue, not an issue that the lawyers have made up, it is very unlikely that the granting of a witness anonymity order will pass muster. That is because if credibility is an issue, it strikes at the heart of the trial. It is almost impossible to cross-examine a witness about credibility if one does not know who they are, or one does not know about their tendency to lie or to exaggerate, or about any animus against the defendant. All those things depend ultimately on knowing who the witness is.

The House of Lords was clear on another matter, too, and we will have to discuss it in detail in Committee of the whole House. The Lords said that if we are to have anonymous witness orders in some circumstances, we must have a clear procedure—a much clearer procedure than that which has grown up in the courts, in the prosecution service and in the police up to now. As the hon. Member for Hendon (Mr. Dismore) said, it cannot be right for the police to offer anonymity as a matter of course in certain cases. It becomes an issue in cases in

which a threatening atmosphere has developed on an estate, but as he said, the police offering anonymity can make matters worse because it fuels the existing fear. The idea that anonymity orders should be exceptional is an important one, and I am still anxious because the idea is not in the Bill.

Rob Marris: May I caution the hon. Gentleman? I understand and have some sympathy with his argument, but the House passed legislation whereby mere possession of a firearm carried a mandatory five-year sentence, save in exceptional circumstances. When the legislation went to the courts, judges adjudged almost two thirds of cases to be exceptional, which to my mind, mathematically, is not possible.

David Howarth: The hon. Gentleman is of course absolutely correct to say that, arithmetically, the majority of cases cannot constitute an exception to the rule. However, other aspects of the existing procedure need to be corrected, such as the idea that applications for witness anonymity orders can be made purely on paper, without any opportunity to question whether the case has been made out of necessity. Judges are often told that either they grant the order or the case will collapse on the spot, so they are coerced into granting orders or put in a position whereby the case itself does not succeed. That is not good enough, and we owe a debt of gratitude to the House of Lords for pointing it out and making us go back to first principles in respect of hearing the other side as a standard of justice.

There is a very important passage at paragraph 79 of the judgment, in which Lord Mance discusses what the Equality and Human Rights Commission said about such circumstances. He says that the standard is a proper verification process, so that the anonymity order is tested between both sides and the court can come to a conclusion about what to do on the basis of argument, not assertion.

Mr. Hogg: Does that not reinforce the proposition that the appointment of special or independent counsel should be liberally undertaken in such cases? In the disclosure procedure to which I referred my hon. and learned Friend the Member for Harborough (Mr. Garnier) briefly, it is exceptional that the special counsel is instructed to help the court, but does the hon. Gentleman agree that on witness anonymity orders, the special counsel should generally be instructed?

David Howarth: Yes, I completely agree. The special counsel procedure is a way out of a range of difficulties with the proposal, and I urge the Government to reconsider the idea. I shall return to it in a few moments and in Committee.

Mark Durkan (Foyle) (SDLP): The hon. Gentleman referred to the point about the need for verification, but how can there be verification of the second aspect of condition A, which relates to

"real harm to the public interest"?

We know that public interest considerations are often played like jokers in situations in which no one can question, challenge or demonstrate what is involved, so how can verification apply to "the public interest"? It seems to have been tailgated on to the Bill on the back of the issues that the Davis judgment raised.

David Howarth: Yes, I am concerned about how that aspect of the Bill is worded. The Government are quite right to say that there must be protection for undercover police work and for other undercover work, but the Bill does not include it. It refers very generally to "the public interest", as the hon. Gentleman says. That is over-broad, and the Government should reconsider how that aspect of the Bill has been designed.

The question is whether the Bill has met the difficult challenge—created by the situation—of striking the right balance between two fundamental problems with, and threats to, the rule of law, within the limits of human rights legislation. The answer is: not quite yet. A good deal of progress has been made, but there are still serious problems with the Bill.

I have mentioned the problems with procedure, and I shall add one other point about that. What standard should the evidence meet to be admitted when a decision is made about an order? I think that it should be admissibility in the trial itself, but there is nothing in the Bill to say whether that is the case. The biggest problem of all is that raised by the right hon. and learned Member for Sleaford and North Hykeham (Mr. Hogg) about the lack of independent counsel procedure. Such procedure is in the New Zealand legislation. It is too early to say whether it has been a success in New Zealand, but it seems a good bet for resolving a number of the problems in the Bill.

Mark Fisher (Stoke-on-Trent, Central) (Lab): The hon. Gentleman talks about evidence. Does he consider the singularity and crucial importance of the evidence to be relevant? Lord Bingham used the words "sole" and "decisive". Are those considerations not as crucial as all the other factors that we are talking about? Are not the nature and particularity of the evidence key if we are to get the balance right?

David Howarth: That is right. However, there is no suggestion in their lordships' speeches that the sole or decisive test is a bright-line test. It is simply part of an overall concept of what, as a matter of degree, would amount to an unfair trial. The Government are right to give way on putting that test in the Bill, but also right to make it a factor rather than a condition. That is the right way in which to go forward.

I return to the independent counsel idea. The counsel would be there primarily to investigate two things. The first would be whether the necessity for the order had been made out—whether there was evidence to suggest that the conditions under which an order should be made had been reached. The second would be whether there was a serious problem with the credibility of the witness, and the counsel would assist the court in coming to a conclusion about that.

It is important to bear in mind that having the independent counsel system is a protection not only for the defence. It is not just a safeguard for the defendant, but a way of safeguarding the prosecution's case—either against, as the right hon. and learned Gentleman said, the order not being made in the first place and the case not succeeding, or against the case being appealed and quashed.

Mr. Hogg: There is another important characteristic—that the police will not as a matter of routine promise anonymity because they will come to realise that the

[Mr. Hogg]

independent counsel investigating the case will say that the factual basis is not made out. Therefore the anxiety about an extension in the numbers of the orders might be reduced.

David Howarth: That is absolutely correct. This is a way of getting away from the purely paper process that has developed in some courts.

The Government have said that there is an inherent jurisdiction, but their point has two problems. One has already been raised. It is that there does not seem to be any inherent jurisdiction in the magistrates court. The other way out of that problem, of course, is not to extend the power to the magistrates court in the first place. The second problem is that a large number of judges will be surprised to learn that they have that inherent jurisdiction. The best way in which to draw that jurisdiction to the attention of the judiciary is to put it in the Bill.

There is also a problem with the scope of the Bill. I do not want to go into detail about that now, as we will come back to the issue in Committee. However, I have raised one point about it, and I shall mention it again. Why does the procedure extend to the magistrates court? It is not obvious that there are that many such cases in the magistrates court in the first place. If, as the hon. Member for Hendon (Mr. Dismore) mentioned, a case is triable either way, presumably the issue could be one of the factors that can be taken into account in sending the case to the Crown court instead. I admit that there would be problems in respect of youth justice, but those should be faced as a separate issue and should not govern how we deal with the whole problem.

Mr. Straw: I shall only detain the hon. Gentleman for a moment. It is not that many of those cases have arisen in the magistrates court, but some have. One case was about a breach of a control order under the Terrorism Acts. In such a case, a breach is an either-way offence, and the defendant must have consented to the magistrates court's dealing with the matter and the prosecution must have made no objection. Therefore, the case stayed in the magistrates court. It was entirely appropriate that it should have done and that an anonymous witness order should have been made.

There is also the reported case of R *v.* Watford Magistrates Court ex parte Lenman and others. The divisional court made a decision, on appeal from the magistrates court, that expressly allowed for witness anonymity orders to be made in the magistrates court in the circumstances of that and similar cases. In that case, the applicants were charged with violent disorder under section 2 of the Public Order Act 1986. A group of youths had rampaged through Watford and violently attacked four persons, one of whom was seriously stabbed. That was also dealt with by the magistrates court and it is entirely appropriate that in such a circumstance the order should be available.

David Howarth: The opposite point of view is that it is precisely cases of that seriousness that should go to the Crown court in the first place. The anonymity order would still apply, but in the right court. There is no bar against that happening in the adult court; only in the youth court is there some difficulty about how to proceed. However, as I said, I do not think that that difficulty should determine what happens in the adult court.

There is one further problem, to which I shall return in Committee. It relates to clause 3(2), and I shall just mention it now. Clause 3(2) shows a fundamental inequality between defence and prosecution. It says that if the defence manages to get an anonymity order—it is good that the Bill allows that—it must nevertheless reveal the identity of the witness to the prosecution. However, the same does not apply the other way around. That is still a problem and I have not heard any argument from the Government so far that would justify that stance.

I do not want to end on a negative note. There has been immense progress on the Bill, which has improved during its short existence, including on the sole and decisive evidence point, on which the Government have tabled a reasonable amendment. The transitional provisions have become tighter and clearer, especially in dealing with the part-heard cases. I am especially pleased that the Government have accepted the principle of the sunset clause; they have accepted the idea that the fact that this is temporary legislation should be in the Bill and that we shall return to it in next Session's law reform, victims and witnesses Bill.

This Bill is necessary, but I am not entirely happy with it as it stands. It has a lot of problems and we have a very short time to put them right—if not here, then in another place. The Bill is, however, moving in the right direction. Witness anonymity is occasionally justified, but it should never become the norm. Practice was moving in that direction before the case of Davis at the House of Lords. The House of Lords has brought us back from the brink. The Bill is starting to strike a better balance.

Mr. Marshall-Andrews *rose—*

6.8 pm

Mr. Douglas Hogg (Sleaford and North Hykeham) (Con): I rise slightly unexpectedly, as the hon. and learned Member for Medway (Mr. Marshall-Andrews) was getting to his feet. I do apologise; my notes were down below, but I now have them in my hand.

Clearly, the Bill is important; it has important implications for the criminal law. I have already expressed this view, but truncating the debate into one day is very undesirable. I agree entirely with what the hon. Member for Cambridge (David Howarth) said: a fundamental principle of the criminal law is that, in general, a defendant should be able to know the identity of the witness against him. That is because, as those of us who practise in the criminal courts well recognise, when credibility is at issue it is extraordinarily difficult to challenge the Crown's case unless one knows the identity of the witness.

The allegation may be, for example, that the witness has previous convictions, that he has a private grudge against the defendant, that he has a propensity to lie, or that he was somewhere else, as happened in the case of Tadic. One cannot put those suggestions unless one knows who the person is. That is why the courts held for a very long time that the principle of anonymity was wrong; why, no doubt, the American constitution makes that provision in its sixth amendment, as my hon. Friend the Member for Arundel and South Downs

(Nick Herbert) reminded us; why article 6(3)(d) of the European convention on human rights was couched in the terms that it was; and why, when Lord Diplock and Lord Gardiner considered the question of anonymity in the context of Northern Ireland in the 1970s, at a time when there was very considerable violence, they came to the conclusion that it was impossible to abrogate the rule and yet do justice to the defendant.

I have long held the view, although it is not entirely popular, that it is much better that the guilty are not convicted than that the innocent should be convicted. Ultimately one has to take a stand, and that is where I stand. I am perfectly willing to accept, however, that there are a small number of cases in which the intimidation of witnesses is such that it is right and proper to have an anonymity order. It is true that, in view of the Davis case, we need to put that on a statutory basis, but we need to define in our own minds and in statute the principles to which we should adhere. Above all, we must place it in statute that the fairness of the trial is the paramount consideration.

There is another thing to keep in mind, because there is some misunderstanding about the judgment in Davis. I believe that most protective measures taken where the issue is one of credibility will fail the test of fairness and prove to be incompatible with European jurisprudence. I well understand that the criteria will be satisfied where, for example, one is dealing with police officers who are undercover agents or with an old lady whose credibility is not an issue, merely her powers of recollection. However, protective measures in such cases will continue to be unsafe, broadly speaking, unless—this is an important proviso—the defendant himself has been responsible for the intimidation. In that case, as the hon. Member for Hendon (Mr. Dismore) rightly said, he is in no position to complain.

We should set out some criteria in the Bill. I will deal with this very briefly, because I know that my right hon. and learned Friend the Member for Folkestone and Hythe (Mr. Howard) and the hon. and learned Member for Medway want to speak. There are some things that should appear on the face of the statute. The order should be confined to exceptional cases. We need to define the test of sufficiency for when the court has to decide whether the conditions have been made out. There must be a statement that it is a presumption that the identity of the witness before the court is known to the defendant.

Mr. Flello: I am listening to the right hon. and learned Gentleman with great interest. There is a slight dilemma in my mind, and I am wondering about his views on it. In such an exceptional case, would the jury take the view that because the judge had reached the decision to grant anonymity in that particular case, there must therefore almost be a presumption of guilt?

Mr. Hogg: There is always that danger—it arises under existing law in relation to protective measures. If the identity of a witness is screened, it is easy—although it would be wrong—for a jury to come to inappropriate conclusions. It is therefore important that in his or her summing up the judge points out to the jury that the adopting of these measures must not be held against the defendant. To be fair to the Government, there is a specific provision in the Bill saying that that should happen.

Let me turn briefly to the remaining criteria that should be in the Bill. It is important that we should have specific reference to the independent or special counsel. I recognise that the Government will say that that is within the inherent jurisdiction of the court, but, as the Justice Secretary will know, the matter is dealt with in "Archbold", at chapter 12(80)(d), where he will see that it is described as an exceptional power, to be sparingly used. However, having regard to the witness anonymity orders and their implications, it should be generously employed here—and if that is the case, it should be stated in the Bill. I agree with the hon. Member for Cambridge: I strongly suspect, as I am guilty of this as well, that many practitioners did not know of the existing power, which makes it all the more important that it should appear on the face of the Bill.

Mr. Garnier: We knew, but we needed to be reminded.

Mr. Hogg: That is very generous of my hon. and learned Friend.

The court must be directed always to look at alternatives, although I accept that witness protection schemes have but limited application in a number of cases. Finally, the anxieties of the potential witness must be judged on whether they are evidence-based, not merely introduced into the chap's mind by a police officer, and whether they are reasonable.

At the end of the day, we are in the business of ensuring a fair trial. There are things that we can do in the Bill to make the situation better, and I very much hope that we will. We do not have enough time—that is my chief objection to what is going on, hence the view that I took on the timetable. The Bill has a sunset clause, and I welcome that; that is why I will not vote against Second Reading.

6.16 pm

Mr. Robert Marshall-Andrews (Medway) (Lab): Let me start, perhaps uncharacteristically, by congratulating my right hon. Friend the Secretary of State on the Bill, which is small but near-perfectly formed.

I do not agree—in fact, I fundamentally disagree—with some of the commentary in the press over the past two or three days, which has come from people who not only should know better, but who do not represent, as we do, real people in the real world. I particularly noted the commentary that said that we managed to convict the Kray brothers and the Richardson brothers without laws relating to anonymity. I well remember the extraordinary difficulty that we had in convicting the Kray brothers and the Richardson brothers, and the mayhem, chaos and pain that was caused during the course of the period when we could not convict them, for precisely those reasons. It is no more than common sense to say that we should have sensible anonymity rules, and enshrined in the Bill are very nearly wholly sensible anonymity rules.

Let me turn to specifics. I hope to take far less than the eight minutes that we have been allotted. I entirely agree that special counsel are wholly appropriate in these circumstances. I was wholly against them when they were mooted in this House, but they have worked very well in terrorism cases, and my experience of them has been nothing but good. The idea has been commendable, and there seems to be no reason why it should not be adopted, particularly in this Bill.

[Mr. Robert Marshall-Andrews]

I, too, would favour a clause that refers to the exceptional nature of the power—not that that would do any good, in truth. As my hon. Friend the Member for Wolverhampton, South-West (Rob Marris) pointed out, the word "exceptional" is in the eye of the beholder; it is merely an adjective that can be used by courts as they so wish. However, it does set a climate—it is very important to do so—in having regard to what is happening at the moment in criminal courts, particular in senior criminal courts, in relation to special measures generally. The Bill will simply add another special measure.

It is undoubtedly the case, and it is causing widespread concern, that special measures are now being used to such an extent that we are creating a culture of witness protection rather than necessary witness protection. The effect of that, as has been alluded to many times, is that special measures become a form of inducement used by prosecuting authorities to obtain witnesses when those witnesses do not need them and should not have them. Giving evidence is never a pleasant thing, and it is sometimes hard, but that is what citizens are there to do. To create a culture of this kind is ultimately extremely damaging, because people who hear that such provision is available are less likely to give evidence if they do not get it.

There is another aspect worth considering, if the aim of these measures is, as it undoubtedly is, to obtain more, though just, convictions. Juries do not like them. Juries do not like screening, in particular, and they do not like obtaining evidence by video link when it is plainly unnecessary. Some cases involve the giving of evidence by young people who are as tough as old boots. They may be members of opposing gangs—they often are—and they sit in a separate room, in circumstances of conspicuous comfort, being watched by a jury who are asking themselves time and again, "Why is that man not in this court?" Skilful manipulation of the cross-examination of a witness in those circumstances, by repeated questions such as, "Are you sitting comfortably?", "Is everything all right?", "Do you still feel vulnerable?", "Is this a photograph of you on the top of a bus at the time?" or "Is that your pit bull terrier?" does the cause of justice, in terms of prosecuting people and obtaining convictions, very little good.

I make a plea now, in advance of the Bill into which these measures are bound to be incorporated in due course, that we do not approach them on the basis that witnesses need more protection. At the moment we have too much, and we need to cut into what is becoming an extremely damaging culture.

6.21 pm

Mr. Michael Howard (Folkestone and Hythe) (Con): I welcome the fact that I am following the hon. and learned Member for Medway (Mr. Marshall-Andrews), particularly on this relatively rare occasion when I agree with almost, but not quite entirely, everything he said.

I welcome this Bill. I welcome the fact that the Government have responded quickly to the invitation of the Law Lords to place the practice of allowing anonymous evidence in our criminal courts on a statutory basis. I welcome the way in which my right hon. and hon. Friends on the Front Bench have co-operated with the Government in facilitating the passing of the legislation through this House on an expedited basis—although it is a bit too expedited, which is why I voted against the programme motion. I disagree, however, with those among my right hon. Friends who have suggested that the time at which the legislation reaches the statute book should be postponed until after the summer recess. It is urgent, and I hope that it will reach the statute book before then.

I welcome the fact that the Law Lords have on this occasion deferred to Parliament; I hope that this is the beginning of a new trend: I have been critical, on more than one occasion, of the tendency of judges to arrogate to themselves decisions which I believe should be taken by Parliament. Of course, in many cases Parliament has only itself to blame. The Human Rights Act expressly invites the courts to take decisions, such as decisions on the proportionality of an Act of Parliament, which seem to me the kind of decisions that democratically accountable parliamentarians should take.

The trend to judicial activism preceded the Human Rights Act, however. It found its expression in the dictum of a very distinguished former Law Lord that if parliamentary opposition was weak, the courts should intervene to fill the gap. That has always seemed to me to be utterly wrong. What we have here is a recognition by the Law Lords, no less, that if what they regard as a fundamental departure from our principles of criminal justice is to be sanctioned, Parliament is the appropriate body to grant that sanction. I very much welcome that recognition by the courts that there are limits to what they can do, and that there are important decisions which can be taken only by Parliament. I hope that we shall see a lot more of that.

I am in no doubt of the need for this measure. Anyone who has experience of the housing estates in our country where so many of our less fortunate citizens live—either directly, through living there, or vicariously, through representing such areas in this House or through visiting them and listening to local residents—knows of the deep misery that crime can cause. The least fortunate of our fellow citizens disproportionately bear the brunt of crime and suffer its consequences, and they need our help. Much of that help will come through the range of measures that the Government, the police, and the criminal justice system seek to provide.

There are many of us, on both sides of the House, who have laboured mightily to try to provide that help. But at the end of it all, that help is useless if criminals cannot be brought to justice. Far too often, that is not possible because of the stranglehold of fear that criminals can exert on their victims and those who could give evidence against them. The tentacles of that fear can reach far and wide. They can often give those who control them effective immunity from prosecution, which is not a state of affairs that we can tolerate. That is why we need to make provision to allow witnesses to give evidence anonymously. It is why we need this legislation.

Of course we need safeguards. There are always dangers in passing legislation too quickly. We are right to probe the Government by tabling amendments and to seek to ensure that proper safeguards are put in place. The arguments have already begun, and will continue over the next few hours, about the precise form those safeguards should take. I welcome the fact that the Government have accepted the need for a sunset

clause. I am impressed by the arguments for a special counsel and for the desirability of including provision for a special counsel in the Bill. I am less persuaded by the argument that the powers in the Bill should not extend to the magistrates court. I agree with the points made by the Justice Secretary to the effect that there was a need for such powers in the magistrates court, and as things stand, at any rate, that is the side on which I would come down. Those arguments will continue in this House and another place. On the need in principle for this legislation, however, I have absolutely no doubt.

6.27 pm

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): It is a pleasure to follow the right hon. and learned Member for Folkestone and Hythe (Mr. Howard) and the hon. and learned Member for Medway (Mr. Marshall-Andrews). We have heard several good speeches today, which have been interesting and informative.

Since the Bill became common knowledge a few days ago, we have all rather been rushing into it. Like the right hon. and learned Member for Folkestone and Hythe, I feel a little uncomfortable with the time given to ensure that we get a proper Bill. I would also say that the Secretary of State for Justice has a difficult job in front of him, with little time to spare. I accept that point. However, the hon. Member for Cambridge (David Howarth) said that he saw this Bill as having been improved in the past few days. If we had a few more days, no doubt it would be greatly improved; it would be a wonderful Bill in about four or five weeks' time. Let us not run away with that idea, however. Although we sometimes get legislation wrong when we rush it through, we took four years on the Hunting Bill and still got it wrong—it is now an unenforceable Act—so we do not always get it right when we take a long time, either.

I agree broadly that we need some form of statutory footing for anonymity. There is no question about that. The Davis judgment has brought matters to a head, and they had been simmering for some time. As the hon. and learned Member for Medway said, there has been widespread misuse of special measures. In any preliminary hearing, in any Crown court, on any day of the week, the judge will turn to counsel and say, "Any special measures required in this case?" Whether it is a relatively minor case in the Crown court or a serious one, that is a regular occurrence. People are asked whether they want special measures. They might think, in passing, "Yes, I'll have some special measures," and get up and ask for them—and more often than not, they will be granted.

I am afraid that the practice is falling into misuse. Things have reached the stage where something has to be done. Coming to the Davis judgment and where we are now with the Bill, I hope that all those issues can be brought into sharp focus and that we can look again into what special measures, are for. They are measures for special occurrences to be used just as I hope the Bill will be used—infrequently.

Mr. Bob Jones of the Association of Chief Police Officers says that such occurrences will be very rare. However, the same ACPO presides over a situation in which applications for anonymity are made in 500 to 600 cases a year. They include huge drugs cases, murder cases and so on, and I fully understand all that, but I am sure that in many cases such applications are not necessary. If the Bill is properly implemented, as I hope it will be, it should limit the number of anonymity applications to cases in which they are strictly necessary, to ensure that the interests of justice are met.

What the right hon. and learned Member for Sleaford and North Hykeham (Mr. Hogg) said about special counsel is quite right, and his suggestion was very useful. He referred to "Archbold", showing immense recollection of the exact provision; he has been there many times in practice, and he assisted us today. What he said is important. If we are to make the Bill work, special counsel should be a core consideration. That will undoubtedly assist the judge and the interests of justice; indeed, it will assist everybody. I hope that the right hon. and learned Gentleman's suggestion, which he advanced very well, will be taken seriously by the Government, although I do not know whether amendments could be introduced in the other place.

Useful reference has been made to New Zealand's Evidence Act 2006. The criteria that the court must have regard to in making an anonymity order under that legislation are as follows. First, witness anonymity orders are justified only in exceptional circumstances. Secondly, the gravity of the offence must be taken into account. The third criterion—this is interesting; I wonder why there is no reference to this in the Bill—is whether there is other evidence that corroborates the witness's evidence. That is a consideration; it is not necessarily a veto on making the order, but it is an important factor to consider. The judge must have regard to that consideration under the New Zealand Act in making an anonymity order or not doing so.

In the few minutes left, let me say how grateful I am that the Government have accepted a sunset clause. I hope that we will have some further information about the numbers of applications at that later stage, since the CPS is now keeping a record of all applications made, those granted, those refused and the reasons why, and so on, as the hon. Member for Hendon (Mr. Dismore) helpfully told us. That information will undoubtedly inform the debate when the matter next comes before the House.

Finally, the amendments that the hon. Member for Cambridge has tabled to clause 3(2) are sensible. In effect, clause 3(2) says that if a defendant wants anonymity for a witness, they have to give full details to the prosecution. Why should the prosecution not do the same for the defence? *[Interruption.]* The Secretary of State for Justice shakes his head; no doubt he will address that point in due course. If we are serious about the scales of justice and so on, there is an important principle at stake: the equality of arms principle.

For example, what if the name of the person is leaked by a police source? I am not impugning the police; my brother is a serving officer, as was my father. I am not anti-police in any way, but there are bad apples in every barrel. We have seen several police leaks recently that have caused mayhem here and there. I am concerned that a defendant has to give full details, which could end up anywhere, whereas the prosecution does not. *[Interruption.]* The Secretary of State will no doubt address that point, so I will not dwell on it.

In broad terms, the Bill is necessary, but there are improvements that we need to make—and, given more time, I am sure that we would make even more. At the end of the day, as we are on a tight schedule, I hope that we do not create a situation of injustice. That is the last

[Mr. Elfyn Llwyd]

thing that anybody in the Chamber would want. I hope that those in the other place will have slightly more time to reflect on the Bill and that we will be able to introduce some necessary amendments.

6.35 pm

Mr. Edward Garnier (Harborough) (Con): As the hon. Member for Meirionnydd Nant Conwy (Mr. Llwyd) said at the outset of his remarks, this has been an informative debate, and we are the better for it. However, where there is broad agreement, there is a need for additional caution. It is in debates on Bills such as this that the other place comes into its own. I hope that we will learn from and be advised by its deliberations later this week and next.

The consensus that has emerged, both from our discussions before this debate and, in particular, during this debate, has not only been consolidated, but has moved subtly on the following issues—issues that I shall come to describe, although they have already been usefully described and considered not only by the Secretary of State and my hon. Friend the shadow Secretary of State, but by the hon. Member for Hendon (Mr. Dismore), who had the advantage of listening to the Director of Public Prosecutions this morning, the hon. Member for Cambridge (David Howarth), who gave us another highly considered contribution, my right hon. and learned Friend the Member for Sleaford and North Hykeham (Mr. Hogg), who as ever came armed with a textbook, the hon. and learned Member for Medway (Mr. Marshall-Andrews), my right hon. and learned Friend the Member for Folkestone and Hythe (Mr. Howard) and, most recently, the hon. Member for Meirionnydd Nant Conwy.

The consensus that I would draw out from all those contributions centres on the following points. First, we do not want anonymity orders to be used routinely—they should be the exception—and we do not want to encourage lazy policing, lazy prosecuting or an informal process to emerge under which such orders become the norm. My experience in the Crown court as a recorder is not quite the same as the experience of the hon. Member for Meirionnydd Nant Conwy. It may just be the luck of the draw, but I find that applications for special measures are quite rare, and those that are made I rarely grant, but there we are.

We all want sensible and proportionate rules in place for the judges to consider and apply. We want a presumption in favour of openness, because open justice leads to fair justice, and fairness is required under the European convention—and was required under common law—and, whether under common law or the convention, was recognised by the Judicial Committee in the Davis case as essential.

I suggest—the Government might want to consider my suggestion, both this evening and between now and the Bill's arrival in the other place—that there is also a consensus on special counsel. My right hon. and learned Friend the Member for Sleaford and North Hykeham spoke about that point in interventions and at further length in his speech. I suggest—I am sure that the hon. and learned Member for Medway, who has considerable criminal justice experience as a barrister, would make the same suggestion—that we need to employ special counsel in such cases.

I would add to the list the need for an objective test of anxiety—that is, an objective assessment of the risk to the anxious witness or those associated with him. We should not allow a witness simply to assert that he is anxious for his safety, his life or his property. I suggest that the judge would be assisted by the intervention of special counsel dispassionately to lay out the facts and help him to reach a just conclusion.

A consensus has formed on the introduction of a sunset clause, too. A number of amendments and new clauses have been tabled that propose different dates and mechanisms, but the House has come to an agreement—and, through their new clause, the Government have joined that agreement—that a sunset clause is imperative.

My right hon. and learned Friend the Member for Folkestone and Hythe congratulated the Judicial Committee on not asserting some form of supremacy over this place, but inviting us to do what we should do—legislate to fill the vacuum that its decision has created. Too often nowadays the response to judicial activism is parliamentary abuse, but my right hon. and learned Friend's speech was an exception. Indeed, in all parts of the House today there has been a proper recognition of the need to respect the wisdom and advice of the Law Lords, and to fulfil our duties in dealing with the problem that they have set us. It is now up to us, in the period that remains to us this evening—I trust that it is not controversial to say that we have not enough time in which to scrutinise the Bill properly—to produce a scheme for the provision of anonymous witness orders that meets the requirement for justice in each case, and provides fairness under the rule of law.

6.42 pm

The Parliamentary Under-Secretary of State for Justice (Maria Eagle): I shall respond briefly, given that I shall deal in more detail in Committee with some of the points that have been raised.

I welcome the constructive way in which Members in all parts of the House have dealt with the Bill so far. There has been wide agreement on much of it. My hon. and learned Friend the Member for Medway (Mr. Marshall-Andrews) observed that it was small but perfectly formed. I do not think I have ever heard him say that about a Bill before. Between all of us, we must be doing something right. I am also grateful to the Front Benchers in all parties for the constructive way in which they have worked during the short period available to produce the Bill in its current form. We are all determined to produce a Bill that is fair to the defendant, protects the public from dangerous offenders, and ensures that witnesses receive the protection that they need from intimidation and violence in appropriate cases.

Many of those who have spoken in this short debate have raised issues of concern that remain. I can assure them that, as far as the Government are concerned, the granting of witness anonymity should be an exception and should not become routine. Some Members who are legal practitioners clearly feel that it has become rather too routine. However, as my hon. Friend the Member for Hendon (Mr. Dismore), who made an erudite and helpful contribution with the benefit of having heard the Director of Public Prosecutions give evidence to his Committee earlier today, pointed out, according to a snap survey conducted by the Crown Prosecution Service, witness anonymity has been attached

to some 580 of 1.3 million cases in the courts over the past year. That indicates that it is exceptional rather than routine, and we certainly do not intend to turn it into a routine procedure.

I think we all agree that sensible and proportionate arrangements are needed for the granting of anonymous witness orders, and that there must be a presumption of openness. Open justice is the most important element, and the article 6 rights of the defendant must be the primary consideration in ensuring a fair trial. That requirement is at the core of the Bill.

A number of Members approved of the proposal for a special counsel. A group of amendments deals with that issue, but I will say now that it is not absolutely clear from either the amendments or the comments that have already been made what role is envisaged for the special counsel—whether, for instance, he or she might be a friend of the court or a protector of the rights of the defendant. We must be clear about that if we are to proceed, but if we are not able to consider it during the passage of this Bill, it may be possible for us to do so when we debate the replacement legislation later in the year.

I am glad that there has been general agreement on both sides of the House, although not in every detail, as the new clauses show, that the provision of a sunset clause is right in the particular circumstances of the Bill. I am glad that, having discussed the issue with Opposition Front Benchers and others with an interest, the Government have been able to reach a view that is acceptable to all.

I enjoyed the speech of the right hon. and learned Member for Folkestone and Hythe (Mr. Howard). I know how bruising it can be to be Home Secretary, and to have to hold one's tongue when judicial reviews are flying around and decisions are being made with which one may not agree. Revenge is a dish best served cold, and the right hon. and learned Gentleman clearly enjoyed that aspect. What I particularly enjoyed was the irony that judicial activism of an extreme nature has led the judges to set out the boundaries of their capacity to influence these matters. They have certainly alerted us to the existence of an issue that needs to be resolved.

I agree with all Members who have accepted that the Government are acting in good faith. The matter needs to be dealt with swiftly, and we are grateful for the co-operation that we have received. I understand the point made by the right hon. and learned Member for Sleaford and North Hykeham (Mr. Hogg) about the undesirability of speed. I hope that, whatever goes on to the statue book at the end of July, we can return to the issue more fully and at rather more leisure in debating the fourth Session Bill.

Question put and agreed to.

Bill accordingly read a Second time.

Bill immediately considered in Committee, pursuant to Order [this day].

[SYLVIA HEAL *in the Chair*]

Clauses 1 and 2 ordered to stand part of the Bill.

Clause 3

APPLICATIONS

6.48 pm

David Howarth (Cambridge) (LD): I beg to move amendment No. 35, page 2, line 26, leave out subsection (2).

The First Deputy Chairman of Ways and Means (Sylvia Heal): With this it will be convenient to discuss the following:

Government amendment No. 40.

No. 20, page 2, line 27, leave out 'prosécutor' and insert 'court'.

Government amendment No. 41.

Amendment No. 2, page 2, line 27, at end add

'(3) The court must give every party to the proceedings the opportunity to be heard on the application.

(4) For the purpose of considering an application for a witness anonymity order the court may appoint an independent counsel to assist the court, and, without limiting the directions that the court may make, the court may direct the independent counsel

(a) to inquire into the matters that are set out in sections 4 and 5 and any other matters that the court may think relevant, and

(b) to report his findings to the court.

(5) Where an independent counsel has been appointed, the party who applied for the witness anonymity order must make available to the independent counsel all information in relation to the proceeding that is in the party's possession.'.

Amendment No. 18, page 2, line 27, at end add

'(3) For the purposes of considering an application for a witness anonymity order the judge may appoint a special advocate to represent the interests of the party not present.'.

Amendment No. 19, page 2, line 27, at end add

'(3) Any application for a witness anonymity order must be made to the court at the earliest opportunity.'.

Amendment No. 36, page 2, line 27, at end insert

'(3) The application must be heard by the court in chambers and determined on evidence admissible in a criminal trial.'.

New clause 6—*Independent counsel*

'The court may appoint independent counsel to test any evidence of, and to advise it upon, the witness's fears under section 4(6) and the relevant considerations under section 5(2).'.

New clause 7—*Independent counsel (No. 2)*

'(1) For the purposes of considering an application for a witness anonymity order, the court may appoint an independent counsel to assist the court.

(2) The court may direct the independent counsel to investigate on the court's behalf any matter the court thinks fit, subject to any instruction the court thinks fit, and in particular to inquire into any matter referred to in section 4(3), 4(6) or 5(2)(d).

(3) The party applying for the witness anonymity order must make available to the independent counsel all information relating to the proceeding that is in that party's possession.

(4) The party applying for the witness anonymity order is responsible for paying the fees of the independent counsel.'.

David Howarth: Amendment No. 35 relates to clause 3(2), but many other amendments and new clauses tabled by Members on both sides of the House deal with the important issue of the independent counsel, and I expect the debate to concentrate more on that than on amendment No. 35. The group also includes amendments concerning procedure requirements, including Government amendment No. 41, which I very much welcome.

Clause 3(2) builds on the provision earlier in the Bill that anonymous witness orders may be sought not just by the prosecution but by the defence. It goes on to say, however, that if the defence obtain an order, the prosecutor will still get to know the identity of the witness. However, it is a fundamental aspect of the Bill that if the prosecution obtains an anonymity order for one of its witnesses, the

[David Howarth]

defence team does not learn the identity of the witness. This is a bad idea for a reason that goes to the heart of the problem with anonymous witnesses. If one knows the identity of a witness, one can research their background and record, and with that information one can conduct a far more effective cross-examination than one can without it. The prosecution will, therefore, be in a far better position if the defence obtains an anonymous witness order than the defence will be in the opposite circumstances. The defence cannot know the identity of the anonymous witness, so it cannot conduct effective research into that witness. It will, therefore, be in an unequal and unfair position compared with the prosecution. The amendment therefore seeks simply to strike out subsection (2).

There is also a fundamental human rights problem, which I do not think the Government have properly addressed so far—and I wonder whether it has been addressed by the Joint Committee on Human Rights. Article 6(3)(d) of the European convention on human rights says that defendants are entitled to examine witnesses on their

"behalf under the same conditions as witnesses against"

them. It is clear to me that subsection (2) violates that rule. What will happen in a case where both the defence and the prosecution obtain witness anonymity orders? It will not be true that the two sides are operating under the same conditions; they will be operating under fundamentally different conditions.

The Government have said that this is not a problem because the prosecution will not tell the police the identity of the witness. It is technically true that the police are not the prosecution's client, but how will the prosecution investigate the background of an anonymous defence witness, whose name they will often know, other than through the police? In the television programmes where lawyers go gallivanting around the countryside doing their own investigations lawyers might look into the background of witnesses themselves, but in the real world the police carry out the investigations. Furthermore, simply saying that the information will not go to the police, which I do not think is true, does not meet the point about fairness and unequal treatment; in fact, it reinforces it.

The obvious way out of the clause 3(2) problem is the independent counsel—an institution that could be used not just in the ordinary case of a prosecution anonymous witness, but in the opposite case of a defence anonymous witness. That way out of the problem is much better than the Government's.

Mr. Douglas Hogg (Sleaford and North Hykeham) (Con): I hear what the hon. Gentleman says, but is there none the less not a difficulty in that if the independent counsel is to investigate the witness, they will have to know who the witness is and something about them, and that information can very often only come from the police, who have access to intelligence and other material not known to anybody else?

David Howarth: That is a problem, but it is one that arises in the ordinary case in any event, because in most cases the police are not the primary investigatory tool of the defence. One hopes in a perfect world that they might be, but, as I understand it, that is not how things actually work.

The problem can be overcome by having one or two independent counsel, depending on whether both sides obtain witness anonymity orders, and for each side to be treated exactly the same. One cannot, however, overcome the problem that the prosecution has at its disposal the forces of the state. It is one of the fundamental problems with criminal prosecution that the state always—or nearly always—has more resources than the defence. That is one of the reasons why I agree with the right hon. and learned Gentleman's view about the balance between convicting the innocent and acquitting the guilty.

I hope that the Government will listen to the case that will be made for having the independent counsel. One view, which I have heard Ministers allude to, is that the judge can do the investigatory work. That is implausible given the judge's other tasks, and it is also implausible to expect a judge who was, for example, a commercial silk suddenly to turn into a criminal defence or prosecution lawyer. *[Interruption.]* The hon. Member for Wolverhampton, South-West (Rob Marris) mentions French television. He is right that one of the fundamental aspects of the independent counsel idea is that it introduces an investigatory element into our system, but it does so in a way that preserves some basic adversarial aspects, in so far as the questioning is by a lawyer, not a judge.

I constantly return to the point that the independent counsel system will protect not only the defendant, in being a safeguard against a miscarriage of justice, but the process itself when otherwise the court might decide not to grant an anonymity order, or an appeal would be successfully lodged. In the most difficult case of all—the "sole" or "decisive" case—where credibility is an issue, the only hope of getting through the human rights standard is the independent counsel. Therefore, if the Government turn down this method, in effect they will be saying that in future fewer cases will have a chance of succeeding than do now.

The Government asked how the system would work: what process do its proponents envisage? It is true that it is a hybrid between what happens now and what might happen in a more continental system, but fundamentally the independent counsel, as it says in the New Zealand statute, assists the court. The job is to assist the court in deciding whether to grant the order.

Independent counsel will investigate two matters and report to the judge: whether the need for an anonymity order has been established—whether there is evidence of threat to the safety of the witness, or of the other criteria laid down in statute—and whether the witness lacks credibility. Independent counsel would therefore be of great assistance to the court with both those tasks.

7 pm

As I understand it, the Government object to the idea, first, on the ground that it seems complicated. That is true, I suppose, but it does not seem too complicated for the New Zealand courts to operate. Another possible objection is that it might be expensive, but it seems obvious to me that it would be less expensive than fighting appeals—and especially losing appeals.

Mr. Edward Garnier (Harborough) (Con): Or retrials.

David Howarth: As the hon. and learned Gentleman says, it would also be less expensive than fighting retrials. In any case, the current position whereby independent

counsel can be appointed seems a parallel one, although, as we said in an earlier debate, whether the current judiciary know that they have such power seems unclear.

Mr. Geoffrey Cox (Torridge and West Devon) (Con): What does the hon. Gentleman think should be the test for the judge in listening to the report of the special counsel? That the witness is capable of belief? That he is prima facie telling the truth? What burden should the judge impose on the special counsel to convince him—if the task is to convince him—that someone is not to be called as an anonymous witness?

David Howarth: That is an issue for a future debate on a later clause, and I would prefer not to spend the Committee's time on it now. The answer with regard to the independent counsel is that the task is investigating according to the standard in the statute—whatever standard that is—and is therefore governed by what the statute says.

The Secretary of State for Justice and Lord Chancellor (Mr. Jack Straw): With great respect to the hon. Gentleman, the question that the hon. and learned Member for Torridge and West Devon (Mr. Cox) has just asked him is very germane to this debate. It is incumbent on those moving that these provisions should be included in this emergency Bill to be clear about what the exact implications are. I beg to suggest that the hon. Gentleman is not all that clear.

David Howarth: I do not want to be accused of anticipating a future debate, but this issue is precisely that raised by the amendment of the right hon. and learned Member for Sleaford and North Hykeham (Mr. Hogg), on whether the standard should be that the court may make an order if it is satisfied about the conditions, or only if it is sure. The independent counsel would work to whichever of those standards was in the statute, and I do not see how that issue is at all relevant to the question of whether we should have an independent counsel system in the first place.

The other point that the Government seem to be making is that this issue could be dealt with by issuing guidance on the existing power. The trouble with that is that the existing power appears, first, not to apply to the magistrates court. Secondly, it seems to be exceptional, and, as we have already discussed, it ought to be exercised rather more often than exceptionally. Thirdly, on a practical matter, it is not clear under the existing system exactly who pays and how much. That issue should be dealt with by the statute.

The Solicitor-General (Vera Baird): I doubt whether the situation is as the hon. Gentleman says. As I understand it, magistrates would be able to write to the Attorney-General to ask for a special counsel to be appointed, just as a judge would do, I think, using the more ordinary route. They would not just appoint under inherent jurisdiction, but would write to the Attorney-General asking for an appointment to be made in that fashion. I do not think, therefore, that there is a bar on magistrates courts having such assistance—if assistance it be—but it is very difficult to get a clear view of what special counsel is intended to be at all in this case. Is it to be a person who represents the defence, so that there are no secret things that the defence counsel cannot know, because he must pass them on to his own client? Alternatively, is it, as the right hon. and learned Member for Sleaford and North Hykeham (Mr. Hogg) suggested, really an aid to the judge; or is it, as the hon. and learned Member for Harborough (Mr. Garnier) suggested, somebody who susses out whether the witness is really frightened or not? All three conflict with each other. Is that not the problem with trying to get a provision such as this into legislation now, rather than waiting until we have sorted out what we really want?

David Howarth: On the hon. and learned Lady's point about magistrates courts, this seems to add yet another problem to the existing arrangements, in that one has to apply to the Government to get a special counsel. I suggest that that is not the right thing to do; there should be a more direct route. On her second point, it seems clear to me that the independent counsel assists the court and thereby protects the defendant, but also thereby protects the process itself from challenge. That seems perfectly straightforward.

Mr. David Heath (Somerton and Frome) (LD): I really cannot understand the Government's argument that there is a lack of clarity about the counsel's role, given that it is set out explicitly in new clause 7, in my hon. Friend's name. What could be more explicit than the phrase

"an independent counsel to assist the court",

followed by a reference to the independent counsel's acting on the direction of the court in such a way as the court may see fit?

David Howarth: That is precisely right. Our new clause is explicit, but my impression is that the amendments and new clauses proposed by other Members have the same intention—that the purpose is to assist the court in coming to the decision that it is given by the statute to make.

Mr. Hogg: Does the hon. Gentleman not agree that the purpose of the amendments and new clauses drafted by him and by me is in no sense to relieve the judge of the obligation of determining whether he or she is satisfied that the conditions and the criteria are laid out, but to investigate things preparatory to their making that adjudication, and that the judge can ask questions of the relevant witnesses, informed by a prior report from the special counsel?

David Howarth: That appears to be what happens in the New Zealand example, and it is one way in which I would expect the system to work here. This is a way of getting better, higher-quality and more defensible decisions from the court when it is required to make the decision that the statute requires it to make.

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): I agree with the hon. Gentleman's argument. When I questioned the Justice Secretary earlier, he shook his head violently at the idea that there is not equality of arms in this clause. This provision would deal with that problem, but it would presumably keep the whole matter in-house, as well, and there would be a report specifically to the judge—be it regarding anonymity of a prosecution witness, a defence witness or both. This is a good example of a practical solution.

David Howarth: That is precisely right. This idea solves a lot of problems, which is why I am confused and unclear about why the Government seem to be resisting it.

Mr. Hogg: I hope that the hon. Gentleman will forgive my observing that if we had had more time, we would be getting in touch with the New Zealand authorities to ask them about their experience. That might have resolved all the problems raised by the Solicitor-General.

David Howarth: I am sure that e-mail works rather better than ordinary mail did in the old days, but in principle I agree with the right hon. and learned Gentleman.

I want to let other Members speak and there are a number of other amendments in this group, but I want to finish by referring briefly to an issue on which the Government have moved, for which I thank them. Regarding the group of amendments on the procedure for deciding whether to grant an order, there was concern that no procedural provisions were being made in the Bill. The Government have now moved amendment No. 41, which goes a long way towards removing those concerns. I still have one small worry, however, about the standard of evidence admissible in the hearing before the judge. That is why I have moved amendment No. 36—just to test the issue and to ask the Government how they see that question being answered. On the basis that amendment No. 41 shows that the Government are listening, I welcome it. I just hope that they will also listen on the central issue of the independent counsel.

Mr. Garnier: I largely agree with the broad thrust of what the hon. Member for Cambridge (David Howarth) has said and I do not share the confusion that appears to have arisen in the mind of the Solicitor-General. I also accept the point made by my right hon. and learned Friend the Member for Sleaford and North Hykeham (Mr. Hogg) that if we had more time, these niggles could be ironed out, but we do not, so we will have to do the best that we can.

While I accept what the hon. Gentleman said about the need for a special advocate, I approach his arguments about amendment No. 35 somewhat differently. Our suggestion is not that the whole of subsection (2) should be deleted, but that the equality of arms that we seek should be achieved through amendment No. 20, which requires the insertion of the word "court" instead of the word "prosecutor" in clause 3(2), so that the court, not the prosecutor, would have to be informed about the identity of the witness.

I shall not rehearse the arguments about the links between the police and the prosecution system, because that would be tedious and repetitious, but those arguments are important. The Bill and the system of justice would be strengthened were the information to be given to the court, not the prosecutor. If the Government accept amendments relating to the appointment of special counsel or advocates, it would be sensible for the court to include the special prosecutor, because he would be conducting himself for the benefit of the court, albeit by collateral advantage—if he did his job properly, it would be to the benefit of both the warring parties, the prosecution and the defence in any given case.

I, too, am pleased to note the Government's amendments in relation to the process by which the applications will be made. It must be sensible that those interested should be given an opportunity to be heard and to explain their case—or their resistance to the case—on the application as appropriate. I accept that on some occasions the application will be made, at least initially, ex parte, but it may on occasion be right and just that the matter should be contested inter partes at a later stage.

However, we urge that any application—this is the thrust of amendment No. 19—for a witness anonymity order must be made to the court at the earliest opportunity. That may be an obvious request, but far too often advocates or lawyers advising either the prosecution or the defence do not apply their minds to the marshalling of the necessary administrative orders until far too late a stage, which delays the speed at which the trial can progress. I urge that any change to the Bill should include a requirement along the lines of amendment No. 19.

None of the amendments on special advocates were tabled by me or my colleagues on the Front Bench, but I do not think that that matters. What is important is that we get the Bill right. Amendment No. 2, tabled by my right hon. and learned Friend, is an attractive attempt to address the problem, although I do not suggest that he has every dot and comma in the right place or that an inclusion in the Bill of a provision on special counsel should necessarily be in this form. For my part, I dealt with it as a relevant consideration in amendment No. 24 (ai) to clause 5.

7.15 pm

In any case, we all have the same aim—to try to produce a system that preserves fairness as much as possible. Special advocates or independent counsel are no more than a compromise solution, and are by no means ideal. They must surely offend the principle that we expect fearless independent representation for the defendant, untrammelled by interference from the Government, Parliament or other mighty influences. If we are to have anonymous evidence, the court needs assistance in finding the facts on which to make its decision whether to grant an application for an order or not. Necessarily, the respondent to an application under clause 2 cannot know the details of the witness, which, if published, would negate the purpose of the application.

The prosecution cannot protect, or be seen to be protecting, the rights and interests of the respondent, albeit that as a matter of professional duty they try to do that. The defendant, or defence witness, has no obvious interest in being open with the prosecution, albeit that those who represent them would, in line with their professional duties, endeavour to be so. We agree that the courts should have the discretion to appoint a special advocate under the Bill, to ensure some fairness in an area of procedure in which unfairness is undeniable and unavoidable. If we are to take away the defendant's fundamental right to know and freely to cross-examine his accuser, we must build into the system mitigating measures, and the special advocate would be one such—albeit imperfect—measure.

Special advocates are used in cases involving suspected terrorists and control orders, heard by the Special Immigration Appeals Commission. There, they are creatures of statute, not the common law, albeit that in matters affecting disclosure the ordinary courts have an inherent power to appoint special counsel, as my right hon. and learned Friend reminded us. However, they are not the

same as the amicus, the friend of the court, brought in to help the court on the law, or as counsel to an inquiry such as the Hutton inquiry. They need precise statutory provision to allow them to exist and they cannot be developed from some imprecise, inherent power.

The consensus that I identified in my closing remarks on Second Reading does not quite include the amendments on the need for a special advocate, if the interventions by Ministers so far are a true reflection of their position. I hope that at some point—preferably today—the Government will move towards us, just as we have moved towards them on many of the details of the Bill. I am not sure whether the hon. Member for Cambridge (David Howarth) intends to press amendment No. 35 to a Division. If he does, we will follow him, not because we support it, but because we want to use it as a means to demonstrate our support for the special advocate.

Mr. Robert Marshall-Andrews (Medway) (Lab): I shall not detain the Committee for long, but I wished to address the powers of independent counsel and give a harmless example of how one might be used in a hypothetical case. I have burdened the Solicitor-General with precisely this example already, so I apologise to her for the repetition.

Let us take the not unlikely hypothesis that I am representing somebody in a serious criminal case and anonymity is sought for a witness. The witness, of course, is named with a pseudonym, or simply as A, and we have a statement that is heavily redacted so that everything in it that should give us the identity of that witness has been removed. None the less, the witness is important from our point of view.

It appears from the case papers that the witness does not have an axe to grind and was a bystander or someone who was otherwise innocently involved, but the evidence is still important. I say to my client; "What do we say about this?", and my client says, "I think that this witness is X. There are things that I see on these papers that lead me to believe that I can identify the witness and I can tell you that the witness is not the innocent bystander that she makes herself out to be." The client might say that the witness was partisan, for example, because she was married to or related to the main prosecuting witness, and had an axe to grind in some way that was not revealed in the papers.

Without a special advocate, I can put all that in writing and articulate it in court, if necessary. I can give it to the judge and ask him to make his own inquiries about whether I am right or wrong, but I cannot take it to the next stage if the judge says, "Well, you're right, as a matter of fact." What can I then do about it? What representations and advocacy will be made to me about the steps that I can take once I have established, as a first fact, that my client has correctly identified the person on the statement? That is when an advocate is required. The advocate will go to the judge's chambers, with prosecuting counsel, and the judge will say, "You are right. This witness is X, but we do not know at this stage whether the witness is partisan or whether the allegations made by you to me are true." The special counsel will be acting after a conference with me as defence counsel in which I will have told him all the things that we believe and asked him what he thinks we ought to do. Special counsel will then say to the judge, "You ought to set in train the following inquiries."

Mr. Cox: What does the hon. and learned Gentleman think is the difference between the situation that he is outlining and that which frequently arises in the courts when an application is made by the Crown to disguise the identity of an informant? Precisely the same considerations arise, yet no special counsel is allowed. I wonder whether the Government's concern is that by opening the door in this Bill they will be opening the door for matters relating to disclosure in Crown courts.

Mr. Marshall-Andrews: With great respect, if the hon. and learned Gentleman does not mind, I do not want to go down that interesting diversionary route. Public interest immunity is different. PII judges are armed with different considerations and prosecuting counsel has clear lines of inquiry. The concept of informants is well known. What I am talking about is a witness in a case who might have completely misled the prosecuting authorities about the nature of his role as a witness. I want to concentrate on that for a moment, if the hon. and learned Gentleman does not mind. PII is imperfect, as we all know, but this provision could be very imperfect.

In such cases, what is necessary is an advocate who knows what the facts are, knows the identity of the witness and can advocate what the judge should do in those circumstances. More than hypothetically—almost certainly—they could say, "It is our submission that you should put into train the following inquiries in relation to this witness before you make a decision. If necessary, you must use the prosecution in order to do so." That would mean that somebody could come back and say, "Yes, on inquiry, they are right. This witness is apparently not the person that he or she appears to be."

In such circumstances, an advocate is needed. It cannot be done in the abstract. There are two reasons for that. First, advocacy is not a bad idea anyway. Secondly, and more importantly, if the judge says, "I will not do that. I will not put those inquiries in train", there is cause for appeal based on what the judge has said. If one does not have a special advocate, one does not know the basis on which the judge has arrived at that decision, and one never will. That is a hypothetical example.

Mr. Hogg: Might I suggest to the hon. and learned Gentleman a further advantage? If one is right to think that the protective measures in cases where credibility is the primary issue will, generally speaking, always fall foul of the unfairness rule, the special counsel approach, which he is advocating, will go a long way to meeting the European jurisprudence and satisfying the test of fairness.

Mr. Marshall-Andrews: I agree entirely. That is a strong tangential point to the one that I hope I am making.

I would have thought that if one did not have an advocate in such circumstances, the chances that a number of cases would transgress article 6 and other parts of the convention would be very high indeed. An inquiry would take place extra-territorially, which is extremely undesirable when we ought to be able to do it ourselves.

I have wearied the Committee with this example. I hope that it is thought to be one that is reasonable in the circumstances and likely to occur in a number of serious

[Mr. Marshall-Andrews]

cases. I have thought about a way around that and I can find none. It prompts one particular question, which has something to do with angels and pins: who precisely does the special counsel represent and what is his role? That is not difficult. The special counsel is manifestly a minister of justice in the same way as everybody else. He is there to see that justice is done. One of his roles is precisely the same as that of a Special Immigration Appeals Commission counsel, who talks to the representative of the terrorist or suspected terrorist who is subject to a control order, finds out what his instructions are, and conveys those instructions back to the tribunal, to which he has unique and independent access. I can see nothing wrong with that, but I can see enormous advantages, particularly as it is a power that will be rarely used. It will be used only in the most serious cases and when judges, in accordance with that, perceive the need for that additional power.

I shall listen with interest to see what the Government say is wrong with that. So far, I have heard nothing on it. I dare say that something will come, but this is an attempt to be as helpful as one possibly can be.

Mr. Hogg: I rise briefly to endorse what the hon. and learned Member for Medway (Mr. Marshall-Andrews) has said. His explanation of the circumstances in which the special counsel is likely to be required is entirely accurate and seems to meet the real difficulty that Davis has thrown up. To go back to Davis, the problem that we rarely confront when we discuss the detail of the Bill is not the question of whether the common-law power ever existed, but the question of whether protective measures, when credibility is at issue, can ever be fair or, to go a little further, whether they can ever be compatible with the European jurisprudence. It is important to keep in mind the fact that the Law Lords all held that the protective measures in that case were such as to render the trial unfair and incompatible with the European jurisprudence. We must ask ourselves how, using protective measures as prescribed by the Bill, we can still ensure fairness.

What the hon. and learned Gentleman has suggested seems to me to be the clear way forward. If we do not follow his advice, or accept amendment No. 2, which I have taken the liberty of tabling, I suspect that the measures set out in the Bill will very seldom be invoked when credibility is an issue. The outcome will almost certainly be deemed unfair, either on appeal or when the order is applied for. To endorse the point made by the hon. Member for Cambridge (David Howarth), the presence of a special counsel is a way of ensuring that applications can be made, but also a way of ensuring that they are not made inappropriately. I hope that Ministers will seriously consider putting that provision in the Bill, either today or in the other place.

7.30 pm

Very few practitioners are aware of the latent, inherent power of the court to appoint such counsel. In any event, it is right that we should make statutory provision for it. We have done so in other cases, such as in the Counter-Terrorism Bill, which makes specific reference to special independent counsel. We should not shrink from that simply because there is an inherent power. If it is inherently desirable, statute should say so.

Mr. Michael Howard (Folkestone and Hythe) (Con): Would not the confusion about the precise role of the special counsel, which has been identified in the debate, be likely to be in the mind of any tribunal seeking to exercise an inherent power that was not set out in statute, as my right hon. and learned Friend suggests it should be?

Mr. Hogg: That is entirely right, although of course confusion does currently arise when an independent or special counsel is appointed in the context of disclosure, for instance. The query that the Solicitor-General raised can arise in that situation. Amendment No. 2, which is based almost word for word on the New Zealand Act, clarifies the point precisely. Under it, the independent counsel would answer to the judge, address the considerations and conditions set out in clauses 4 and 5 and respond to specific queries from the judge. In other words, he would be acting as a minister of justice, as the hon. and learned Member for Medway said. In one sense he would represent the defendant's interests, but he would also represent those of a court that needed to be better informed. Putting that role in statute would both respond to the point that my right hon. and learned Friend the Member for Folkestone and Hythe (Mr. Howard) identified, and satisfy the anxieties that the Solicitor-General expressed.

Mr. Garnier: May I remind my right hon. and learned Friend about the specific provisions in the Special Immigration Appeals Commission legislation? It states not that the special advocate is to represent the respondent but that he may represent their best interests.

Mr. Hogg: Yes, indeed. My hon. and learned Friend is quite right. In all the legislation in which special counsel has been provided for, it has been stated explicitly that that he does not answer to the defendant or respondent. He has a special free-standing role, and is a minister of justice, but he is subject to the authority and directions of the judge. That is a way forward, and would ensure that the cases in question had a much better chance of satisfying EU requirements.

Mr. Andrew Dismore (Hendon) (Lab): I rise to speak to new clause 6, which is my proposal on independent counsel. But before doing so, I shall respond to the hon. Member for Cambridge (David Howarth), who asked whether the Joint Committee on Human Rights had considered the point that he raised about article 6(3)(d) of the European convention. We have not considered it specifically, but we did raise it with the Director of Public Prosecutions this afternoon and discuss with him the equality of arms, or otherwise.

We are comparing apples and oranges, because why would a defence witness require anonymity? Their position is rather different from that of a prosecution witness, who might well be afeared of victimisation by the defendant or his associates. What could a defence witness be afeared of? Victimisation by the police, perhaps, but it is rather unlikely.

Mr. Garnier: Will the hon. Gentleman give way?

Mr. Dismore: I shall finish the point and then give way.

It is probably more likely that defence witnesses would fear victimisation by other criminal associates. In those circumstances, the prosecution must have the opportunity of looking into the antecedents of a defence witness. That is a different kettle of fish entirely from a prosecution witness, who will have different fears. The hon. and learned Gentleman's point about the need to give the information to the court gets us no further, because the judge knows the anonymous witness's identity anyway, as would an appeal court. That is the position now, and will continue to be the position.

Rob Marris (Wolverhampton, South-West) (Lab): Might not a witness who has been called by one defendant apply for an order because he is worried about another defendant, represented by a different counsel? The defendant who has called him might say, "It wasn't me who caused the affray, it was so-and-so, and here's a witness."

Mr. Dismore: My hon. Friend is entirely right, and it would be appropriate for the prosecution to be able to investigate that. A defence witness is a completely different kettle of fish from a prosecution witness. As I have said, the JCHR has not discussed the matter in detail and come to a view on it, but I am giving mine, which pretty much relays what the DPP said to us today.

David Howarth: Is not that explanation a further argument for rethinking clause 3(2)? It seems that it is intended to deal with a number of different problems. On one side there is the witness who is afraid of what the police might do, and on the other there is the witness who is afraid of what other defendants might do. It seems entirely wrong for one clause to deal with both those problems. With the latter type of witness in particular, consent will be an issue. They might want the police to investigate, in which case they could say so.

Mr. Dismore: If that is the case, there is no problem. I do not see any significant difficulty with clause 3(2), for the reasons that I have given. I certainly agree with the hon. Gentleman's more important point that the way to resolve the difficulties is by having an independent counsel, who could get to the bottom of the story.

There has been some loose language in the debate. Hon. Members have talked about independent counsel, special counsel and special advocates. We need to be more precise and tight in our language. I have not used the term "special advocate" in the new clause, because it has certain connotations in our legal system. Special advocates have given evidence to the JCHR on several occasions, both formally and informally, and one of their main concerns is what they call "mission creep" in terms of how the system of special advocates has spread from counter-terrorism. That is why I have used the term "independent counsel", which I believe is drawn from the New Zealand system.

The new clause is intended to codify the inherent jurisdiction that already exists. It would not create anything new, as I am effectively proposing a type of amicus whose job is to advise the court without specifically representing either party involved in the case.

We need to be careful because, as the Government have said, the provisions could easily get out of hand. I am concentrating on the "civilian cases", as the DPP puts it—the 50 or so cases that do not involve the police or security services, in which credibility will be the key issue. I have phrased the new clause to exclude public interest cases, such as those involving undercover police, and to focus on the key issues: the basis of the witness's fears and whether the relevant credibility considerations in clause 5(2) are met. The independent counsel would test the evidence for that and advise the court accordingly. It seems to me that that would create a regime limited enough to meet the Government's concerns and objections and also provide the necessary independence that we all want, yet at the same time one that would not get completely out of hand when it came to the other issues.

Mr. Marshall-Andrews: My hon. Friend may well be coming to this point, but will he deal with what appears to be an immediate and obvious problem? How will the evidence be tested? Will there be a trial-within-a-trial—a voir dire—and, if so, how will that take place? Who will preside over it? Will it be in chambers or open court? I do not want to go on, but is that the sort of trial that he envisages?

Mr. Dismore: The starting point would be a hearing before the judge, as happens now. Government amendment No. 41 proposes an initial ex parte application followed by an inter partes hearing, and the independent counsel would play a role in both aspects.

I do not think that we can achieve perfection, but that is probably the way forward. It may be possible to test some of the evidence on paper initially, but it may ultimately be necessary to have the witness at least on an ex parte basis. That would depend on what the system throws up: we are talking about a relatively small number of cases, and I do not think that what I propose would be unmanageable.

Mr. Hogg: Might I suggest that one answer to the question from the hon. and learned Member for Medway (Mr. Marshall-Andrews) is that there might have to be a voir dire, in which the witness is questioned in front of the judge? The judge would also be able to ask questions. The preliminary research by independent counsel would be made available to the judge, so that there could be informed questioning at the voir dire.

Mr. Dismore: The right hon. and learned Gentleman is right, and what he suggests would have to be on an ex parte basis. That is where the independent counsel comes in, as he would perform any cross-examination of the witness that proved to be necessary.

That approach would be something of a last resort, to be used only when a preliminary inquiry had thrown up real questions of credibility. There may be no credibility problem in many of the 50 cases that we know about. The DPP said that such problems would arise in some of the 30 Operation Trident cases, but that implies that they would not in many others. The approach that I have outlined might be necessary in cases such as the Davis case, but that eventuality would probably turn out to be the exception to the exception to the exception, as it were. The inherent jurisdiction, together with the Government's proposal for ex parte applications and inter partes representations, starts to achieve the outcome that I have set out.

We are told that there are concerns about costs, but a maximum of 50 or so cases a year will not lead to costs that are unmanageable, given the importance of the cases that we are talking about and the overall interests of justice. I think that the costs should be borne by public funds.

[Mr. Dismore]

As for magistrates courts, it is presumably within the Attorney-General's discretion to grant any application made to him. The process is extremely complicated, whereas it would be simpler to allow the magistrates to have a similar jurisdiction. I put that to the DPP earlier today: he agreed that if magistrates did not have that inherent power, the suggestion to give it to them had merit.

There seems to be consensus around the House, if not in the Government, about the importance of independent counsel. I hope that Ministers have listened to the debate and that, if they cannot resolve the matter this evening, they might introduce amendments to this Bill in the other place. If that is not possible, I hope that they will bring forward suitable proposals to resolve the problem in the long term in the more substantive Bill that we will see in the next Session.

Rob Marris: I thank the Government for Government amendment No. 41, which makes it clear that there has to be a hearing, and that no trial will be held entirely on paper, unless that is what all the parties involved agree to.

I want to make some remarks about the independent counsel. I am quite attracted to amendment No. 2 and new clause 7. I hope that the Government can make some movement on those proposals or persuade me that there is no need for an independent counsel. As a lay person—I am a solicitor, but I have not done much criminal law, and even then not for many years—it seems to me that fairness demands that there should be an independent counsel. I understand from the helpful remarks made by my hon. and learned Friend the Member for Medway (Mr. Marshall-Andrews) that similar systems are in place elsewhere. I remember the discussions that we had with the Special Immigration Appeals Commission about what should be done in respect of terrorist and other cases, and it seems to me that an independent counsel could be of great assistance both for fairness and the for appearance of fairness.

7.45 pm

The appearance of fairness is of particular importance in our criminal system. We in this House must always be careful when we are dealing with matters such as these. Many of our constituents see terrible behaviour in their communities. They would like to be witnesses, but think it only right that they should have anonymity. Quite understandably, they overlook the existence of the balance that we have been talking about—that is, that a defendant should have some idea of the case being made against him and of who is assisting that case, most likely as a prosecution witness.

As we have noted, it is very important that the system should not be stacked in such a way that innocent people end up being convicted because they cannot test the evidence against them properly. When that happens, we have a double problem: an innocent goes to prison—that is not desirable at all—while the person who committed the crime and created the mayhem is allowed to run around outside.

We need a fair and properly balanced system, one in which evidence is tested in favour of anonymity, and to that end, an independent counsel who would "assist the court", as both amendment No. 2 and new clause 7 propose, would be desirable. I hope that, if the Lord Chancellor is replying to this debate—

Mr. Straw: He is.

Rob Marris: I am grateful to my right hon. Friend for that sedentary clarification. If the Government do not think that the amendments are appropriate, I hope that he will elucidate why. The right hon. and learned Member for Sleaford and North Hykeham (Mr. Hogg) has said that amendment No. 2 is very similar to the provisions in the New Zealand legislation on which the Bill is broadly based. I think that it is a good idea, and I hope that the Lord Chancellor will show some movement on the proposals. Failing that, I hope that he will present some cogent arguments as to why the amendment would not be appropriate. He needs to explain why it would merely be a fig leaf when it comes to giving an appearance of fairness, and why it would have other negative effects. As I have said, it sounds rather attractive to several of us on the Government Benches.

Mr. Straw: This has been a measured debate, and I thank hon. Members of all parties for their contributions. I shall deal with the various amendments that we are considering before I come to the special advocate proposal which, given the weight of opinion in the House, is the most important proposal before us.

Government amendments Nos. 40 and 41, and part of amendment No. 2, relate to a party's right to be heard and the need to put it on to a statutory footing. I am glad that the Government amendments have been generally welcomed on both sides of the House. That is one of the benefits of our detailed consultation with the Opposition parties, even though that inevitably took place in a very short space of time.

Amendment No. 19, moved by the hon. and learned Member for Harborough (Mr. Garnier), would require that an application for an order be made at the earliest opportunity. I accept that in principle, but I ask the hon. and learned Gentleman to accept that the criminal procedure rules are the right place for such a provision. Indeed, the phrase "earliest opportunity" begs a question: it is improbable that the prosecution would delay applying for such an order, as any such application would disrupt the trial process. Exactly at what point they are able to do that, however, will depend on the merits of the individual case.

Amendment No. 36 would place in the Bill a requirement that the application for a witness anonymity order must be heard in chambers and determined on evidence admissible in a criminal trial. I ask the House to consider for a moment what the implications of that proposal would be. The applications will take place before a judge in chambers, away from the jury. We have exclusionary rules of evidence in England and Wales precisely because of the nature of the jury system. Applications are made without the jury on all sorts of matters that, by definition, may be held by the judge to be outwith our exclusionary rules of evidence and therefore are not to be brought out in evidence to the jury, but have to be before the judge when he is hearing the application. Otherwise, the whole process would end up being risible. As I read the amendment, which refers to the rules of criminal evidence, it would greatly restrict the power of the court in chambers, without the jury present, to consider all kinds of evidence.

Some of the evidence that a court will need to consider in determining whether to make the order will be evidence that the prosecution might wish to adduce, but the judge has held that it cannot, and some will be evidence that the prosecution most certainly does not wish to bring out in open court, such as police and security services intelligence reports, which are the subject of a public interest immunity application but are germane to consideration of the order. Given that explanation, I hope that those who tabled the amendment will not press it too far.

David Howarth: I should say to the Lord Chancellor that I do not intend to press that amendment. One of its main purposes was to probe the Government on what sort of evidence they thought should be used in the hearings. It seems to me from what he has just said that it looks like evidence that is usually inadmissible put in ex parte. Is that not yet another reason why there should be an independent counsel to make sure that both sides are heard?

Mr. Straw: I will come to that in a moment. Current practitioners in the House at the moment have far more experience than my zero experience of handling cases of this kind. My understanding is that, where applications are being made, the judge has to be satisfied that there is a reason for withholding what would otherwise be fundamental evidence from the defence—for example, the witness's identity and aspects of the witness's background that could lead to his identity. The court has to be satisfied as to the reasons. That may well be police intelligence reports, and indeed Government amendments Nos. 40 and 41 allow for that possibility. I will come to the issue of the special counsel in a moment.

Next, and penultimately, I shall deal with amendment No. 20, which would allow, where there is a defence application, for an order to be made for the witness's real identity to be given to the court but not to the prosecutor. The argument is that there has to be equality of arms between prosecution and defence. It is a straightforward truth in any system of justice worthy of its name that there has to be such equality, but a moment's thought will explain to us that equality of arms does not mean complete symmetry between the role and predicament of the defendant and the role and predicament, if any, of the prosecutor. The vested interests are completely different. It is the defendant who is in the dock. The prosecutor is not in the dock. There is not an either-way verdict which will lead to either the defendant or the prosecutor going to jail. As soon as one points that out—if I may say so, it is a statement of the blindingly obvious, but—

Mr. Garnier: It has never stopped the right hon. Gentleman in the past.

Mr. Straw: That may be so, but the point was absent from the argument of those who said that the importance of the principle of equality of arms closed the argument as to whether, where an application for an order was made by the defence, the real identity of the witness for the defence should be disclosed to the court but not to the prosecution.

There may well be cases, but I have never heard of one, in which the character of the prosecutor is called into account. It would be extraordinary were that to be the case. Moreover, those acting down the years on behalf of defendants quite properly and rightly have argued that there should be no equality of treatment when it comes to the provision of evidence to the other side. So we have rules under our system whereby not only does the prosecution obviously have to lay the full details of the case that it is going to make in open court before the defence, but it has to disclose sometimes mountains of unused prosecution evidence to the defence. No such equivalent duty is on the defendant, and notwithstanding efforts that have been made by the previous Administration and this one to deal with the situation in which the defence ambushes the prosecution, and the increasing concerns of the courts to see those rules properly applied, there is not, and can never be, equality there.

I will deal with what is at the heart of amendment No. 20. There will be rare cases in which the defence properly feels that it should make an application for a witness anonymity order for a defence witness. I guess that the most likely example that could arise is where there is an argument between co-accused. The defence will come forward with its application to the court. It is of great importance that the court knows who the person is. That will be disclosed to the courts even under amendment No. 20, but the court also has to know a good deal about the witness before it can come to a view. The court has no information about the witness. How could it? The only way in which the court could obtain that information is from the prosecutors, who in turn would have to obtain it from the police. On what other basis could the court learn about the antecedents of the witness, who may well have kept them from the defendant? The antecedents may be incomplete.

Those of us who have to deal routinely, as we all do in the House, with constituents who have criminal records never cease to be amazed at the way in which they forget about the most egregious convictions on their record.

They remember only convictions of the most trivial nature. Indeed, recently I met a man who was applying for a job in the public service. He had a conviction years ago for being drunk and disorderly and he told me in front of a witness, who does not need to remain anonymous, that it was his sole conviction, so I wrote a gentle, but non-committal, letter. Upon further inquiry by me, it turned out that he did indeed have a conviction for being drunk and disorderly a long time ago, but he also had a recent conviction for quite a serious robbery. When he came back to see me, aggrieved that I had not been able to get him the post in the public service, he said that he had forgotten about that conviction and that in any event it was rather trivial. That sort of thing goes on frequently, so the police would have to make inquiries in such cases.

8 pm

Mr. Garnier: I am fascinated by the Secretary of State's story.

In the absence of a special counsel, I would accept the thrust of what the Secretary of State is saying, but as that would be the purpose of a special counsel he cannot dismiss my arguments—or rather those I borrowed—in relation to amendment No. 20 without bringing into the picture the need for a special counsel. Once a special counsel was doing the job that the Secretary of State did in his surgery, or that somebody else might do for the court, much of his objection would fall away.

Mr. Straw: The answer to the hon. and learned Gentleman's point was given earlier in the debate. For sure, the special counsel has a role that is different from that of the judge or the prosecutor, but no information is directly available to special counsel; they, too, would have to go to the police. One of the arguments raised about that is that the police could leak the name of the witness. That is an inherent problem in any such case, but I know of no example where the clear order of a court requiring that the identity of a witness be prohibited has been broken. If it was, it would be contempt of court and the police officer would find himself in prison rather quickly.

Mr. Hogg: I take a position that is slightly different from that of my hon. and learned Friend the Member for Harborough (Mr. Garnier) and that of the Liberal Democrats. It seems to me that where a defendant who has a co-defendant wishes to have a witness anonymity order made in respect of a witness, the Crown ultimately has a duty to the co-defendant to inform them of any criminal antecedents or other considerations that may make the evidence of the to-be-anonymised witness prejudicial to the co-defendant. The Crown can discharge that obligation only if they know the identity of the anonymised witness.

Mr. Straw: I am extremely grateful to the right hon. and learned Gentleman for making my point in a rather more elegant way. That is exactly the point. I understand why the amendment was tabled. It is not that there will not be equality of arms—there will—but there cannot be symmetry in a criminal trial, and thankfully no one has suggested that there would be. The amendment reflects concern to ensure that the protected identity of a defence witness is not somehow leaked. However, another area of no symmetry is that it is inherently improbable that if the prosecutor, or even the police, knew the identity of the defence witness whose identity was being protected they would go round and put the witness's windows in, set fire to their motor car or intimidate their children at school, yet all those things could occur in the opposite situation, where the identity of the prosecution witness is being kept quiet.

I turn to the major issue in respect of this group of amendments—the argument contained in amendments Nos. 2 and 18 and new clauses 6 and 7 that the Bill should include a provision that a special counsel be appointed. I shall set out why I ask the House to accept not that there is a profound case against having special counsel—that is not my argument—but that there is insufficient time, not only today but in the limited time of a week that we have to bring the Bill's proceedings to a conclusion, to pin down exactly how a statutory scheme could work. As we have already heard, there is at least one statutory scheme for the appointment of a special advocate. My hon. Friend the Member for Hendon (Mr. Dismore) was right to make the important distinction about the appointment of a special advocate in respect of the proceedings of the Special Immigration Appeals Commission, which some of us have come to know and love only too well. It was established by the right hon. and learned Member for Folkestone and Hythe (Mr. Howard). I got it going and it has been enhanced since.

In addition, as we have heard, there is an inherent power for the court to appoint a special counsel. It is not used often and the right hon. and learned Member for Sleaford and North Hykeham (Mr. Hogg), who drew our attention to an entry in "Archbold", was correct in saying that it is used only exceptionally. As it happens, the Court of Appeal, in the Davis appeal, sought and was granted the appointment of a special counsel. Those who believe that the appointment of a special counsel is a stay in jail card as far as the prosecution is concerned, and a guarantee against any breach of article 6, might bear in mind the fact that, notwithstanding the appointment of special counsel and the extensive use of special counsel by the Court of Appeal in the Davis case, although the Court of Appeal found in favour of the prosecution in Davis, that was not a particularly persuasive point when the case went to the House of Lords Appellate Committee. The fact that there had been special counsel was of no consequence when the Committee reached its 5:0 judgment on whether there was common-law authority and, to a degree, article 6 authority.

I do not dismiss any of the arguments made this evening by my hon. and learned Friend the Member for Medway (Mr. Marshall-Andrews)—I was about to say "Maidstone" but that was a Freudian slip. Both constituencies begin with "M" and both are in Kent; both are close to the very first constituency I fought, which was Tunbridge and Malling—*[Interruption.]* I lost. Indeed, I came third and took a pound off the Liberal candidate who was convinced it would be him, so at least I came away from the count with something.

I listened with great care to what my hon. and learned Friend the Member for Medway said, as I did to the other right hon. and hon. Members on both sides of the House. We have to pin down some serious issues—*[Interruption.]* I gently point out to those who say we should do it now that the matter is really quite complicated and the proposal is not absolutely necessary because, as everybody has accepted, the court already has an inherent power. Those who say we should do it now are also talking about the dangers of legislating too fast and without proper thought.

Rob Marris: My right hon. Friend said that there was not enough time to introduce a statutory scheme under the Bill. The Bill will be subsumed into the law reform, victims and witnesses Bill in the next Session of Parliament. Will he give an indication—or, I hope, an undertaking—that he will seriously consider including a statutory scheme for an independent counsel on the witness anonymity programme, as it were, in that Bill, if not in the Bill that we are discussing tonight?

Mr. Straw: Yes, of course. My undertaking is that before we publish that Bill, I will indeed give active and urgent consideration to whether a scheme is feasible and necessary, together with my right hon. and learned Friend the Attorney-General and my hon. and learned Friend the Solicitor-General, others within the court system, the Crown Prosecution Service, defence lawyers and right hon. and hon. Members of the House. I do not for a second rule out such a scheme, but I want to get it right.

Mr. Marshall-Andrews: Will the Lord Chancellor go one stage further than that? The Bill is an uncovenanted bonus, in that it gives us months in which to see whether or not the system works, although I am not suggesting that that is a good way to make criminal justice legislation. Will the Lord Chancellor consider indicating to the

judiciary that in that interim period they should consider, in light of the cases that come before them, whether the existence of independent counsel would be of use to them? We could then be given some indication of the answer, possibly through the Lord Chief Justice, when the Bill comes back before the House.

Mr. Straw: Yes, that is a very sensible suggestion; I will do that. I do not know whether the possibility of courts appointing independent counsel in such cases is less well known than it should be. I am quite clear that it will become better known, not least as a result of these debates, and also through efforts that I will make. That certainly will be factored into the work of the Crown Prosecution Service.

There are issues that we need to consider very carefully to get the measures right. First, there is the question of the kind of witness anonymity order to which a power in respect of special counsel would apply. My hon. Friend the Member for Hendon believes that, in practice, use of the power would be confined to so-called civilian cases, in which civilians—not police officers or intelligence officers—were witnesses to really awful crimes. Some would be innocent bystanders, and some would be far from being innocent bystanders. We need to consider whether to exclude altogether, or provide a presumption against, such special counsel ever being applied for where undercover police officers are used—there are 40 such cases indicated in the CPS's current analysis—or in the case of undercover test purchases; there are currently 290 such cases. We have to pin the matter down before we come through with a legislative scheme. The facility should certainly not be available in the case of test purchases, and probably not in the case of undercover police officers, but we have to look very carefully at the circumstances.

There was debate—and, frankly, uncertainty—about the exact role of special counsel. The hon. and learned Member for Torridge and West Devon (Mr. Cox) asked the hon. Member for Cambridge (David Howarth) some really pertinent questions on the subject, and they remain unanswered. They are not really questions that can be answered in the Chamber. We have to think very carefully about them.

8.15 pm

The hon. Member for Cambridge said that the cost of special counsel, which would be considerable if such counsel were used extensively, would be lower than the cost of convictions being aborted, the implication being that the guilty would walk free. He would be right, if those circumstances came about, but as the Crown Prosecution Service, which pays for special counsel, has a limited budget, voted by the House, we need to have an idea of the potential cost, not least given that special counsel are not used on that many occasions. There is also a practical matter: the number of counsel considered qualified to act as special counsel is fewer than 20. That is really important, too.

Mr. Dismore: I think that my right hon. Friend is in danger of mixing up the special advocate process with the independent counsel process that we are discussing. Special advocates are limited in number because they have to be security-cleared. They perform a different function. Perhaps independent counsel do not have to have the same level of clearance, particularly if we are talking about civilian cases, not undercover or secret service cases. Those are the ones for which security clearance is needed, not the ordinary, bog-standard criminal trial.

Mr. Straw: I was doing my best not to confuse myself, and I hope that I did not do so on that occasion. We can continue this discussion outside the House, because the hon. Member for Mid-Sussex (Mr. Soames)—

Mr. Hogg: Wants his dinner.

Mr. Straw: Yes, and it is always dangerous to keep him away from his dinner, so I commend the amendments in my name.

David Howarth: On amendment No. 35, we have heard that clause 3(2) is not fit for purpose. It tries to deal with too many different sorts of cases. It tries to deal with cases in which the witness does not want information to be passed to the police; cases where the same person is effectively witness for the prosecution and witness for the defence; and cases where the witness is afraid of the other defendants. That confirms my view that the obligation in the clause goes too far. The Government could well think about the clause again and redraft it, but at the moment it seems to be entirely badly drafted.

I accept the offer from the official Opposition to vote for our amendment on the grounds that, if it were carried, the only plausible way out of the situation—and I think that it is the only plausible way anyway—would be to adopt the independent counsel system. It is on that issue that most of the debate has concentrated. Having heard the hon. and learned Member for Medway (Mr. Marshall-Andrews), the right hon. and learned Member for Sleaford and North Hykeham (Mr. Hogg), the hon. Member for Wolverhampton, South-West (Rob Marris) and other contributors, I believe that there is an overwhelming case for using that institution. The Lord Chancellor said that it was no guarantee that cases would be able to proceed that would otherwise not be able to proceed, because in the Davis case, at a late stage, there was an attempt to use special counsel. However, that was not the perfect use of an institution that did not have any statutory basis, and there was a lack of clarity about how it would be used. That makes it all the more important that it should be given a statutory basis.

Nevertheless, the argument is not that independent counsel would guarantee better results, but that it would simply make it less likely that cases that would not otherwise go ahead would disappear from the list. All the arguments effectively come down to time. There is not enough time to get this right, but if we do not do anything, it is quite possible that we will make the situation worse. The Lord Chancellor's argument came down to saying that doing nothing can have no consequences, whereas doing something always has bad consequences. With that in mind, we should vote on amendment No. 35.

Question put, That the amendment be made:—

The Committee divided: Ayes 162, Noes 256.

Division No. 255] **[8.20 pm**

AYES

Afriyie, Adam	Atkinson, Mr. Peter
Ainsworth, Mr. Peter	Baker, Norman
Amess, Mr. David	Barker, Gregory
Ancram, rh Mr. Michael	Baron, Mr. John

Barrett, John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brooke, Annette
Browne, Mr. Jeremy
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Campbell, Mr. Gregory
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Chope, Mr. Christopher
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Davies, Philip
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Farron, Tim
Featherstone, Lynne
Foster, Mr. Don
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Gray, Mr. James
Grayling, Chris
Green, Damian
Greenway, Mr. John
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hammond, Mr. Philip
Hancock, Mr. Mike
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heath, Mr. David
Hemming, John
Herbert, Nick
Hollobone, Mr. Philip
Holmes, Paul
Horwood, Martin
Howard, rh Mr. Michael
Howarth, David
Howarth, Mr. Gerald
Howell, John
Hughes, Simon
Huhne, Chris
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jones, Mr. David
Kawczynski, Daniel
Keetch, Mr. Paul
Kirkbride, Miss Julie
Kramer, Susan
Laing, Mrs. Eleanor
Lancaster, Mr. Mark
Laws, Mr. David
Leech, Mr. John
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Maclean, rh David
Main, Anne
Malins, Mr. Humfrey
McCrea, Dr. William
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Murrison, Dr. Andrew
O'Brien, Mr. Stephen
Öpik, Lembit
Paice, Mr. James
Penrose, John
Price, Adam
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Robinson, rh Mr. Peter
Rosindell, Andrew
Sanders, Mr. Adrian
Scott, Mr. Lee
Simmonds, Mark
Simpson, David
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spink, Bob
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Taylor, Mr. Ian
Taylor, Matthew
Thurso, John
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Villiers, Mrs. Theresa
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Wiggin, Bill
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Wright, Jeremy
Young, rh Sir George

Tellers for the Ayes:
Bob Russell and
Dan Rogerson

NOES

Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Atkins, Charlotte
Austin, John
Baird, Vera
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blizzard, Mr. Bob
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Charles
Clelland, Mr. David
Clwyd, rh Ann
Coffey, Ann
Connarty, Michael
Cousins, Jim
Creagh, Mary
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Darling, rh Mr. Alistair
David, Mr. Wayne
Davies, Mr. Dai
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Healey, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Hoyle, Mr. Lindsay
Humble, Mrs. Joan
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian

Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Martyn
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Kidney, Mr. David
Kilfoyle, Mr. Peter
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Laxton, Mr. Bob
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Lucas, Ian
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McFadden, Mr. Pat
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meale, Mr. Alan
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Miller, Andrew
Moffat, Anne
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Olner, Mr. Bill
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Prentice, Mr. Gordon
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Riordan, Mrs. Linda
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Sarwar, Mr. Mohammad
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Tami, Mark
Taylor, Ms Dari
Taylor, David
Taylor, Dr. Richard
Timms, rh Mr. Stephen
Tipping, Paddy
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Mr. Neil
Twigg, Derek
Vaz, rh Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Watts, Mr. Dave
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Alison Seabeck and Mr. Sadiq Khan

Question accordingly negatived.

Amendments made: No. 40, page 2, line 26, leave out 'the application' and insert

'an application under this section'.

No. 41, line 27, at end insert—

'(3) The court must give every party to the proceedings the opportunity to be heard on an application under this section.

(4) But subsection (3) does not prevent the court from hearing one or more parties in the absence of a defendant and his or her legal representatives, if it appears to the court to be appropriate to do so in the circumstances of the case.'. *[Mr. Watts.]*

Clause 3, as amended, ordered to stand part of the Bill.

Clause 4

CONDITIONS FOR MAKING ORDER

8.30 pm

Mr. Hogg: I beg to move amendment No. 3, in page 2, line 31, leave out 'satisfied' and insert 'sure'.

The Second Deputy Chairman of Ways and Means (Sir Michael Lord): With this it will be convenient to discuss the following amendments:

No. 4, page 2, line 31, leave out 'C' and insert 'D'.

No. 21, page 2, line 34, leave out 'safety of the witness or another person' and insert

'witness or another person from death or serious injury.'.

No. 5, page 2, line 35, leave out from 'property' to end of line 38.

No. 6, page 2, line 39, leave out subsection (4) and insert—

'(4) Condition B is that the making of the witness anonymity order would not deprive the defendant of a fair trial.'.

No. 7, page 3, line 1, after 'not', insert

', and could not reasonably be expected to,'.

No. 8, page 3, line 1, at end insert—

'(5A) Condition D is that there is no reason to believe that the witness has a motive or a tendency to be dishonest, having regard to the circumstances of the case and (where applicable) to the witness's previous convictions or the witness's relationship with the accused or any associates of the accused, and to any other consideration that may be relevant to that issue that the court may think appropriate.'.

No. 22, page 3, line 3, leave out from 'must' to end of line 4 and insert

'assess the reasonableness of any fear alleged on the part of the witness or another person.'.

No. 23, page 3, line 5, after second 'or', insert 'serious'.

No. 17, page 3, line 5, leave out from 'injury' to the end of line 6.

No. 32, page 3, line 6, leave out 'property' and insert

'his property, or the property of a close relative of his'.

No. 31, page 3, line 6, at end insert 'or serious financial loss'.

No. 9, in clause 5, page 3, line 9, leave out 'C' and insert 'D'.

No. 11, page 3, line 22, leave out paragraph (d).

Mr. Hogg: I rise to speak—I hope fairly briefly—to amendments Nos. 3 to 8, which stand in my name. I shall take the Committee of the whole House through them swiftly. Amendment No. 3 would substitute "sure"

[Mr. Hogg]

for "satisfied". May I explain why? It seems right that the standard of proof required to satisfy the conditions should be the criminal standard—beyond reasonable doubt. I know that the phrase "is satisfied" is often used in legislation, but standing by itself it does not have a clear meaning. The word "sure" does have a clear meaning. I tried to make precisely the same substitution in the Counter-Terrorism Bill, but that was met by the argument that the word "sure" is not readily recognised in statutory language and that the courts gave a fairly clear interpretation to the word "satisfied". However, that argument is not correct.

The Committee will remember a Court of Appeal decision in the case of Davies—that name is indeed a coincidence—this year. It was reported in *The Times* of 19 May. The Court of Appeal was required to adjudicate on whether a court, when setting a sentence in a homicide case, had to be satisfied beyond reasonable doubt or on the balance of probabilities about the existence of aggravating factors. In other words, notwithstanding the fact that the word "satisfied" is well known to the courts, the Court of Appeal was asked to define what it meant in that context. Given that, we should use language that makes our meaning clear, and our meaning should be that the court is satisfied beyond reasonable doubt—hence the word "sure" in this context.

Mr. Llwyd: To bolster his argument as he sums up to the jury, the judge tells them that they should come to a conclusion about which they are sure; the judge does not say that they should be satisfied beyond reasonable doubt any more. That reinforces the right hon. and learned Gentleman's argument.

Mr. Hogg: I believe in using language that says exactly what is meant. The danger is that the word "satisfied" will result in further litigation down the track when the Court of Appeal is asked to determine by what standard the court must be satisfied—hence the suggestion that we should use "sure", which at least makes the point absolutely plain.

Amendment No. 5 would delete clause 4(3)(b). It goes a little further than I should have done; I am perfectly willing to accept that in respect of undercover officers and so on there is a case for protecting the identity of the witnesses. However, the language used in paragraph (b) goes far beyond that and erects the concept of the public interest, damage to the state and this and that to such a point that I can see the Crown seeking to shelter a whole lot of nefarious activities behind the rubric of the paragraph.

Dr. Evan Harris (Oxford, West and Abingdon) (LD) *rose*—

Mr. Hogg: I shall finish my point, then of course I shall give way.

I would like to confine anonymity protection to a narrow class; I certainly accept that undercover officers come into that class. Perhaps another class of individuals should be included, but the burden rests on the Solicitor-General to make the case.

Mr. Cox: Will my right hon. and learned Friend give way?

Mr. Hogg: I shall give way first to the hon. Member for Oxford, West and Abingdon (Dr. Harris).

Dr. Harris: The right hon. and learned Gentleman will be supported in his argument that the paragraph should be narrower, rather than deleted, by what happened in the Joint Committee on Human Rights this afternoon. I asked Sir Ken Macdonald, the Director of Public Prosecutions, whether he thought that the provision that the right hon. and learned Gentleman seeks to delete in the public interest covered more than, as the organisation Justice has put it, undercover agents—police and other agents—and their ability to go about their work. He did not think that it covered more than that; at least, he did not offer any other factor. In fairness to him, I should say that he did not argue that the provision was too broad. However, I put it to the Committee that it is too broad if it can be narrowed and if, according to the DPP, nothing else needs to be captured.

Mr. Hogg: I am grateful to the hon. Gentleman. If there is a requirement other than to protect undercover agents and officers, it is for the Crown to establish the case. At the moment, the provision is widely drawn and the Crown has not made the case.

Mr. Cox: I propose to my right hon. and learned Friend an example from my own experience. In a case involving the alleged export of a nuclear firing system to Iraq in the early 1990s, the identity of a very senior nuclear weapons designer was deemed by the Old Bailey judge to be an issue to be withheld from the defence. In some circumstances, it may be in the public interest for the identity of somebody of great seniority and significance to the state, such as the designer of a nuclear weapon for this country, to be concealed, although that person's expertise is required in a criminal case.

Mr. Hogg: My hon. and learned Friend makes a perfectly sound point and a good case. However, the language of subsection (3) goes further:

"in order to prevent real harm to the public interest".

Then we come to the identity of particular people or otherwise. I am merely saying that the language of the subsection goes very wide. We should be slow to give immunities of that kind. It is for the Crown to prove its case, so let it do so. The burden rests on the Solicitor-General to satisfy the criterion that there is a good cause.

Amendment No. 6 would amend condition B to reinforce the principle that the trial must be fair. The Government's drafting is slightly flaccid in that it merely requires the court to be satisfied that the order is

"consistent with...a fair trial".

I want to elevate the bar so that the court must be satisfied that the defendant is not deprived of a fair trial. This is modelled on the New Zealand legislation and goes higher than the Government's drafting in protecting the defendant, which is what I want to do.

Amendment No. 7 asserts that the witness's refusal to testify could be reasonable. I can imagine a lot of circumstances where a witness does not want to testify: because, as the hon. Member for Hendon (Mr. Dismore) suggested, things have been put into their mind by police officers; because they do not want to be cross-examined by difficult counsel such as my hon. and learned Friend the Member for Torridge and West Devon (Mr. Cox); or because the situation is altogether difficult. We should legislate so that, first, the refusal to testify must be evidence-based; and, secondly, it must be reasonable when tested by the judge or by the special

advocate. That is what I want to be done and what the amendment is designed to achieve.

Amendment No. 8 would insert a new condition, namely condition D. It would create another overarching condition—in effect, that there is no reason to doubt the credibility of the witness. The Bill as drafted provides that issues of credibility are relevant considerations in the making of the order, but that such an issue is not an overarching condition, as are conditions A, B and C. The issue of credibility should be an overarching condition, and that is the intention of condition D as contained in the amendment. I commend the amendments to the Committee.

Mr. Garnier: I support, to some extent, the arguments of my right hon. and learned Friend the Member for Sleaford and North Hykeham (Mr. Hogg), but I will concentrate mainly on the amendments tabled by Conservative Front Benchers.

Amendment No. 21 essentially seeks to redesign subsection (3), which deals with condition A. It would delete the words,

"safety of the witness or another person",

and replace them with,

"witness or another person from death or serious injury."

Our argument is that witness anonymity orders should be made only in cases where there is a genuine and substantial risk of very serious injury, and even death. The expression in the Bill—

"to protect the safety of the witness or another person"—

is too vague to allow the court to hold to that as a condition. No doubt the safety of the witness is encompassed within the risk of death or serious injury, but we suggest that the condition needs to be much higher.

8.45 pm

On amendment No. 5, is not subsection (3)(b) simply another way of saying what is set out in condition C? I take the point of my right hon. and learned Friend the Member for Sleaford and North Hykeham about undercover police witnesses and so forth, but I would add that the provisions are pretty vaguely drawn. When we get to the point where the criminal law has to relay on expressions such as "or otherwise", we have a degree of difficulty. Even in emergency legislation that is briefly considered, we should not put the criminal law in that position. Whichever way one looks at it, while it is necessary to prevent real harm to the public interest, whether the carrying on of activities in the public interest or the safety of someone carrying out such activities is affected, it seems entirely proper that the provisions should be much more specific and much clearer. As my right hon. and learned Friend said, the matter is covered by clause 5, "Relevant considerations", in subsection (1)(a) and (b)—I am getting ahead of myself. The matter is largely covered by condition C. The public interest should engage only in the most serious cases where risk of injury to the witness is concerned. I am not sure that that is clear in the drafting of the Bill.

Amendment No. 5 deals with clause 4(6). The provisions in question deal with property, and subsection (6) states:

"In determining whether the measures to be specified in the order are necessary for the purpose mentioned in subsection (3)(a), the court must have regard (in particular) to any reasonable fear on the part of the witness

...(b) that there would be serious damage to property".

I am getting ahead of myself again, because I am actually dealing with amendment No. 31 and the phrase "or serious financial loss". That is probably an uncontroversial aspect. It may be that the court would hold that property includes financial assets, money and so on, but it may not. In order to be clear about that, the expression "or serious financial loss" should be added.

To return to amendment No. 5, I seek to leave out from—

The Solicitor-General: From "property".

Mr. Garnier: Thank you very much. I am most grateful to the Solicitor-General. *[Interruption.]* I have argued that already. I am sorry; I am not being very sensible this evening.

I shall get right back on stream. I would now like to talk about amendment No. 22. This amendment does apply to clause 4(6), and it deals with the difference between an objective and a subjective test. We believe that the point at issue is whether the person who alleges anxiety should have a trump card that destroys the ability of others to resist the application.

Our courts are for all and are, and must be seen to be, impartial. The criminal law must do justice and ensure fairness. Of course opinions vary and the facts will be different in each case, but one of the bedrocks of our justice system is that our courts and judges must be dispassionate, disinterested and consistent in the application of the law to the facts of a given case. Objectivity is perhaps the one word that describes those imperatives. Any change to the law, judge made or by statute, must ensure that the application of the change is based objectively, rather than subjectively to suit one party or another.

When we discuss a statute that proposes parliamentary licence for the giving of anonymous evidence in criminal trials, we must be rigorous in ensuring that it is the judge—the arbitrator and guarantor of fairness under the law—who decides and assesses where the balance should lie between, on the one hand, the public and private interest that the defendant should be tried in open court on evidence that is properly and lawfully introduced into the trial and, on the other hand, both the competing private interest of a vital witness that he should be protected from death or serious injury when he performs his public duty to give evidence of a crime, and the public interest that serious criminals should be brought to justice.

That is not an easy task, but it is an essential one. Article 6 of the convention reminds us of our solemn duty to ensure fairness in our trials. Convenience for the police, the prosecuting authorities and the administration of the courts are not the passwords to justice. Therefore, we say that where a witness says that he believes that he will suffer harm if he gives evidence in open court without the protection of a witness anonymity order, his word alone is not enough. The court must decide. The witness cannot produce the ace of personal apprehension to trump the right of the citizen to a fair trial. The Bill as drafted tips the balance too much in favour of anonymity. That needs to be redressed.

Dr. Harris: The hon. and learned Gentleman's amendment No. 22 proposes inserting the words

"assess the reasonableness of any fear alleged on the part of the witness or another person"

[Dr. Evan Harris]

in clause 4(6). Is that because he does not believe that the "reasonable fear" that the clause as drafted refers to is an objective test—it seems to me that it is indeed an objective test for the court to decide—or because of the lack of a requirement for the court to assess it? I would have thought that in order to have regard to such a fear, one would have to assess it. I am therefore not convinced that his amendment adds anything, particularly if the Minister clarifies my understanding when she responds to the debate. Have I missed something in his argument?

Mr. Garnier: I cannot tell what the hon. Gentleman may or may not have missed, but, as far as I am concerned, when the Bill says that the court

"must have regard (in particular) to any reasonable fear on the part of the witness",

it is simply providing a non-exclusive list of things that the court must have regard to. The reasonable fear on the part of the witness might be a reasonable fear in the mind of that witness, but it is not necessarily a reasonable fear in the mind of an objective assessor. Someone can have a fear that is subjectively reasonable to the person with that apprehension, whereas a third party, coming from the outside and assessing it, may find that it is an honest fear, but not a reasonable one.

Dr. Harris: The hon. and learned Gentleman has hit the question. My reading of the provision in other statute is that the test is objective. The fear is not deemed reasonable because a witness is nervous; rather, there is an objective test of whether the fear of that witness under the circumstances is, in the view of the court, reasonable. However, if the hon. and learned Gentleman, who is more learned than me by definition, feels that that is not clear enough—I think that he is saying that in his amendment—perhaps the Minister can provide some clarity in her response and make it clear that the test is an objective test, exactly as he wishes it to be.

Mr. Garnier: It may be—we will find out. If the hon. and medical Gentleman—sometimes curative, but not always—understands what I am saying, which he might not, he may accept from me that clause 4(6) as drafted at least leaves an ambiguity over the test to which the court must have regard.

Mr. Dismore: I tend to agree with the hon. Member for Oxford, West and Abingdon (Dr. Harris) that the test is objective. I do not think the word "reasonable" can be interpreted in any other way. However, that is combined with the requirement for the court to ensure that the anonymity measures are necessary. It is a pretty absolute requirement for the court to be sure that what it is doing is necessary in the light of the objective "reasonable" underlying fear. That can be contrasted with the completely different language in some of the provisions on the self-defence beliefs, which is extremely subjective.

Mr. Garnier: I disagree with the hon. Gentleman's final point. I think he is confused.

Mr. Cox: Surely the problem is that condition C requires the judge to be satisfied that the witness would not testify if the order were not made. The question for the judge to decide is what standards he should apply if a witness will not testify, and whether it is reasonable for him not to testify. Under subsection (6), regard must be had to any fear on his part that he will suffer death or injury.

I commend amendment No. 7, tabled by my right hon. and learned Friend the Member for Sleaford and North Hykeham (Mr. Hogg). If the wording of clause 4(5)(b) were replaced by the words "the witness could not reasonably be expected to testify if the order were not made," we could import the objective element without needing to amend subsection (6). Others may have more sophisticated thoughts on the subject.

Mr. Garnier: All those suggestions are helpful. Whereas I have sown confusion, it may well be that my hon. and learned Friend has shone some light. But in so far as I have shone confusion—

Maria Eagle: Shone confusion?

Mr. Garnier: Shone confusion sounds like an Irish female pop singer, does it not? I must confess that my knowledge of Irish pop singers is very limited.

The confusion in my mind, which other Members may not share, concerns what the Government intend, at least by the words that they have used. Their intention may well be that the court should examine condition C objectively, but the impression I gain from subsection (6) is that although the witness may present what to him is a reasonable fear that he will suffer death or injury, that fear will turn out to be unreasonable when it is objectively considered.

It may well be that I have confused myself, and it may well be that I am leading myself up a blind alley, but it is significant that I may have done so. I confess that I am no longer a full-time practitioner at the Bar, still less at the criminal Bar, but it seems to me that the language used by the Government in subsection (6) is confusing enough to warrant clarification, which may be provided either by the Minister who responds to the debate or by the use of alternative wording in the Bill. In any event, I think it essential that we reinforce the need for objectivity. If the hon. Member for Oxford, West and Abingdon (Dr. Harris), the hon. Member for Hendon (Mr. Dismore) and my hon. and learned Friend the Member for Torridge and West Devon (Mr. Cox) believe either that the subsection does not need to be adjusted or that it can be adjusted by means of amendment No. 7, we shall all go away happy, but the main point is that we need to be assured that it is the objective test with which we are concerned.

I hope that that deals with amendment No. 22. I want the court to have a positive duty to assess the reasonableness of any fear alleged on the part of the witness or another person, and I submit that that is not currently clear in the Bill.

Amendment No. 23 proposes the addition of the word "serious" before the word "injury". That is self-explanatory, and it ties in with my other concerns in relation to clause 4(3). I have already dealt with—albeit accidentally—my amendment No. 31, which addresses the issue of serious financial loss. The amendments of my right hon. and learned Friend the Member for Sleaford and North Hykeham are more than worthy of the Government's consideration, and I hope that the Minister will deal with them and with my amendments, and perhaps take up the issues that might, or might not, be raised by the hon. Member for Oxford, West and Abingdon.

9 pm

Mr. Dismore: I must say that I found the remarks by the hon. and learned Member for Harborough (Mr. Garnier) at the end of his contribution rather confusing, and I think he probably did, too, when he was reading them out.

I rise to speak primarily to my amendment No. 32, but before doing so I would like to address a couple of points that have been made. The hon. and learned Gentleman has got himself into a bit of a mess by trying to see the three conditions of A, B and C as disjunctive rather than conjunctive. If we put them together—I am thinking in particular of condition A, which cross-refers to clause 4(6)—things become a lot clearer. The provisions in subsection (6) are pretty objective in looking at the level of "reasonable fear", and the word "necessary" makes it clear that the court will apply a high standard in relation to condition A both of itself and in terms of the cross-reference to subsection (6).

I disagree with the hon. and learned Gentleman about adding the word "serious" in front of "injury", because how do we define "serious"? Are we talking about a grievous bodily harm level, because I suspect most people would be put off from giving evidence as a result of a rather lesser degree of violence? Common assault might, perhaps, create sufficient fear. We have to be realistic about the level of fear involved, and I certainly think it would be rather less than that of the grievous bodily harm level of injury. By putting all the elements of clause 4 together, the way it is phrased leaves it ultimately to the judge to use his good sense to make the decision on the evidence put before him.

My main concern is the question of property. I take issue with the hon. and learned Gentleman on trying to extend the risk to property to include financial loss, because that could be compensated by giving money back. I do not think people can realistically be seen to be fearful of financial loss in these circumstances.

I do see the force of the argument in relation to property, however, but I raise the issue primarily because of what was said about the New Zealand provisions, which the Bill mirrors in relation to the phrasing of the issue as it relates to property. I believe the New Zealand system to be preferable to ours and, unlike here, in New Zealand the advice on compatibility given by the Attorney-General is published. He raised the question of whether the risk of harm to property would be acceptable in international jurisprudence. He particularly drew attention to the fact that physical harm to the person was clearly included, but he went on to say:

"Having regard to the approach of the European Court to these matters generally, if faced with an anonymity order made on the basis of risk of damage to property only, it is highly likely that the court would find that the accused's convention rights were breached."

He said in conclusion that whereas it would be an exceptional case for the risk of property damage without any accompanying risk to persons to be the basis of a witness anonymity order,

"in most cases there will need to be some kind of risk to persons for the damage to property to be serious."

If that analysis is right, it calls into question the way in which the Bill is currently phrased. We put this to the Director of Public Prosecutions earlier today, and he disagreed with that analysis. He gave an example, saying, "Well, what happens if I'm told by an associate of the suspect that my house will be fire-bombed?" That may or may not raise the risk of injury to person as well, but it certainly would be a very real threat in relation to property, and I think we ought to be able to take that into account.

Dr. Evan Harris: I do not think that that is the best argument. As the hon. Gentleman knows, in a case such as the Attorney-General of New Zealand had in mind, there would be some risk to persons for the damage to property to be serious, and fire-bombing a residence clearly contains that risk. So the question—this also relates to my amendment—is whether damage to property alone, without risk to person, is sufficient. I do not know what that might be, but perhaps the hon. Gentleman can come up with an example.

Mr. Dismore: I was about to make that point. I think that I just said that if a house is fire-bombed, there would clearly be a risk to person anyway. However, let us suppose that there was a threat to torch a car. My car is not worth a great deal, but some people's are. Suppose that the car in question is worth £5,000 or £10,000. It is not just a question of buying a new car—there is all the inconvenience that goes with it, and the fear that that threat creates. There is an argument for saying that threat to property ought to be included in the Bill. My amendment, however, attempts to limit that a little by specifying that it should be the property of the witness or a close relative. That might help to square the circle to a degree by reducing the very broad nature of the test currently before us.

I hope that my hon. Friend the Minister will address this issue when she responds and bear in mind the points that the New Zealand Attorney-General made in his published advice. It is a pity that advice on compatibility is not published here, because that would make our job an awful lot easier.

Dr. Harris: I am pleased to have the opportunity to address the Committee. I had an amendment in the previous group, but given that it was subsumed entirely in amendments pre-tabled through a feat of nimbleness, by the right hon. and learned Member for Sleaford and North Hykeham (Mr. Hogg), of which I am not capable in reaching the Public Bill Office—

Mr. Hogg: It is called a fax machine.

Dr. Harris: As a result of that, I was able to fulfil another engagement and leave it to him to put the case, as I know he did.

On this group of amendments, the hon. Member for Hendon (Mr. Dismore) made the preamble that I wished to make about the comparison with New Zealand and serious damage to property. There is a published opinion on the Strasbourg jurisprudence, which we did not get on this issue from the otherwise pretty comprehensive opinion of Lord Mance in the Davis case. However, the key question, which is probably best dealt with by my amendment No. 17—it would delete subsection (6)(b), rather than only addressing clause 4(3)(a)—is whether the phrase "serious damage to property" is appropriate. Serious damage to property might not necessarily lead to serious financial loss.

[Dr. Evan Harris]

The hon. Gentleman made an interesting point about serious financial loss being recompensed. I would have thought that insurance applies in most cases of damage to property, such as torching his car or, indeed, a warehouse, which is clearly not a residence and therefore would not be caught by the provision on risk of injury or death to person. I urge the Minister and the House of Lords to consider modifying the property provision. It could say, "Where there would be serious damage to property, leading to serious financial loss", which implies, I think, financial loss not otherwise compensated for through insurance. If the phrase is left as "serious financial loss", it could apply to uncompensated time spent in court by witnesses who are no longer able to work because they have been summoned to give evidence.

Mr. Garnier: Will the hon. Gentleman give me an example—I am looking at clause 4(6)(b)—of "serious damage to property" that does not involve a serious financial loss? Is he thinking of the destruction of a derelict building, or does he have something else in mind?

Dr. Harris: I am not an expert in this area, and I am warned by my hon. Friend the Member for Cambridge (David Howarth) that tort law has a lot to say on it. However, I would have thought that if something is insured and one knows that it is, that is not going to lead to serious financial loss, although it might lead to other losses and inconvenience. I do not know if the question of whether the financial loss is serious is dealt with after an insurance claim, or otherwise.

Mr. Garnier: But surely public policy cannot allow a person who wishes to intimidate a witness out of giving evidence to get away with it on the basis that an insurance company would take the hit? We must accept loss wherever it is, and the fact that the owner of the property is covered by insurance is not a relevant consideration.

Dr. Harris: I think that it is, because we have to draw the line on threats somewhere. Public policy perhaps should not distinguish between something that is listed in the Bill and something that is not. For example, financial loss, intimidation and serious damage to property are not listed, but unless there is an exhaustive list, public policy will have to draw a line somewhere. The overall impact on the person—the coercive nature of what is happening—is the critical factor, and that should be borne in mind. I have made my point about my view and I started from the position of the hon. and learned Member for Harborough on subsection (6) being objective. We await the Minister's view on that.

The issue of real harm to the public interest was introduced by the right hon. and learned Member for Sleaford and North Hykeham, and the question was whether subsection (3)(b) is too broad. My understanding is that it is intended to cover the ability of undercover agents to be safe and to continue their work. It may also have something to do with national security issues. I have been unable to identify other matters that the provision is designed to cover. The understanding of the issue of real harm to the public interest might be broader—as the other words are in parentheses—in the sense that it is used with respect to public interest immunity. It is much broader than national security and the ability of undercover agents to do their work.

I am supported in that view by representations from Justice, which reminded us of the citing by Lord Mance in his opinion of the recommendations of the Committee of Ministers of the Council of Europe. It stated:

"Anonymity should only be granted when the competent judicial authority, after hearing the parties, finds that…the life or freedom of the person involved is seriously threatened or, in the case of an undercover agent, his/her potential to work in the future is seriously threatened."

That is an alternative wording.

Liberty is also concerned that the provision is rather wide. The Bar Council, in its representations on this point, felt that the public interest category should be narrow and limited to serious concerns such as threats to national security or prejudice to a serious criminal investigation. It suggests that the wording should reflect a real risk of serious harm to the public interest, such as a threat to national security or prejudice to an ongoing investigation into serious crime.

I put it to the Minister that a combination of those wordings might be reassuring to policy makers who fear that the provision might be read rather too widely. The more I examined clause 4—I started from a sceptical position—the more I was pleased with how strict it is, with the exceptions that I have mentioned, especially backed by the Government's amendment to clause 5.

I shall be interested to hear from the Minister about the points that I have raised.

David Howarth: I have not tabled any of the amendments in this group, but I want to make a couple of comments on some of them. I commend the lead amendment, amendment No. 3. The word "satisfied" is simply half a test—one can be satisfied on the balance of probability, on the preponderance of evidence or on some other basis. The question for the Government is whether they intend to leave the second half of the phrase in the hands of the courts, which is one possible approach, or whether they intend something else. That phrase needs to be cleaned up.

9.15 pm

Secondly, amendment No. 5, which concerns the public interest test, seems to leave the clause too broadly drafted. Undercover operations are specifically dealt with in New Zealand statute as undercover operations. In any case, the exposure of most undercover operations would endanger the safety of those operatives. We are looking at the exceptional cases where revelations would endanger undercover agents when what they were trying to do was to prevent serious crime that was not physically dangerous to anyone else, or to them if it was revealed who they were. There is probably therefore some need for a clause, but not that one. It needs to be more narrowly drawn.

On amendment No. 6, I see the point made by the right hon. and learned Member for Sleaford and North Hykeham (Mr. Hogg). His draft could be construed as more narrow. It is certainly what the New Zealand statute says, and for that reason it has an advantage. The distinction seems to be very fine. I could see a circumstance in which one might even do it the other way around. However, I will be interested to hear what the Minister says on that.

I am not certain about amendments Nos. 8 and 4, which are about making credibility a condition rather than a factor. Credibility appears to me to be a matter

of degree rather than an on/off matter. What would happen in a case where there was some doubt about credibility but also corroboration? For that reason, it is probably better as a factor than as a condition, but again I would be interested to hear what the Minister has to say about it.

On the Conservative amendment No. 21, which would put in "death or serious injury" rather than "safety", I am unsure whether I agree with the point made by the hon. Member for Hendon (Mr. Dismore) about "serious" being a cause of confusion. Indeed, that word might offer some advantage. However, there is a question about somebody who is threatened with abduction. Is that a matter of their safety, whether or not they are threatened with an injury or an assault? There is some argument for the Government's draft as it is —*[Interruption.]* The hon. and learned Member for Harborough (Mr. Garnier) says that there are grounds for both, and that implies some sort of redraft to ensure that both are included.

On amendment No. 22, which is about reasonableness, I am convinced by the argument made by the hon. Member for Hendon. Clause 4(6) plainly refers back to condition A and to nothing else. In so far as it is an objective or subjective test, it is about any reasonable fear. To decide whether a fear is reasonable, one has to assess the reasonableness of the fears. I do not see what would be added by the amendment.

Mr. Cox: The first two lines of clause 4(6) state:

"In determining whether the measures to be specified in the order are necessary for the purpose mentioned in subsection (3)(a), the court must have regard…to any reasonable fear",

whereas subsection (3)(a) states that the measures to be specified in the order are to be necessary

"in order to protect the safety of the witness or another person or to prevent any serious damage to property".

That is manifestly an objective test. How, in applying an objective test, is it necessary to protect that person's safety? Does one apply what may be the subjective test of fear, even if it is reasonable? The measure is either necessary for safety or it is not. The reasonable fear seems irrelevant.

David Howarth: That is a better point, because courts are being asked to judge fear as a way of helping to judge safety. I do not want to take on the role of the Minister, but one answer would be that fear is not the only factor. There are both objective and subjective elements to safety, and fear is a more subjective part than the clause as a whole covers. I remember spending 20 years of teaching law telling my students not to use the words "objective" and "subjective" until they were at least third-years, because they are inherently confusing.

Mr. Garnier: May I line myself up for an undergraduate bashing from the hon. Gentleman? I do not want to destroy his argument, but to follow on from what my hon. and learned Friend the Member for Torridge and West Devon (Mr. Cox) said about the words "any reasonable fear", is there not a difficulty in the use of the word "reasonable"? It imports subjectivity. Would it not be safer for us to use a term such as "honestly held fear" or "honestly apprehended fear", which would be plainly and honestly subjective? The court could then subjectively assess the honesty or reasonableness of that fear.

David Howarth: I think that it will work by the court taking the witness's set of fears and eliminating the unreasonable ones. It will then take the reasonable fears that are left and assess them against what clause 4(3) says about safety. I think that that is what it means, but the Government might have to examine this debate and decide whether it needs some adjustment.

Rob Marris: I only did two years of academic law study—I did not get to the third year. Does the hon. Gentleman see the test in clause 4(6) about

"reasonable fear on the part of the witness"

as a subjective or an objective test, or an unholy mixture of the two? If, as I suspect, it is the last of those, how does that mixture play out? I confess that I did not quite understand what he was saying about taking some reasonableness, looking at what we have left over, doubling the number we first thought of and all that.

David Howarth: Fear is inherently an internal state. Some fears can be judged by others to be reasonable and some to be unreasonable, and the use of the word "subjective" is part of the problem, which is why it is probably better avoided. Once a court has decided what a witness's internal state is and how reasonable it is, the question is how it uses that information to judge safety. However, safety itself can plausibly have objective and subjective elements, because it is both an internal feeling and an external state. Some further drafting work on the clause might well be needed.

I do not want to comment on amendment No. 31, except to say that those of us who have spent many years trying to work out the difference between property damage, financial loss and pure economic loss would not want the term "financial loss" to be used in statute without further definition.

I turn finally to amendment No. 17, tabled by my hon. Friend the Member for Oxford, West and Abingdon (Dr. Harris), which would remove the reference to property damage. Usually, the threat of serious property damage such as arson, or even the threat to the hon. Member for Hendon's car, would carry some threat of personal injury, but not necessarily. As my hon. Friend said, the question is what cases are envisaged in which it would not carry that threat, which would mean that something is added by the reference in the clause to "serious damage to property". It would have to be something like a threat to burn down a lock-up shop at night when the witness would not be there.

What are we trying to get at here? Is that enough of a reasonable fear to justify making an anonymity order? The clause lacks a test to decide whether the threat is serious enough. Whether injury is threatened to property or the person is not the most important matter.

Mr. Hogg: Ultimately, condition C is the test to determine the seriousness of a threat. It asks whether

"it is necessary to make the order"

to ensure that "the witness should testify". The importance of the evidence is then material, and the next question—whether the witness will turn up—is addressed by my amendment No. 7.

David Howarth: That is a good point. The question is whether the degree of coercion is great enough to justify the order, and that is what condition C in particular is trying to capture. The right hon. and learned Gentleman

[David Howarth]

is right that his amendment on that point would change the nature of that clause in an interesting and perhaps useful way.

Finally, amendment No. 32, in the name of the hon. Member for Hendon, deals with the property of the witness or a close relative. I do not think that the property condition in its unamended form can be retained but, if it were retained, the amendment would be an improvement.

The Parliamentary Under-Secretary of State for Justice (Maria Eagle): We have had an extensive debate on this group of amendments. At times it has been confusing, at others illuminating, but all the amendments would change, in one way or another, the conditions for making the witness anonymity order set out in clause 4.

As the right hon. and learned Member for Sleaford and North Hykeham (Mr. Hogg) explained in his commendably succinct remarks, amendment No. 3 would require the court to be "sure", rather than "satisfied", that the conditions for making a witness anonymity order were met. In many areas of criminal legislation, a court is required to be satisfied that the applicable conditions are met before an order is made. The right hon. and learned Gentleman said that the word "satisfied" did not have a clear meaning, and he tried to anticipate the arguments that I might use, on the basis that he had heard them before in other contexts. He thought that I might say that the word did have a clear meaning, and so he produced the case that he had spotted in a bid to trump that argument.

Fortunately, I was not going to focus on that approach, so in a sense the right hon. and learned Gentleman did his research for nothing. However, people have mulled over the various conditions in clause 4 during the debate, and it is important to remember the statutory framework that we are setting out. In the past, judges have granted orders on the basis of what they thought was their power in common law. They used their common sense to assess the facts of the case in front of them, but it is inherently difficult to legislate for the common sense of judges That is one reason why there has been no statutory provision in respect of order making in the past, but an examination of the overarching framework might help us to deal with some of the points made in the amendments.

All three conditions for a witness anonymity order must be satisfied: they are conjunctive rather than disjunctive, as my hon. Friend the Member for Hendon (Mr. Dismore) noted. An order must be necessary. It must—this is tremendously important—have regard to all the circumstances consistent with the defendant getting a fair trial. Finally, it must be in the interests of justice. The right hon. and learned Member for Sleaford and North Hykeham was right to say, in response to the hon. Member for Cambridge (David Howarth), that in the interests of justice it is important that a witness with something to say about a case must be able to testify. The whole edifice of the Government's proposals is designed to deal with the fear that might prevent him from doing so.

We had some exchanges about which fears are subjective and which objective. A witness who tells the prosecutor or the police that he is worried about having his house burned down is obviously expressing a subjective fear. He goes along and says, "I'm worried. I'm fearful because of where I live, and because of the person who I know is behind all this." That is obviously subjective. The points made by the hon. Member for Oxford, West and Abingdon (Dr. Harris), by my hon. Friend the Member for Hendon (Mr. Dismore) and, in the early part of his remarks, by the hon. Member for Cambridge are correct.

We do not need to get too het up about which bit is subjective and which objective. The point here is that the judge will be empowered to make a common-sense judgment in any particular set of circumstances about whether the fear of a witness is reasonable. No sensible judge would make an anonymity order if a witness had a completely irrational fear and there was absolutely no chance of any danger to safety or risk of damage to property. He would have to be convinced that there was at least something to it. This is what we are trying to capture generally.

9.30 pm

In respect of the point that the right hon. and learned Member for Sleaford and North Hykeham made about using the word "sure" rather than the word "satisfied", the court is being asked to make a judgment about whether conditions A to C are satisfied. It is not finding on the facts, when a test according to the criminal standard of "beyond reasonable doubt" would be appropriate. In that sense, it is a concept that is relatively well known in the criminal law.

Mr. Hogg: The judge has to say, "To what standard am I satisfied?"

Maria Eagle: He is making a common-sense assessment on the basis of the statutory framework that we are offering to him in lieu of the now no longer existing common-law good sense that he was applying before Davis. He is having a general look at the facts of the case and asking, "Does this seem reasonable? Am I satisfied?" I do not think that judges would find that unusual or alien to the way in which they do their job.

Mr. Garnier: We need a clearer answer from the Minister in response to my right hon. and learned Friend's question. Judges frequently say out loud, "I am satisfied to the criminal standard of proof," about this, that or the other during an interlocutory application. I know that the Solicitor-General is nodding her head—

Maria Eagle: She is shaking it.

Mr. Garnier: Moving her head. I am reasonably sure—I am satisfied—that the Solicitor-General was moving her head. Often the question will be asked during the course of argument before a judge, "What is the burden and what is the standard of proof?" I appreciate that many cases are not necessarily decided on the standard or burden of proof, but we are making criminal justice legislation here and it is incumbent on us not to rush this through simply because it is getting late. It is important that we lay out clearly to the courts how we expect them to apply the legislation.

Maria Eagle: The judge is not making a finding of fact that is germane to the outcome of the trial. He is deciding whether he ought to grant a witness anonymity order in the circumstances and the case before him. We

are not seeking to turn this into some kind of mini-trial of everything before the judge gets on with the trial. He will use his common sense.

I have heard what hon. Members have said about some of this. I want to make some points on some of the amendments, but I am obviously not going to be able to satisfy the hon. and learned Member for Harborough (Mr. Garnier) about the tightness with which the provision is drawn. I understand if the hon. and learned Gentleman is not satisfied, but I hope that he will allow me to go on and deal with some of the other amendments.

Amendment No. 21, which is one of those tabled by the hon. and learned Member for Harborough, would change the first condition for granting a witness anonymity order from one based on the

"safety of the witness or another person"

to one based on the risk of "death or serious injury". The main impact of the change of the wording that he has proposed would be to require the court to decide if the risk of injury was serious enough to justify granting an order. Safety is a relatively broad concept—enough to cover any risk of harm to the witness—but the test with which the hon. and learned Gentleman proposes to replace the current wording appears to be inappropriate. It is undesirable for witnesses to be exposed to any risk of harm. However, whether the harm to which a witness is exposed in any particular set of circumstances in a particular case is sufficient to justify the making of an order has to be a matter for the court when it addresses the three conditions set out in the Bill and the framework that we seek to create for that purpose.

Amendment No. 5 would remove the second limb of the necessity test provided for under condition A—the prevention of real harm to the public interest, which was raised by a number of Members in their contributions to this part of the debate. I need to make it absolutely clear that the purpose of the wording is to capture circumstances in which the intelligence agencies, or, for example, the police or the Serious Organised Crime Agency, are doing their job. Many Members accepted that that was what the wording was getting at, but suggested that it was too wide. If it helps Members, I can say that those are the only circumstances intended; I am aware of no other circumstances, beyond national security and the undercover work of the police and relevant agencies, that this part of the Bill is meant to cover. I hope that helps in any Pepper *v.* Hart situation that we might run across. There is no other intention in that part of the Bill. The Strasbourg jurisprudence specifically mentioned the reuse of undercover agents as one of the purposes that might justify the grant of anonymity, so we are not outwith wider arrangements in other jurisdictions in that respect.

Amendment No. 6 would amend the fair trial test with the intention of ensuring—I think—that the defendant is not deprived of a fair trial. I think everybody would accept that that is overwhelmingly the most important purpose of the work we are doing in respect of the Bill, but we believe that the current wording already guarantees it. I know that the right hon. and learned Member for Sleaford and North Hykeham was not too keen on the wording of condition B, which he thought a bit bland. However, condition B has the merit, along with conditions A and C—all of which have to be met—of making it absolutely clear that for the anonymity order to be granted it has to be necessary in the interests of justice and consistent with the defendant receiving a fair trial. In addition, there are article 6 considerations. Although I realise that the right hon. and learned Gentleman is not too keen on the current wording, we believe that it does the job it is meant to do.

Amendment No. 7 would require the court to take into account before deciding whether it was necessary in the interests of justice to make an anonymity order not only the fact that a witness would not be prepared to testify without an order, but that they could not reasonably be expected to testify without an order. The additional reasonableness test is unnecessary because clause 5(2)(e) already requires the court to consider whether it is reasonably practicable to protect the witness's identity by means other than a witness anonymity order.

On amendment No. 8, there was some debate about the witness's credibility, which is currently a consideration that the judge should have in mind when deciding whether the three conditions are met before granting the order. The right hon. and learned Gentleman made it clear that the amendment would elevate that consideration to another condition, and move it up a tier in the framework. The amendment is unnecessary because it goes into the question of whether the defendant will have a fair trial, which is already secured by condition B for the making of an order as set out in clause 4(4). The high-level principles of the conditions—necessity, fairness of trial and the interests of justice—are for the court to apply, whereas the credibility of a witness is an aspect in assessing to what extent the trial is fair in the circumstances of the case before the judge who is making the decision. We think that it sits correctly among considerations, rather than being important enough to be a condition, although I understand from the right hon. and learned Gentleman's remarks that he was trying to emphasise the importance of a fair trial. We do not disagree about the importance of a fair trial, but we think that the current framework achieves it.

Amendments Nos. 17, 22, 23, 31 and 32 would all amend clause 4(6), about which there has been a bit of debate. It sets out the matters to which the court is required to have regard in deciding whether the measures in the order are necessary for the purposes mentioned in subsection (3)(a)—in other words, to protect the safety of the witness or another person, or to prevent serious damage to property.

Mr. Cox: I wonder whether the Minister could answer a question for me. How does the "reasonable fear" of injury relate to the decision that the judge must make under clause 4(3) about the necessity of protecting the witness's safety? Either the measures are necessary to protect their safety or they are not. Whether I have a "reasonable fear" is not relevant to whether the measures are necessary to protect my safety, is it?

Maria Eagle: Before a judge can make an order under the scheme, he will have to be of the opinion that whatever measures are specified in the order—they may vary—are necessary, that the order is commensurate with the defendant having a fair trial, and that the order is in the interests of justice.

Mr. Cox: I am talking about safety.

Maria Eagle: Yes. The order may be in the interests of justice if the witness opines that he will not testify because he fears either for—

Mr. Cox *rose—*

Maria Eagle: The hon. and learned Gentleman is not letting me finish.

Mr. Cox: Perhaps I can propose a helpful solution. It may be that what is meant in subsection (6) is whether the measures are necessary. Perhaps the "reasonable fear" relates to subsection (5) and whether

"the witness would not testify if the order were not made."

Perhaps that is what "reasonable fear" relates to, and not whether the measures are necessary

"to protect the safety of the witness".

Maria Eagle: I am certainly willing to go away, put a wet towel around my head and have another think about the issue.

Mr. Cox: I am not trying to be difficult.

Maria Eagle: I am sure that the hon. and learned Gentleman is not trying to be difficult; I have never met a lawyer who tried to be difficult.

Mr. Straw: Speak for yourself!

Maria Eagle: I always speak for myself. I am perfectly happy to go away and have a think about what the hon. and learned Member for Torridge and West Devon (Mr. Cox) says. I am not convinced that he is correct, but I am willing to take another look at what he has had to say.

Let me swiftly move through the other amendments. Amendment No. 22 would import into subsection (6) a requirement for the court to assess the reasonableness of the witness's fear. I put it to the Committee that the objective is achieved just as effectively by the present wording. It is not clear why fear on the part of another person needs to be added, although my hon. Friend the Member for Hendon made some remarks about his amendment. The risk of harm to another is already caught if it causes fear to the witness. Obviously, the witness may feel that family members would be threatened if they gave evidence. Realistically, if a witness's spouse is in fear, the witness himself or herself might share some of that fear for another family member.

The significance of fear in this context is the extent to which it inhibits the giving of evidence; it does not relate to whether there is cause for fear, objectively or subjectively. Fear that is experienced only by a third party, and not by the witness, is completely immaterial to whether an anonymity order ought to be granted in a particular case.

One or two people have queried whether the reference to serious property damage in subsection (6) ought to be there. The protection of property is not the reason for the provision. It is there because a risk of serious damage would in most cases be likely to have an effect on the witness's safety, and certainly on his perception of his safety. That may in turn affect the witness's willingness to give evidence. For that reason, the subsection as drafted covers a reasonable fear on the part of the witness that there would be serious damage to property, as well as fear that he or another would suffer death or injury.

Amendment No. 17 would remove the reference to the requirement for the court to have regard to the witness's fear that there would be serious property damage. To the extent that such a fear is likely to have a bearing on the witness's willingness to give evidence, we believe that it is appropriate for the court to take that into account when deciding whether an order is necessary.

There has been some discussion of the opinion of the Attorney-General of New Zealand, who considered the compatibility of New Zealand's "fair trial" provision in that country's Evidence Act 2006 with the corresponding provision in clause 4(3)(a) of the Bill. He concluded that

"it would be an exceptional case where the risk of property damage, without any accompanying risk to persons, could be the basis for a witness anonymity order".

We agree that the number of cases in which that would be appropriate might be limited, and that the appropriateness would be assessed by the courts on a case-by-case basis, but the vital point is that the Attorney-General of New Zealand did not suggest that the provision itself was incompatible with a fair trial. We are satisfied that the provision is compatible with convention requirements.

9.45 pm

Some cases involve the safety of the witness or another person, and others will involve serious damage to property and engage the safety of the witness or another person. There may be others in which the risk is to property only—for example, threats to blow up the family home—and the risk is destitution for the witness's family, rather than physical injury, but that is not a reason to remove those threats completely from the coverage of anonymity orders. It is down to the judge's discretion, on the facts at the end of the day, and that is how it ought to be.

Amendment No. 32 provides that the property mentioned in clause 4(6)(b) has to be the witness's own property or that of a close relative, and my hon. Friend the Member for Hendon gave clear reasons for that. I understand his objective in requiring a close link between the property and the witness, but we are not persuaded that it is necessary, as it might prevent the clause from working properly. The condition is that the court is satisfied that the order is necessary to prevent serious damage to property, and the court must have regard to the witness's fear that such serious damage would occur if he were identified.

I have just about managed to scoot through the amendments, and I hope that on that basis, the wording in the clause will be accepted.

The Second Deputy Chairman: Does Mr. Hogg wish to respond?

Mr. Hogg *indicated dissent.*

Mr. Garnier: On a point of order, Sir Michael. We have less than a minute to deal with the rest of the business with which the Committee was tasked to deal. You will be invited to report that the House has considered the Bill in Committee, but clearly we will not have done so.

The Second Deputy Chairman: Order. I understand the point of order that the hon. and learned Gentleman is seeking to make, but first we must deal with the amendment.

It being six hours after the commencement of proceedings, THE CHAIRMAN *put forthwith the Question already proposed from the Chair, pursuant to Order [this day].*

Amendment negatived.

THE CHAIRMAN *then proceeded to put forthwith the Questions necessary for the disposal of the business to be concluded at that hour.*

Clause 4 ordered to stand part of the Bill.

Clause 5

RELEVANT CONSIDERATIONS

Amendment made: No. 42, page 3, line 18, at end insert—

'(ba) whether evidence given by the witness might be the sole or decisive evidence implicating the defendant;'. —*[Mr. Michael Foster.]*

Clause 5, as amended, ordered to stand part of the Bill.

Clause 6

DISCHARGE OR VARIATION OF ORDER

Amendment made: No. 43, page 3, line 35, leave out 'section 4' and insert 'sections 4 and 5'.—*[Mr. Michael Foster.]*

Clause 6, as amended, ordered to stand part of the Bill.

Clause 7

WARNING TO JURY

Amendment made: No. 44, page 4, line 2, after 'indictment', insert 'with a jury'.—*[Mr. Michael Foster.]*

Clause 7, as amended, ordered to stand part of the Bill.

Clauses 8 to 14 ordered to stand part of the Bill.

New Clause 9

EXPIRY OF POWER TO MAKE WITNESS ANONYMITY ORDERS

'(1) No witness anonymity order may be made under this Act after the relevant date.

(2) Subject to subsection (3) the relevant date is 31 December 2009.

(3) The Secretary of State may by order provide for the relevant date to be a date specified in the order that falls not more than 12 months after—

(a) 31 December 2009, or

(b) (if an order has already been made under this subsection) the date specified in the last order.

(4) Nothing in this section affects—

(a) the continuation in effect of a witness anonymity order made before the relevant date, or

(b) the power to discharge or vary such an order under section 6.

(5) An order under subsection (3)—

(a) is to be made by statutory instrument; and

(b) may not be made unless a draft of the instrument containing the order has been laid before and approved by a resolution of each House of Parliament.'. —*[Mr. Straw.]*

Brought up, read the First time, and added to the Bill.

Bill reported, with amendments; read the Third time, and passed.

Mr. Garnier: On a point of order, Mr. Deputy Speaker. I apologise for getting ahead of myself and interrupting you earlier, but as you will know, paragraph 3 of the timetable motion states:

"On the conclusion of proceedings in Committee, the Chairman shall report the Bill to the House without putting any Question."

That implies that we have considered the Bill in Committee as the Government intended. Perhaps we have done as the Government intended, but the meat of the Bill was clauses 4 and 5. We discussed clause 4 and its amendments, but clause 5 remains wholly undiscussed, as do the remaining clauses, new clauses and amendments.

I do not wish to repeat the arguments that were made at the beginning of the afternoon's deliberations, and we all appreciate the need for some urgency. I also do not think that any of us can be accused of having filibustered or made lengthy arguments. Some, including myself, can justifiably be accused of not being entirely clear all the time, but it is fair to say that we in this House have not done ourselves any favours tonight, and it is ridiculous that we constantly have to ask the other place to correct the omissions that we make.

Through you, Mr. Deputy Speaker, I really do implore the Government to provide realistic timetable motions, if they are to have them at all. Nobody was going to stop the Bill or prevent the Government from getting their way; we all understood the need for the legislation. But to cramp us with a six-hour debate on a Bill of such importance, when so many issues needed to be discussed and the legislation was crying out for proper scrutiny, is not just a shame but a criminal waste of the powers of this House. Through you, Mr. Deputy Speaker, I urge the Government to behave themselves.

Mr. Deputy Speaker (Sir Michael Lord): That is not, strictly speaking, a matter for the Chair to rule on, and many of the points that the hon. and learned Gentleman has made were made earlier in the day on the allocation of time motion. However, the points that he has made are firmly on the record.

Mr. Dismore: Further to that point of order, Mr. Deputy Speaker.

Mr. Deputy Speaker: No, no. I think that I can deal with it now. The points that the hon. and learned Member for Harborough (Mr. Garnier) has made are firmly on the record, and it will be for the House—all parts of the House—to digest them.

DELEGATED LEGISLATION

Mr. Deputy Speaker: With permission, I shall put motions 5 to 9 together.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Delegated Legislation Committees),

INCOME TAX

That the draft Alternative Finance Arrangements (Community Investment Tax Relief) Order 2008, which was laid before this House on 20th May, be approved.

CRIMINAL LAW

That the draft Criminal Justice Act 1988 (Offensive Weapons) (Amendment No. 2) Order 2008, which was laid before this House on 4th June, be approved.

LIMITED LIABILITY PARTNERSHIPS

That the draft Small Limited Liability Partnerships (Accounts) Regulations 2008, which were laid before this House on 9th June, be approved.

That the draft Large and Medium-sized Limited Liability Partnerships (Accounts) Regulations 2008, which were laid before this House on 9th June, be approved.

That the draft Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, which were laid before this House on 9th June, be approved.—*[Mr. Michael Foster.]*

Question agreed to.

SITTINGS OF THE HOUSE

Ordered,

That, on Tuesday 22nd July—

(1) the House shall meet at 11.30 a.m. and references to specific times in the Standing Orders of this House shall apply as if that day were a Wednesday;

(2) proceedings on the Motion for the adjournment of the House in the name of Ms Harriet Harman shall lapse at Six o'clock;

(3) the Speaker shall put the Questions necessary to dispose of proceedings on any Lords Amendments to the Crossrail Bill not later than one hour after their commencement; such proceedings may continue though opposed after the moment of interruption; and

(4) the Speaker shall not adjourn the House until—

(i) any Message from the Lords has been received; and

(ii) he has reported the Royal Assent to any Act agreed upon by both Houses.—*[Mr. Michael Foster.]*

PETITION

Smoking Ban

9.52 pm

Daniel Kawczynski (Shrewsbury and Atcham) (Con): I have been asked to present this petition to the House on behalf of my constituent Mr. Ron Cattrall of Shrewsbury. He has secured 500 signatures, calling for a readjustment of the current laws on smoking in public places. These people believe that the current ban on smoking in pubs is unfair.

The petition states:

"The Petitioners therefore request that the House of Commons urges the Secretary of State for Health to allow for up to a twenty percent provision for smoking in pubs and bars that does not leave smokers exposed to the elements of the British winter."

I voted for a ban on smoking in public places, but I felt a duty to present this petition on behalf of my constituents, who want the Government to look again at the total ban on smoking in public places.

Following is the full text of the petition:

[The Petition of those against the current laws on smoking tobacco,

Declares that the current ban on smoking in public places leaves smokers exposed to the elements of the British winter. Current laws force people to go outside when they smoke, potentially enduring harsh conditions such as rain, snow and extreme cold. The laws should be assessed so that certain venues, such as bars and pubs, are not subject to the same bans as other types of public places such as shops and restaurants. It is unfair to treat bars and pubs the same as other public places when it comes to smoking, as smoking tobacco is something people traditionally do in bars and pubs.

The Petitioners therefore request that the House of Commons urges the Secretary of State for Health to allow for up to a twenty percent provision for smoking in pubs and bars that does not leave smokers exposed to the elements of the British winter.

And the Petitioners remain, etc.]

[P000230]

Building Schools for the Future

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Michael Foster.]*

9.53 pm

Dr. John Pugh (Southport) (LD): I feel a residual sense of guilt for keeping the Minister from his home at this time of night. However, I hope to provide a narrative that is sufficiently engaging for bedtime. Indeed, its subject is important—it is about a £45 billion investment of immense national and local importance. Before I go any further, I should like to thank the Minister and his officials for their helpful and quick responses to questions that I have asked on this subject; they have been most forthcoming and open in their approach. That is commendable, and it has certainly helped my understanding of the topic.

It is impossible to object to the Building Schools for the Future programme; after all, no one builds schools for the past. As a former teacher, I have experienced all manner of school buildings—sometimes with pleasure, at other times with distress. I have reached one conclusion: that new and refurbished buildings are neither a necessary nor a sufficient condition for educational progress. Great education can take place in ancient buildings; in fact, it does. Poor education can take place in the most modern buildings imaginable.

New build certainly helps education in most cases. It can be transformative. It makes pupils and staff feel more confident and valued and encourages educational progress and opportunity. That is why, traditionally, good local authorities have cared for their building stock and the learning environment that it provides. They often worry about whether they will have the resources to keep the stock that they feel pupils, staff and parents merit. That is what local authorities have always done.

However, what is unique about Building Schools for the Future—I mean in world terms; there is nothing else like it anywhere in the world—is that it is nationally driven, very centralised, time-limited and massively financed. It is an initiative that involves the attempt to replace, remodel or refurbish every secondary school in the country; I think that I am right that that is the ambition. The Children, Schools and Families Committee, the teachers' unions, external commentators and I recognise and in some ways applaud that ambition. However, we also express legitimate concerns about some of the outcomes. I want to group my concerns under two headings: the local and the national.

First, I turn to the national concerns. The Children, Schools and Families Committee has expressed concern about whether the programme represents the best value for £45 billion of what will ultimately be taxpayers' money. That question is fairly raised in the Committee's report on the programme; I understand that it will revisit the topic in a forthcoming report. The question can be asked, because not all secondary schools are time-expired and semi-derelict. Many primary schools are older; obviously, the case could be made for them to be further up the queue. Furthermore, educational methodology and practice continue to change unpredictably over time. One thinks of the 1970s, when open-plan design was quite the thing, and of how many open-plan schools built in the 1970s acquired walls in the 1990s when educational trends and fashions in the post-Plowden age changed.

There are inherent dangers in building stock being all of an age. One thinks of the current problems of new towns: what is wrong with one house is normally wrong with the next house, and so on, for street after street. One thinks also of the 1970s and the splurge of buildings, commendable in their way, with flat roofs and wooden structures. They are now sadly dilapidated and look in far worse shape than buildings constructed in the immediate post-war age.

Nowadays, that is all underscored by the need to have buildings that are sustainable or carbon-neutral, in a world where building technology and material costs are changing rapidly and developing. There are inherent risks to doing it all in one fell swoop; that is not unproblematic. Anticipating the future never has been easy, but having just one go at it is risky compared with the more evolutionary and gradualist path.

I have other general concerns, about the nature of the long-term financial commitments, their transparency at the point of initiation and, under the private finance initiative, the scope for costly renegotiation at a later date. Recent Public Accounts Committee reports have evidenced fairly well how poor the public sector is at renegotiating effectively. That issue also crossed the mind of the Children, Schools and Families Committee, which raised it in its report. I have concerns about the lack of school autonomy; long-term commitments to manage services provided on a cross-authority basis may not, in the end, be the ideal scenario.

I have raised elsewhere—I will not do so here—the problem of some of the information and communications technology contracts that seem to cut out our small businesses. As the Minister is probably aware, I have had issues with Becta over that problem. Sometimes companies can lock schools into supply chains under licensed bondage that hinders innovation in school-based ICT. Paradoxically, some of these concerns are met by proceeding in a more measured, thought-through way. Perhaps that is what we will do in more financially stretched times.

It being Ten o'clock, the motion for the Adjournment of the House lapsed, without Question put.

Motion made, and Question proposed, That this House do now adjourn.—*[Liz Blackman.]*

Dr. Pugh: The Department recently held a number of visioning events as part of a consultation on the next phase; I think that those concluded at around the start of July. I am not against visioning—it is good in its place—but visioning and caution together create a degree of uncertainty.

Let me illustrate that point by looking at my local Sefton schools, which no doubt the Minister has been briefed on prior to this occasion. They were asked to envision—to dream dreams—and that magically transformed itself into dramatic press publicity. The *Liverpool Echo* said:

"Five £25m superschools are set to be built in Sefton.

Education officials today released plans for the multi-million pound 2012 makeover of the borough's high schools, which will almost certainly mean two closing down.

[Dr. Pugh]

> Speaking exclusively to the ECHO, officials said cash from the government's Building Schools for the Future pot would be used to fund the transformation plan.
>
> Liverpool and Knowsley councils are already using the money to create 21st century schools.
>
> The state-of-the-art schools will have the latest computer facilities and retractable classrooms.
>
> They will be open from morning to night so they can be used by the whole community…Today Sefton council's cabinet member for children's services…confirmed the plans would include a minimum £125m makeover of five schools."

Tellingly, the paper also said:

> "Sefton council is expected to get the government green light to enter a bid within the next few months and then begin the hunt for a contractor partner."

Similarly, another newspaper, the *Southport Visiter*, said, under the headline, "Super-school to be built in Southport":

> "A £25m state-of-the-art superschool is set to be built in Southport, education officials have announced.
>
> Plans have been drawn up to introduce five '21st century' high schools across Sefton with one likely to open in Southport as soon as 2012…The new schools will educate upwards of 1,100 students, have the latest multimedia and computer facilities and will open from morning to night so they can be used by local residents."

That interested me a lot, as it would obviously affect my constituency dramatically. However, when I scoured the council minutes for any reference to those plans, they shed little light on them. Councillors to whom I spoke knew little, if anything. People did not seem to know who had been consulted, how they had been consulted or what exactly they had been consulted on. What was to close and what was to stay open, and what was to change and what was not to change, was left unsaid. Long-term financial costs appeared to be missing. The only tangible thing that I could identify was that there had been an expression of interest from an earlier phase of Building Schools for the Future that could now be reiterated in October. The plan for new schools was all the more puzzling because falling rolls in Sefton had led to school closures, not to demands for increased capacity—although I accept, as most people would, that new building is often a way of making closure more palatable where it has to take place.

That tends to reinforce the concerns that were vividly expressed by the Select Committee on Education and Skills. I read its report with greater attention after I had seen the press publicity. It said:

> "A regular theme in our evidence was that people involved in BSF, particularly at the school level, did not have sufficient time to think about what they wanted for their new school. The participation of teachers, other school staff and pupils in the planning process is vital to the success of school redevelopment projects, and this needs to be acknowledged by all those involved…Involving them in the earlier stages may require time, but will help to develop robust plans which will contribute to the success of the process.
>
> There is a very strong argument that the initial 'visioning' phase should be lengthened."

I accept that there is a kind of paradox, and as politicians, we are aware of it. On the one hand, it is desirable to involve all and sundry in visioning and in thinking bright, bold thoughts for the future. On the other hand, it is possible to set hares running, and fears of closure justifiably upset schools, parents and staff. If, at the end of the day, the capital is not forthcoming, or if the plans turn out to be widely opposed or hard to progress, public visioning just leads to pain.

On the other hand, private scheming—I use the phrase in its proper sense of thinking up schemes privately—can lead to the worse evil of general paranoia. In Sefton at the moment, we seem to have private scheming and public kite-flying. The Minister can help relieve that problem by telling us what is promised to Sefton. Is it capital credits or a private finance initiative? Is Sefton expected to get the green light, as the media are saying? What does the Department know of Sefton's plans? Has it seen them? How much has it promised in response to those plans? What is likely to be the effect of the squeeze on public spending, which we can all see coming, on boroughs such as Sefton that have come late to this scheme, in the last few phases of its operation?

No one can be against Building Schools for the Future as an investment or an idea, but we can be against rushed-through plans, secrecy, a lack of financial clarity, uncertainty, financial dependence and unquantified costs. Those are things that it is probably worth being against, if we are in favour of investment in school building and refurbishment. Governments and local government historically find it easier to deliver infrastructure than educational improvement. That is the general conclusion that I have reached after many years of thinking about how we develop the education system. One thing that definitely hampers educational improvement is uncertainty and upheaval. Getting schools to run well is by no means easy; it is no mean trick. Disruption in school life, on the other hand, is relatively easy; it can be dealt with by something as simple and straightforward as the change of a headmaster. School systems, when they run well, need to be well looked after. What I would like the Minister to do in his response is lay out on a national and local basis—perhaps even to the level of what is happening in Sefton—where we are now, and what we can expect next.

10.8 pm

The Parliamentary Under-Secretary of State for Children, Schools and Families (Kevin Brennan): I begin by congratulating the hon. Member for Southport (Dr. Pugh) on securing this important debate. Building Schools for the Future is the most significant and most exciting programme of public investment in schools for more than 50 years. I very much welcome the opportunity to discuss it before the House.

The hon. Gentleman mentioned that he had been a member of the teaching profession, and as a former teacher myself I can confirm that before 1997—and certainly before 1994 when I left the teaching profession—our school buildings were in an extremely poor state, after decades of neglect under previous Governments. I taught in some fairly dodgy buildings during my teaching career, spending a lot of it in temporary portakabins that regularly leaked in the winter. As someone who was born and brought up in a new town, I also understand his point about buildings that are all of the same vintage. I hope that I will be able to put his mind at rest a little during the debate.

The hon. Gentleman said that the provision of new and refurbished schools was neither a necessary nor sufficient condition for good education—I hope that I recall what he said correctly. Of course, that is the case. It is not enough just to have good buildings. As I hope to show, however, it can make a direct contribution to

the education of young people when we improve buildings, and Building Schools for the Future is doing that already.

Since 1997, including before the current programme, we have taken decisive action about that lack of investment over many decades. We have increased capital investment sixfold in real terms, to £6.4 billion this year, and I do not think that we should apologise for that. Every community has benefited, with more than 1,000 newly built schools and 27,000 new or improved classrooms built—I checked my notes twice before accepting those figures. We have made a remarkable achievement over the past 10 years.

As the hon. Gentleman said, his constituency is in the local authority area of Sefton and currently falls within waves 10 to 12 of the Building Schools for the Future programme. Based on current plans, the transformation in his area is not due to begin until later in the programme. Given his remarks, perhaps he will feel reassured by that. He will also know that we are currently consulting on changes to the way we prioritise our investment. Later this year, we will invite all the authorities in waves 7 to 15 to revise their expressions of interest. Those revised expressions of interest will then be prioritised into a new national programme. The hon. Gentleman may therefore wish to encourage his local authority to start considering how to revise its expression of interest.

Sefton has not formally started in Building Schools for the Future, as the hon. Gentleman knows, but is constructively discussing its BSF plans with my Department. I confirm that the private finance initiative will be defined when school plans are firmed up, which will obviously take place in the near future. In the meantime, he will be aware that Sefton local authority and its schools will be receiving capital support of £55.5 million over the next three years. In addition, every typical unmodernised secondary school of 1,000 pupils will receive £113,000 to spend as it wishes on buildings and information and communications technology, with a typical unmodernised primary school receiving £34,000.

We recognise that local areas such as Sefton will want to begin investing the Building Schools for the Future money, so we have introduced a separate one-school pathfinder scheme, which means that all local authorities can get started on at least one major project in their area. The project in Sefton is Litherland high school, which I understand is not in the hon. Gentleman's constituency, which will receive about £23.68 million. That project is making good progress. The outline business case has been accepted and the local authority envisages construction starting in April 2009.

We have begun to lay the foundations, but the scale of the challenge is enormous. Eight out of 10 of our schools are more than 30 years old; most were never meant to last as long as they have done. Building Schools for the Future is the Government's response to that situation and to those decades of under-investment. It will refurbish or rebuild every secondary school in England, creating world-class facilities for generations of school children to come.

The programme is gaining momentum. A total of 13 new or rebuilt Building Schools for the Future schools are now open nationwide, from Newcastle in the north to Bristol in the south. In September, after the summer holidays, a further 22 are expected to open across the country. According to local authority plans, a total of 30 such schools will open this calendar year, rising to around 150 in 2010 and 200 or more per year thereafter. Over the next 15 years, BSF will help to improve the school experiences of 3.3 million young people.

I understand the points that the hon. Gentleman made in his thoughtful way, but what I have described is a practical expression of what the ambition of the programme—he rightly said that it was an ambitious, massive investment—really is. Sometimes people seem to be saying, "That may be all very well in practice, but how will it work in theory?" I do not think that that is what the hon. Gentleman was saying, but it is a practical way of describing the ambition of which he spoke.

Given the scale and lifespan of the programme, it is crucial that we continue to analyse progress and improve performance so that we deliver the best possible results for the large sum that—as the hon. Gentleman pointed out—the Government are investing.

Mr. Ken Purchase (Wolverhampton, North-East) (Lab/Co-op): Does the Minister intend to institute a proper, thorough audit of the people who run Building Schools for the Future? They are, after all, profit-driven. That is fine: it is not a problem. However, it becomes a problem when the scale of the operation offers them what is virtually an open cheque. I hope the Minister will want to institute a proper and rigorous audit of their performance.

Kevin Brennan: A capital programme of this scale does have to be audited properly and rigorously, although—and I do not think my hon. Friend was suggesting this—I do not think that profit is a dirty word. Even in a traditionally funded—a publicly funded—capital programme, the contractors would be making a profit from building the schools. There is nothing new about using the private sector to build schools. I do not think we know of any schools in whose building, or indeed maintenance, the private sector has not been involved. However, my hon. Friend is right to suggest that expenditure on this scale needs to be properly audited.

We have learnt from early delays in some of the projects, which arose largely because the projects focused, rightly, on the areas of greatest social deprivation and educational underperformance: in other words, the most urgent cases. Since the end of 2006, however, we have introduced measures specifically designed to ensure that local authorities are ready to hit the ground running as soon as they enter Building Schools for the Future. Those changes have resulted in significant improvements in delivery time scales, and our recently announced streamlining of the procurement processes will reduce them still further.

Building Schools for the Future is not just about bricks and mortar; investment on this scale brings huge opportunities for change. We are working with local authorities to make sure that BSF works as a catalyst for the broader educational transformation that we want to see, so that all young people can make the most of their talents and achieve their very best, regardless of their background. As the hon. Gentleman said, the legacy of BSF will be measured not by the numbers of new buildings or the size of classrooms—important though that is—but by the success of the investment in improving the young people's aspirations and the prospects of children and communities across the country.

[Kevin Brennan]

Research shows that we are achieving well according to that measure. The National Foundation for Educational Research recently examined the impact of a new environment on students and teachers at one of the first BSF schools, with impressive results. Once the school had moved into its new buildings, 87 per cent. of students felt safe most or all the time, up from 57 per cent. in the previous school buildings; 77 per cent. felt proud of their school, up from 43 per cent.; 61 per cent. said they enjoyed going to school, up from 50 per cent.; and 77 per cent. expected to stay on in the sixth form or go to college, up from 64 per cent. BSF is not just a facelift for schools.

Dr. Pugh: I note the successes in pupil experience. The Select Committee said that pupils should be involved. Clearly the more that pupils are involved in the planning process and asked about their preferences, the more likely such successes will be. Does that not argue for less haste in the process, and a more careful consultative progressing of schemes?

Kevin Brennan: I agree, and I do not think any Government have done as much to promote the pupil voice as this Government, in all sorts of ways. That includes making pupils part of the plans for new schools, and allowing them to own those new schools. That has significantly improved as a result of some of the changes that we have made. As I have said, however, we have seen significant improvements in pupils' experience in a school that has already been built. That does not come directly from us. The National Foundation for Educational Research worked with those pupils and received those findings as a result. This is not, therefore, just a facelift, but it is a thorough renewal that will help pupils enjoy and achieve, position schools right at the core of their communities and help to revitalise local areas.

We must ensure that it is a renewal that will last. This is a once-in-a-generation programme. We have not seen anything like it for the past 50 years. As a recent Select Committee report on BSF said, we must make sure that its impact is sustainable, and that it continues to inspire long after the smell of fresh paint has faded away.

Three critical factors will help to ensure that we produce schools fit for the 21st century. First, wide-ranging consultation and careful planning is part of the process. Early engagement and consultation with the whole school community is an important part of the development phase of a BSF project. When a local authority joins BSF, it must produce a strategy for change, which sets out how its investment will support the changing demographics and educational needs of the area. The authority needs to demonstrate that in preparing the strategy it has carried out proper consultation with its stakeholders, and that the resulting strategy has been accepted and is supported by all these groups. Corresponding work is also done at school level, and the local authority must provide the appropriate support for schools to carry it out. In particular, we have engaged with the Sorrell Foundation, notably through the "joinedupdesignforschools" project, to develop best practice in reflecting pupils' views in the design of their schools. However, we recognise that more work needs to be done to explore how schools can more fully involve students and parents in the planning process. We are currently producing guidance material on preparations for BSF, which will include advice on such matters.

The second key for success is that the buildings themselves must be sustainable. We have already set high standards for sustainability, but we want to go further. We are making an immediate requirement that new school buildings achieve a 60 per cent. carbon emissions reduction, and we are backing that up with £113 million for energy efficiency and renewable energy measures in about 235 new school buildings. For the longer term, we announced in the children's plan, published in December last year, our ambition for zero-carbon new buildings by 2016, and we have now appointed a task force to advise on how this goal can be met. We know this will not be easy, but we have a moral responsibility to future generations to try to achieve it.

The third issue is information and communications technology managed services. Advances in information technology have already revolutionised teaching and learning. I am sure that when the hon. Member for Southport, as a former teacher, visits schools, he is as taken aback as I am by the extent to which technology is now integrated right across the curriculum. From interactive whiteboards to online learning resources, just as in the world of work, computers are now at the core of a school's work and are an important means by which young people communicate, express themselves and develop their creativity and learning. Provision for excellent ICT facilities that can adapt to technological developments as they happen is, therefore, essential for any school for the future.

In addition, the new diploma programme will lead to increasing numbers of students attending courses in more than one location. They will, therefore, need to be able to access their files and resources from a number of locations and from home.

Mr. Purchase: Will the Minister make it his policy that it need not be the central contractor who gets in on the private finance initiative for ICT, but that a local authority with a good record in provision of equipment through its buying policies and in providing good support, which is the most important factor in ensuring ICT gives value for money, can do so too?

Kevin Brennan: Obviously, we want BSF projects to include an area-wide, commercially managed service for ICT that can respond to the changing requirements of schools and of technology. By procuring ICT on an area-wide basis, schools can make substantial savings, ensure the highest standards and enjoy ICT services and resources tailored to their individual needs and specialisms. A managed service frees schools from the burden of procuring and managing their ICT systems individually, so that they can focus on their core business, which is teaching and learning.

All Members of the House will agree that a school building should be a great source of pride for pupils, teachers and communities alike, and only modern and well-equipped classrooms can support the world-class education that we want for all our children.

Dr. Pugh: I hate to use the expression "one size fits all", which is such a cliché in this place, but clearly there are different ways in which ICT can be provided, and

nobody can be sure that the way the Minister advocates is the perfect way. The only thing that can establish that is some kind of empirical evidence or fact-finding after the measure has been implemented. Will the Minister guarantee that there will be an examination of the need for diverse ways of providing ICT, rather than a one-size-fits-all plan, which may or may not be the ideal?

Kevin Brennan: BSF ICT is not a one-size-fits-all system. Individual schools will have the opportunity, through the local choice fund, to specify key ICT resources—hardware and software—while still ensuring full compatibility and integration with a county-wide ICT infrastructure that allows students full access to their personal learning space from locations other than their home schools. I therefore do not accept that this will be a one-size-fits-all approach. It will certainly give individual schools that opportunity, while still ensuring the compatibility and integration that we want to see across the area.

Building Schools for the Future is the most ambitious programme of investing in our schools for more than a generation, and despite the reservations and concerns expressed by the hon. Gentleman, it will be well received and will be seen as one of the great achievements of this Government.

Question put and agreed to.

Adjourned accordingly at twenty-seven minutes past Ten o'clock.

House of Commons

Wednesday 9 July 2008

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

Scotland

The Secretary of State was asked—

Commonwealth Games

1. **John Robertson** (Glasgow, North-West) (Lab): What discussions he has had with the First Minister on the employment opportunities in Scotland provided by the Glasgow Commonwealth games 2014. [216424]

The Minister of State, Scotland Office (David Cairns): My right hon. Friend the Secretary of State has regular discussions with the First Minister.

John Robertson (Glasgow, North-West) (Lab): I thank my hon. Friend for that extensive answer. I know he realises that the Commonwealth games are very important to Glasgow and, for that matter, to the UK. However, the people I have been speaking to have some concerns about job opportunities and investment in the city that might have a knock-on effect on the games. They cite the 40 per cent. cut in funding for Glasgow's science centre, with a loss of 28 jobs, as an example of what could happen if the Edinburgh Executive have a go at it. Will he assure me that he and his Department will ensure that the Glasgow Commonwealth games are properly funded and go ahead as planned?

David Cairns: I am glad that my hon. Friend liked my original answer, when I said that the Secretary of State has regular discussions with the First Minister. That is more than I do, as the First Minister refuses to discuss these issues with me. He is far too grand to discuss them with an oik from a council estate in Greenock.

My hon. Friend is right on two counts. The Glasgow science centre—which I believe has been described in some quarters as a complete waste of money—is a magnificent addition to the city of Glasgow. It is an investment in science at exactly the time when that is what we need. I absolutely deplore the cut that he has mentioned, but I am convinced that the Commonwealth games will go ahead and that they will be a magnificent success.

Mr. Michael Moore (Berwickshire, Roxburgh and Selkirk) (LD): May I through you, Mr. Speaker, take this opportunity to pay tribute to David Marshall? He was a stalwart of Scottish questions and will be sorely missed in the Chamber. He had many friends across the House and we on these Benches wish to express all our best wishes to him and his family. If he were here, I am sure that he would also be pressing the Minister on this issue. We are all ambitious for the opportunities that the Commonwealth games will give Glasgow and the rest of Scotland. More immediately, however, is the Minister not alarmed by the fact that so far only 2 per cent. of the contracts awarded to businesses for the 2012 Olympic games have come to Scottish businesses? Is that not symptomatic of how Labour has taken its eye off the ball and become out of touch with Scotland's needs?

David Cairns: No, the hon. Gentleman is not right about that, but he is right to pay tribute to David Marshall. He was an outstanding Member of Parliament for 29 years, a very assiduous attender of Scottish questions and one who never feared to hold Governments to account, whatever their political persuasion.

The Commonwealth games are a magnificent opportunity for Glasgow, not just for the fact that people from all over the world will come to visit or for the sporting success and legacy but for the massive investment that there will be in the city. We anticipate that up to 5,000 apprenticeship places—2,000 in the construction industry alone—will be offered as a result of the work going on between Glasgow city council and the Department for Work and Pensions. I think that the games will be a success, however one looks at them.

The hon. Gentleman asked about the Olympics, and I encourage all businesses, Scottish-based or otherwise, to bid for the contracts. It is important to look at the value of some of the contracts, and not just their overall number. Scottish companies have won parts of the Olympic business that are of considerable value.

Mr. Brian H. Donohoe (Central Ayrshire) (Lab): May I also put on record my appreciation of the help that I got from David Marshall over the years? He helped me enormously, in this place as well as in my constituency.

I congratulate Glasgow on its successful bid for the Commonwealth games, but will my hon. Friend the Minister also congratulate the work force and management at Spirit Aerosystems in Prestwick? This week, they have won an enormous order worth £900 million, perhaps the biggest to have come to Ayrshire for a generation. With your permission, Mr. Speaker, I should also like to thank my right hon. Friends the Secretaries of State for Scotland and for Business, Enterprise and Regulatory Reform for all the work they have done in winning that enormous order.

David Cairns: The order to which my hon. Friend refers is extremely important for his constituency in Ayrshire and for the whole economy of the west of Scotland. Saving his blushes, I know that he was instrumental in campaigning very hard behind the scenes for that.

My hon. Friend raises a very interesting point. There is already pressure on Scotland's labour market thanks to the historic numbers of people in employment, but we are preparing for the Commonwealth games and trying to get new apprenticeships in the construction industry. At the same time, the two new aircraft carriers that are due to be constructed in Glasgow mean that there is massive investment in the city, and it is important that we get people with the rights skills and training to take advantage of it.

Pete Wishart (Perth and North Perthshire) (SNP): The Minister will know that almost all the costs of the Commonwealth games will be met by the Scottish Government, with a 20 per cent. contribution from

Glasgow city council. At the same time, he and his Glasgow colleagues voted to divert some £20 million from Glasgow to pay for the London Olympics, which will have an impact on some of the most vulnerable groups in the city of Glasgow. Will he and his Glasgow colleagues now have the guts to join the Scottish National party in demanding that that money be repatriated to Glasgow, so that we can build a legacy for the Commonwealth games in Glasgow?

David Cairns: I am delighted that the hon. Gentleman is not too grand to debate the issues with me today. Of course, when the Olympic games were won by the United Kingdom for the city of London, the SNP said that the games would do nothing for Scotland, and when the Commonwealth games went to Glasgow, Fergus Ewing MSP said that they would do nothing for the highlands. The insularity and parochialism of the SNP is, quite frankly, breathtaking. The Olympic games will be good for Scotland, good for Scottish athletes and good for Scottish business, and the hon. Member for Perth and North Perthshire (Pete Wishart) should stop whingeing about them.

David Mundell (Dumfriesshire, Clydesdale and Tweeddale) (Con): May I associate myself with the comments about David Marshall? I should also say that although I fully accept the reasons why the Secretary of State is not present, today is a clear example of why the role of Secretary of State for Defence should not be combined with other responsibilities.

The Minister will be aware that most of the Commonwealth games will be concentrated in the Glasgow, East constituency, where 47 per cent. of people are economically inactive and more than half do not have a single qualification to their name. Does he recognise that Glasgow, East has reached that sorry state after 11 years of Labour central Government and decades of Labour local government? And will he explain to the House, if not to Mr. Salmond, why the Prime Minister refuses even to visit the constituency after attempting to impose—

Mr. Speaker: Order. That part is well beyond the scope of the question.

David Cairns: The Conservatives have just noticed that there is poverty in some parts of the UK. We could have told them that; we have spent the past 11 years combating it. We have seen unemployment halved in Glasgow, East and hundreds of people coming off incapacity benefit and going into work—people who were left languishing on incapacity benefit when the Opposition were in government. There are nine new primary schools, three more on the way and two new secondary schools in that constituency. I know that the hon. Gentleman's party leader visited it: he went to the church of St. Jude, the patron saint of hopeless cases.

David Mundell: The Minister sounds just like the Prime Minister, and that is not intended to be a compliment. The Minister takes the people of Glasgow for fools; he talks about the past when they are interested in the future. So perhaps he will explain why his party is not campaigning on issues such as economic regeneration after the Commonwealth games. Instead, its campaign, now that it has finally started, is solely about the survival of the Prime Minister.

Mr. Speaker: Order. I shall try to settle this, and I think that this is the easiest way. The Minister is not responsible for party campaigns. [HON. MEMBERS: "He is."] Well, let me qualify it further. He is not responsible for party campaigns in this House or in his capacity as a Minister here today. Now, can we get a response that is nothing to do with my native city of Glasgow—the campaign, that is, in my native city of Glasgow?

David Cairns: I entirely accept your admonition, Mr. Speaker.

Throughout the city of Glasgow, we have seen a huge reduction in unemployment and large numbers of people coming off incapacity benefit—people who were put there during the 1980s—and going back into work. We are also going to see massive investment in apprenticeships because of the Commonwealth games and this Government's decision to build two new aircraft carriers in British shipyards. Glasgow's Govan and Scotstoun shipyards will take the credit for it.

Mr. Tobias Ellwood (Bournemouth, East) (Con): Five years late.

David Cairns: The hon. Gentleman says, "Five years late." Has he any idea what his party did to the shipbuilding industry on the Clyde, or the utter decimation that they brought? We are revitalising the industry.

Mr. Speaker: Order. I think I shall try the hon. Member for Argyll and Bute (Mr. Reid).

Fuel Prices

2. **Mr. Alan Reid** (Argyll and Bute) (LD): To ask the Secretary of State for Scotland what assessment he has made of the effect of recent rises in the price of fuel on the economy of the highlands and islands. [216425]

The Minister of State, Scotland Office (David Cairns): Recent fuel price increases will continue to have an effect across the UK, but the economy of the highlands and islands continues to show resilience, with an employment rate significantly above the UK and Scottish averages.

Mr. Reid: I am a bit worried about the complacency behind that answer, because the recent fuel price rises are causing a real economic crisis on the islands and in the remote parts of the mainland, particularly on the Kintyre peninsula. The situation may not have worked its way through to the unemployment figures yet, but unless the Government take urgent action, it soon will. Owing to the long distances that must be travelled by road, the high fuel price is causing serious problems for business and putting the economy at real risk. Other European countries charge a lower rate of fuel duty in remote areas, so will the Government, as a matter of urgency, introduce a similar scheme in this country?

David Cairns: The hon. Gentleman is right to say that with the global increase in oil prices feeding through into increased fuel prices, people are feeling the pinch, and it is costing people more to fill up their car; we entirely accept and understand that. I know that the hon. Member for Caithness, Sutherland and Easter Ross (John Thurso), who is not here today, has put a

particular proposal to the Treasury on that issue. I understand that Treasury Ministers are examining it and will get back to him.

Miss Anne Begg (Aberdeen, South) (Lab): I do not know whether my hon. Friend has had time to see Oil & Gas UK's economic report, published yesterday, which identified that there were at least 25 billion barrels of oil still to be recovered from the North sea. Does my hon. Friend agree that increasing the recovery of that oil will bring down the price and make life better in terms of the economic development of the highlands and islands?

David Cairns: My hon. Friend is entirely correct to say that there is at least 25 to 30 years-worth of viable economic activity in the North sea. We have to make sure that we get that oil out, particularly in areas such as those west of Shetland. Of course, high oil prices are bad for Scotland, for the economy, for businesses and for motorists. The politicians who gloat over high oil prices as though all that they represented was a windfall for the Exchequer, and who use the prices to make their dodgy sums add up, would do well to focus their effort on reducing the cost of oil, instead of trying to divide the spoils as though they were a big cake.

Mr. Ben Wallace (Lancaster and Wyre) (Con): On the subject of dodgy figures, the National Audit Office reckons that for every dollar increase in the price of oil, the Treasury gains £200 million. The National Institute of Economic and Social Research estimates that there is a net gain to the Treasury of £140 million per dollar. That means that with prices at $130 a barrel, the Treasury gets an extra £4.6 billion in revenue. Given that the Chancellor is raking in that extra revenue from the North sea, will the Minister agree not only to fight for the people of Scotland but to use some of the extra money to mitigate the high fuel costs that highlanders and people in the rest of Scotland face?

David Cairns: The hon. Gentleman quotes one review of the issue; let me quote another. The Institute for Fiscal Studies—not an institute that is normally very friendly to the Government—says

"it is far from clear that there will be a net gain to the public finances from the higher oil price."

As we know, if people spend more money on petrol and the car, they spend less money elsewhere. If high oil prices mean that businesses are having to contract, that means less tax coming from the economy. Overall, I simply do not accept the premise of the hon. Gentleman's question, which is that there is a windfall from high oil prices. He simply cannot prove that point.

Scotch Whisky

3. **Gordon Banks** (Ochil and South Perthshire) (Lab): What recent assessment he has made of the contribution of the Scotch whisky industry to the Scottish economy. [216426]

The Minister of State, Scotland Office (David Cairns): The Scotch whisky industry is of massive importance to the Scottish economy, and that is why the Government will this year bring forward new measures to enhance its global protection.

Gordon Banks: The whisky industry is also vital for skills in Scotland's economy, and jobs and apprenticeships in my constituency, including those relating to coppersmiths. Will my hon. Friend urge the Scottish Executive to invest in those skills and protect the jobs in Ochil and South Perthshire?

David Cairns: My hon. Friend is correct. There are some 45,000 jobs across Scotland directly dependent on the Scotch whisky industry, which is responsible for putting some £800 million into the Scottish economy, so it is an extremely important sector. My right hon. Friend the Secretary of State visited Alloa recently. They are good, skilled jobs; they are the kind of jobs that Scotland needs, which is why it is deeply disturbing that instead of investing in skills and apprenticeships, the Scottish Executive are cutting apprenticeships.

Malcolm Bruce (Gordon) (LD): Will the Minister join me in welcoming the fact that planning permission has been granted for a new distillery, which is to be built in the town of Huntly? Will he recognise that the strength of the investment made there depends on a strong and healthy industry, and the export industry, and that increasing duty on whisky in future Budgets would not help the current resilience of that success?

David Cairns: The export bit of the industry does not pay that duty, and 90 per cent. of the value of Scotch whisky comes from the export market, which does not pay that duty. I am afraid that the right hon. Gentleman is quite simply wrong on that. As I said in my initial answer, the export market—the international global market—is absolutely vital. That is why we will bring forward measures later this year to enhance the protection of Scotch whisky brands throughout the world, and ensure that the Scotch whisky industry has a stronger case if it needs to go to the World Trade Organisation. I sincerely hope and expect that his party will support those measures when they come forward.

Angus Robertson (Moray) (SNP): The Minister will surely concede that raising duty undermines the efforts of the Scotch Whisky Association and others who are arguing to the likes of the Indian Government that they should reduce duties.

I should like to raise another issue related to whisky. The Minister knows that Moray is home to more than half of Scotland's malt whisky distilleries and production. Does he share my enthusiasm for the current efforts to boost significantly the industry's tourism and economic benefits for the local area?

David Cairns: The hon. Gentleman is right to suggest that there is tremendous tourism potential around the distilleries. More than 1 million visitors visit them each year, and they spend an average of £16 each visit, which is tremendously important. I have been to the Glenfiddich distillery in his constituency, where there is a beautiful visitor centre. We were offered a dram, but it was 9 o'clock in the morning so sadly we had to refuse. He is right to say that there is room for increased tourism potential. I shall have a look at the report that he mentions, and I hope that everyone will take it seriously.

National Minimum Wage

4. **Mr. Jim Devine** (Livingston) (Lab): What discussions he has had with the Chancellor of the Exchequer on ensuring that businesses in Scotland comply with the national minimum wage. [216427]

The Minister of State, Scotland Office (David Cairns): In the 2006 pre-Budget report, the Chancellor announced an additional £2.9 million in each of the next four years for monitoring and enforcing the national minimum wage.

Mr. Devine: I am grateful to my hon. Friend for that answer. The introduction of the minimum wage is another great achievement of this Labour Government, but an anomaly has been pointed out by Labour Members. If someone pays a bill in a restaurant with a credit card, including the tip, that tip becomes part of the minimum wage. Will my hon. Friend ensure that we solve that anomaly as quickly as possible?

David Cairns: My hon. Friend is absolutely correct: the introduction of the national minimum wage is one of this Government's greatest achievements. In October, when the increases take effect, it will be 37 per cent. higher in real terms than when it was introduced.

I am aware of the anomaly that my hon. Friend has mentioned, and I know that other Labour Members have been campaigning on the issue. Since I became aware of it I have tended to pay in cash, because I think the problem arises when people pay with credit cards. It is an anomaly, and I shall draw it to the attention of the Under-Secretary of State for Business, Enterprise and Regulatory Reform, my hon. Friend the Member for Harrow, West (Mr. Thomas), who has responsibility for consumer affairs.

Dr. Gavin Strang (Edinburgh, East) (Lab): Given the importance of agriculture to the Scottish economy and the case that is being made for expanding Scottish agricultural production, is it not unacceptable that the SNP Administration are consulting on a proposal to abolish the Scottish Agricultural Wages Board? Surely our industry needs more skilled and motivated workers, and they certainly need protection at least as good as that which agricultural workers in England and Wales have.

David Cairns: My right hon. Friend is right about the importance of agriculture and the agricultural industry to the Scottish economy. Just as we introduced a minimum wage for all workers, agricultural workers deserve to be paid the minimum wage. Of course, the SNP has form on this, because when we voted to introduce the minimum wage, its Members did not even bother to turn up to vote.

Credit

5. **Miss Anne McIntosh** (Vale of York) (Con): What assessment he has made of the effect of the availability of credit on the economy in Scotland. [216428]

The Minister of State, Scotland Office (David Cairns): The turbulence in global financial markets has had some effect on credit availability, and therefore economic prospects have become more uncertain. However, the Scottish economy demonstrates continuing economic growth, with a strong labour market.

Miss McIntosh: I am grateful to the Minister for that answer. Many people are reluctant to take credit, quite understandably, because of the history of Northern Rock and, most recently, Bradford and Bingley. What reassurance can he give Scottish consumers that Farepak and its like will not happen again in the run-up to Christmas?

David Cairns: The hon. Lady is right to mention the issue, which caused a lot of pain in constituencies around the country. I know that the Government are taking steps to address it. We will also bring forward measures in the legislative programme later this year to provide increased protection for people who have deposits in banks, learning the lessons of Northern Rock.

It is worth mentioning that we have some fantastic credit unions in Scotland that help people who are on the very lowest incomes. Indeed, the two largest credit unions in the entire UK are both in Glasgow. It is important that people understand that credit unions have copper-bottomed guarantees when people invest and save money with them, and I am very happy to promote their work.

Michael Connarty (Linlithgow and East Falkirk) (Lab): The Minister will know that I have written to the Secretary of State about the closure of London Scottish bank, or so-called bank, which is really an organisation giving unsecured loans—what one might call sub-prime loans—to people in Scotland. It has now closed its offices in a number of constituencies, and has told people that they do not have the right to 90 days' consultation, because it treats each office closure as a single redundancy. Can he assure me that he and the Secretary of State will intervene to make sure that those people get their rights, and that customers who are abandoned by such organisations are given proper security for their credit?

David Cairns: My hon. Friend has campaigned vigorously on this issue, and I have received correspondence from him, as has my right hon. Friend the Secretary of State for Scotland and, I believe, the Secretary of State for Business, Enterprise and Regulatory Reform. The Government have introduced protection and rights for employees, and we expect all companies to comply with the letter and spirit of that legislation. I would be very concerned if any company, including the one mentioned by my hon. Friend, is breaking those rights.

Mr. Angus MacNeil (Na h-Eileanan an Iar) (SNP): Of course, the credit of the Scottish economy would be greatly improved by the use of the bonanza highlighted on the front page of *The Herald* today of £6 billion from Scotland's oil. Will the Minister support the Scottish Government's attempts to introduce an oil fund, similar to Norway's, that would benefit the highlands and islands and all of Scotland, particularly Glasgow, East?

David Cairns: Had the hon. Gentleman been listening to any of the earlier exchanges, he would know that while there is an increased tax take at a time of high oil prices, it is offset by a decreased tax take in other parts

of the economy, so there is no great windfall for the Treasury, and he is flat out wrong. I would love to debate the issue of an oil fund with the First Minister, and how we should spend the revenues that are coming into Scotland, but he is the one who is running scared of that debate, not me.

Cross-border Policing

6. **Nigel Griffiths** (Edinburgh, South) (Lab): What recent representations he has received from the First Minister on cross-border policing. [216429]

The Minister of State, Scotland Office (David Cairns): There are regular and ongoing discussions at both ministerial and official level on a range of cross-border policing issues.

Nigel Griffiths: Are my hon. Friend's efforts not hampered by the empty promise of 1,000 extra police? After 14 months, not one single extra police officer has been provided. Is that not the most cynical betrayal of our communities by the SNP Administration?

David Cairns: We all remember the clear promise that was made: 1,000 extra policemen. In the Strathclyde police area alone, there are 200 fewer policemen today than there were 12 months ago. Taken with the latest plan to let half of Scotland's prisoners out on to the streets, that goes to show that the SNP is weak on crime.

Fuel Prices

Mr. Mike Weir (Angus) (SNP): The Minister will be aware that rising prices—

Mr. Speaker: Order. The hon. Gentleman must ask a numbered question.

7. **Mr. Weir:** What recent discussions he has had with the Secretary of State for Business, Enterprise and Regulatory Reform on the cost of fuel oil and propane gas in Scotland. [216430]

The Minister of State, Scotland Office (David Cairns): They are so keen to debate with me that they are leaping straight in.

My right hon. Friend and I have regular discussions with our colleagues in the Department for Business, Enterprise and Regulatory Reform on a range of issues.

Mr. Weir: I will get it right this time, Mr. Speaker.

The Minister will be aware that rising fuel prices have caused increased fuel poverty in all parts of Scotland, but people on the national gas grid at least have access to social tariffs. Many people, particularly in rural Scotland, who rely on home fuel oil and propane gas do not have that option. Will he press DBERR and other colleagues in government to include those markets in Ofgem's regulation regime, to give them the option of social tariffs and some protection from spiralling prices?

David Cairns: I shall certainly draw that proposal to the attention of my right hon. Friend the Secretary of State. The hon. Gentleman mentioned the importance of social tariffs, and he will know that my right hon. Friend the Chancellor and the Chief Secretary have met the utility companies to discuss the expansion of the role of social tariffs to help people at this time.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD) *rose*— [*Interruption.*]

Mr. Speaker: Order. It is not the hon. Gentleman's fault: two oral questions have been withdrawn, because those who tabled them were called earlier.

Post Office Network

11. **Sir Robert Smith** (West Aberdeenshire and Kincardine) (LD): What recent discussions he has had with ministerial colleagues on the future of the post office network in Scotland. [216434]

The Minister of State, Scotland Office (David Cairns): It is for Post Office Ltd to shape the future post office network according to the minimum access criteria outlined by the Government last year, and it has been consulting on local area plans. I understand that the hon. Gentleman's area plan consultation closed on 8 July.

Sir Robert Smith: I thank the Minister for that answer, but what about the future of the Post Office? It is going through a programme of 2,500 closures, forced on it by the Government, and has the sword of Damocles hanging over it—the Government are to take away the Post Office card account by awarding it to rival competitors, meaning another 3,000 to 6,000 closures. Surely the Government should stand by the Post Office because it is the only organisation to provide proper rural access for pensioners to collect their pensions and benefits.

David Cairns: It is simply not the case that the Government are walking away from the Post Office. More than £2 billion of additional investment has already been put in, and £1.7 billion more additional investment has already been put in. We are extending universal banking so that people who live in rural areas can be part of the banking network.

People's shopping habits have changed. People are choosing to access their services either directly from their bank or building society or online. If the hon. Gentleman wants to deprive people of that choice, that is his look out, but it is not very liberal. We are not going to deprive people of that choice, but we will continue to invest in a sustainable and viable post office network.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [217081] **Norman Baker** (Lewes) (LD): If he will list his official engagements for Wednesday 9 July.

The Leader of the House of Commons (Ms Harriet Harman): I have been asked to reply. As the House will be aware, my right hon. Friend the Prime Minister is today at the G8 summit in Japan.

Norman Baker: We know that a third runway at Heathrow will be very damaging for the local environment and drive an aeroplane through the Government's carbon reduction targets. Has the Leader of the House seen the comments of Bob Ayling, the former chief executive of British Airways, who said:

"A third runway at Heathrow is against Britain's economic interests...It is likely...to prove a costly mistake"?

When are the Government going to put the public interest first and stop behaving like a wholly owned subsidiary of BAA?

Ms Harman: The Government are going to put both the economic interests of this country and the question of tackling climate change first. The hon. Gentleman will know that we are consulting on the question of Heathrow and considering a great deal of evidence. We will not make our decision until we have finalised and are satisfied by the question of the sustainability of the runway.

Mr. Don Touhig (Islwyn) (Lab/Co-op): The Government have a proud record of compensating miners who suffered as a result of their time in the pits. However, does my right hon. and learned Friend share my alarm that the vibration white finger group 3 scheme automatically assumes that claimants—often elderly miners—have exaggerated the time that they spent using vibratory tools, and cuts the hours in half and rejects the claims? Is that not an appalling abuse and age discrimination of the worst kind? What are the Government going to do to put it right?

Ms Harman: The Government have done a great deal to compensate those who, just by going to work, have suffered horrific injury and disease at their workplaces. We have made important steps forward on vibration white finger. I will look into the point that my right hon. Friend has raised, but I know that he will agree with me that it is very important that today the Government have issued their consultation paper on how we compensate those who have suffered from pleural plaques.

Mr. William Hague (Richmond, Yorks) (Con): Given the turbulence in the financial sector, my hon. Friend the shadow Chancellor proposed last year—the Chancellor has since agreed—that the amount of people's bank savings protected by the Government should rise from £35,000 to £50,000, and also that the system for paying out should be simpler and faster. Can the Leader of the House confirm when the Government intend to legislate to give effect to that proposal?

Ms Harman: The right hon. Gentleman will have seen in the Queen's Speech programme—the draft legislative programme—that there is a measure to ensure financial stability. At any time we are keeping under close review ensuring that we keep the economy on track. That is why although the economic situation is tough and threatens to get tougher, we will see the country through this difficult economic situation.

Mr. Hague: The Chancellor did say on 1 October last year:

"We will legislate in the forthcoming...session"—

that is, this Session—

"to implement this new regime."

Given the approach of an 11-week recess, would it not be prudent and reassuring to expedite that particular aspect of the legislation specifically concerned with deposit insurance and pass it into law as soon as possible? As there is cross-party agreement on the need for the measure, would the Government respond positively to an offer of help from the Opposition to ensure that the measure passes through Parliament before the summer recess?

Ms Harman: Of course, all offers of help from the Opposition to get our legislation through are very welcome. The right hon. Gentleman was in the Cabinet under the previous Conservative Government, so perhaps he knows a bit about the economy. Perhaps he will remember that when he was in the Cabinet—*[Interruption.]*

Mr. Speaker: Order. Let the right hon. and learned Lady speak.

Ms Harman: Since the right hon. Gentleman is offering Labour Members economic advice, perhaps I can remind him of the time when he was in the Cabinet. Was unemployment higher or lower than it is now? It was higher. Were interest rates higher or lower than they are now? [HON. MEMBERS: "Higher!"] Was debt higher or lower than it is now? [HON. MEMBERS: "Higher!"] I think that we will have help with our legislation from him, but we can manage without his advice.

Mr. Hague: It is a great pity that the right hon. and learned Lady cannot answer on this particular point. If she wants to be Prime Minister, she had better start acting like one. Since she says that the offer of support from the Opposition is welcome, will she at least undertake to consult her colleagues, the Chancellor and the Prime Minister, when he comes back from the G8, and come back tomorrow with a full and considered response that takes into account the instability of the financial markets, the length of the recess, the widespread agreement that something needs to be done, and the duty of the Government to reassure and protect the public?

Ms Harman: Of course I will consult my colleagues, and of course the Government will bring forward the necessary legislation. When it comes to manoeuvring, I want to know why once again the right hon. Gentleman has manoeuvred the right hon. Member for Maidenhead (Mrs. May) out of her job of answering the questions. Last time, I offered her some advice that clearly did not work. This time, my suggestion is that she should give up on the Tory party, go across Lambeth bridge to Lambeth palace, and apply to become a bishop.

Anne Snelgrove (South Swindon) (Lab): Will my right hon. and learned Friend join me in thanking the hard-working staff of Great Western hospital in Swindon, who have used extra funding from the Government to cut clostridium difficile cases to well below target? Will she ensure that matrons throughout the country have the resources to keep the NHS sparkling in its 60th anniversary year?

Ms Harman: I congratulate the staff at Great Western hospital and throughout the national health service on tackling hospital-acquired infection—that is important

work. The 60th anniversary of the national health service is an opportunity to pay tribute to its entire staff team, who have kept it going even when it was under-resourced and struggling, and to pay tribute to their work under the leadership of Ara Darzi. Two thousand clinicians have been involved in shaping a consultation paper for the way forward. I hope that we can not only thank all staff in the NHS for their work but invite them to help us to shape the way forward for the future of the NHS.

Dr. Vincent Cable (Twickenham) (LD): Does the Minister acknowledge the severity of the crisis in the housing industry, where leading private house builders are going bust, sacking 40 per cent. of their workers and dragging down the banks because they have an excess of unsold private houses? Will the Government therefore build up their sensible but pathetically small programme for acquiring property and give genuine freedom to councils and housing associations to acquire property in order to let it out to the 1.7 million people in housing need on waiting lists?

Ms Harman: I agree with the hon. Gentleman: the situation in the housing market is a grave cause for concern. That is why the Government have taken action and will take more. That is why we have ensured that the Bank of England has £50 billion to help with the liquidity situation; why we are building more social homes; why we are giving £200 million to the Housing Corporation so that it can buy houses that have been built but have not been able to be sold; and why we are helping first-time buyers by reducing stamp duty. I think that he would agree that the most important thing for housing for the future is to ensure that people can stay in their jobs, that employment remains high, and that inflation and interest rates remain low, and that is what we will attempt to do.

Dr. Cable: I acknowledge that the Housing Corporation proposal is a good one, but it is a drop in the ocean. Can the Government not get their priorities right? Instead of the Prime Minister lecturing us on what we should eat for dinner, and competing with the leader of the Conservative party to be the country's weight watcher-in-chief, should he not acknowledge that we have a deep crisis in the British housing market—probably the worst in our lifetime—which is leading into a serious recession? It is time that the Government accepted responsibility for dealing with it.

Ms Harman: I agree that the situation is serious, but I do not agree that it is like it was in the 1990s. The hon. Gentleman should acknowledge that it is important that we keep employment rates high and that we keep interest rates low. Those who are working hard in the construction industry, and in small and big businesses across the country, do not want the official Opposition, or any Opposition Members, to be talking the economy down at this point. Confidence is important.

Clive Efford (Eltham) (Lab): Does my right hon. and learned Friend agree that violent crime involving young people in London is one of the most important issues that confronts the capital? London MPs are contacting the Home Secretary, asking her to take the initiative and bring communities across London together, including young people, to discuss ways of solving this problem. They are doing that because of the woefully inadequate response of the Mayor of London. He was elected on a campaign that highlighted 23 deaths last year—what looked like a slick campaign now looks like a very sick campaign. As a fellow London MP, will my right hon. and learned Friend contact the Home Secretary, to bring together communities across London to find a solution to this very important problem?

Ms Harman: My right hon. Friend the Home Secretary will do exactly that. We all recognise that there is a serious problem with more young people, at ever younger ages, carrying knives in the street. It is a particular problem, as my hon. Friend said, in London and in my constituency. My constituents know that it is important that we have the right laws and that they are toughly enforced, and beyond that, that we work together to support parents, teachers, local communities and the local police. We have to tackle what we recognise is a growing and grave problem.

Q2. [217082] **Mr. Alan Reid** (Argyll and Bute) (LD): Millions of pensioners have chosen to collect their pensions through the card account at their post office. The contract for the card account must stay with the Post Office after 2010 and should not be given to PayPoint or the banks. When Ministers are asked about the matter, they keep waffling on about commercial issues and legalities. Will the Government please understand that the only organisation with a rural and island network is the Post Office? Will the Government stop dithering, act decisively and give the contract to the Post Office?

Ms Harman: Strict rules apply to public procurement, and rightly so. As a Minister, I could not be expected to comment in the middle of a contract procurement, but I can remind the House that the Post Office says that it has put in a strong bid for the Post Office card account. I would also remind the hon. Gentleman that this Government have put in unprecedented sums of public money to support the post office network, and we will continue to do so.

Q3. [217083] **Mr. John Spellar** (Warley) (Lab): Given the settled view of Parliament and the public that fox hunting should be banned, is my right hon. and learned Friend surprised that some are still suggesting that they should try to overturn that ban? Can she reassure me that that is not the policy of this Government, and in her reply, could she tempt the Opposition spokesman to make clear what his party's policy is?

Ms Harman: I know that the Leader of the Opposition wants to repeal the ban on fox hunting. This House decided, on a free vote, that fox hunting was cruel and should be banned. I voted in favour of that, and we all want to see the ban properly enforced.

Mr. William Hague (Richmond, Yorks) (Con): Since the Prime Minister's main message on the way to the G8 was indeed not to waste food, does the Leader of the House agree that it is important for Departments to set an example on these things as well?

Ms Harman: Yes, it is important for Departments to set an example, but whoever the Prime Minister might look to for dietary advice, the last person would be someone who thinks that a good diet is 18 pints a day.

Mr. Hague: None of that was ever wasted, I can assure the right hon. and learned Lady.

Is it not astonishing, given the Prime Minister's comments, that expenditure at the Treasury—to take a Department at random—on hospitality, including food, in the period when the Prime Minister was Chancellor of the Exchequer more than trebled? Is not that a spectacular case of preaching one rule to the country and practising another behind the closed doors of government?

Ms Harman: No, I am sure that it is absolutely nothing of the sort.

Mr. Hague: Maybe the Leader of the House can agree with this: is there not something supremely ironic about being lectured about food waste by a Prime Minister who is past his sell-by date? Is not that yet another example of treating people like fools, and of preaching prudence but practising profligacy and waste? Is not that why the whole country is sick of the Prime Minister, and may I speak for the whole House in wishing the right hon. and learned Lady well in her campaign to be rid of him?

Ms Harman: The right hon. Gentleman should not underestimate the Prime Minister, a man of true grit and determination, who will see the country through the difficult circumstances. I thank the right hon. Gentleman for his kind comments about me, but his suggestion is not possible because there are not enough airports for all the men who would want to flee the country.

Q4. [217084] **Derek Wyatt** (Sittingbourne and Sheppey) (Lab): In 2020, it looks as though the Chinese economy will overtake the American economy. Yet, ironically, China is not represented in the G8 in Tokyo today. Given that the G8 may expand to become the G14 or the G22 and that we also have the OECD, does it make sense for there to be a merger between the G8—or G14 or G22—and the OECD in the near future?

Ms Harman: My hon. Friend makes an important point. As he knows, the Prime Minister is taking a leading part in the discussions in the G8 today. In Japan today, the G8 is talking to more countries, including China, Brazil, South Africa, India and Mexico as it looks to widen the outreach of its policies in the world. We can expect that approach, in which the Prime Minister will take a lead, to continue in future.

Martin Horwood (Cheltenham) (LD): My constituency files include two particular cases of serious crimes for which the victims deserve our sympathy and support. Will the Leader of the House ask the Prime Minister to look into them, and in the process explain why, when our prisons are full to bursting, public finances are under pressure and others are being released early, the two prisoners in those cases are set to join more than 700 others on indeterminate sentences, who are serving more than their sentence tariff and have no prospect of getting into the institutions or on to the courses that will help them reform and enable them to be safely released?

Ms Harman: I will bring the individual cases that the hon. Gentleman raised to the Prime Minister's attention. However, we must recognise that we need to take a tough approach to crime, and we have done that. Crime has fallen since we came into government, and more criminals are being caught and sent to prison for longer terms. That is why we have increased the prison building programme. As well as sending those who have committed offences to prison, we need to try to ensure that, while they are there, they are rehabilitated so that when they leave, they do not commit further offences.

Q5. [217085] **Nigel Griffiths** (Edinburgh, South) (Lab): Does my right hon. and learned Friend feel some concern about the loss of bursaries and grants to low-income students, if the income of a new partner of their parent is taken into account? Will she condemn the impact of that on thousands of students in Scotland, as a result of Scottish National Administration policy?

Ms Harman: The leader of the Scots nats in Holyrood does not turn up much in this House, although he continues to be a Member and draw his salary. I had the opportunity to see him talking about this issue on television earlier this week. It is absolutely clear that he does not intend to keep his promises on student support, that he does not intend to keep his promises on police numbers and that he does not intend to keep his policies on reducing class sizes. So, scarcely a year after the election, why should anyone trust the SNP with any of its promises?

Q6. [217086] **Andrew George** (St. Ives) (LD): The Prime Minister knows, because I met him recently to discuss it, that second home purchases outstrip first-time buyers in my area by a factor of three to one. Can the Leader of the House tell us how much it will cost this year to fund the capital gains tax breaks for second home purchases? Does she acknowledge that the thousands of families who are desperate to gain their first home will effectively contribute to that benefit through the abolition of the 10p rate?

Ms Harman: I shall get the Chancellor to write to the hon. Gentleman with those specific figures. One of the things that is very important for first-time buyers, in addition to the points that I made in reply to the hon. Member for Twickenham (Dr. Cable), is that we need to have more house building in this country. That is why we have brought forward our plans for eco-towns. I hope that the hon. Member for St. Ives (Andrew George) and other hon. Members who are concerned about the opportunities for first-time buyers will back those plans.

Q7. [217087] **Sarah McCarthy-Fry** (Portsmouth, North) (Lab/Co-op): As we celebrate the 60th birthday of the NHS, will my right hon. and learned Friend join me in congratulating everybody who is celebrating their 60th birthday this year, including Fran Fox from Portsmouth, who not only shares the birthday of the NHS, but has worked for the NHS for 40 years? Does my right hon. and learned Friend agree that the hard-working staff are the backbone of the NHS and how does she think it will best survive the next 60 years?

Ms Harman: I would like to send my congratulations, through my hon. Friend, to Fran Fox, working in the health service in her constituency. The way that we can best ensure the future of the national health service is to

ensure that we build on the commitment and dedication that the NHS staff have shown over many decades and that we help them carry on with their remarkable work.

Q8. [217088] **Mr. John Baron** (Billericay) (Con): Most coups take place when the leader is abroad, as my party is only too aware. Given the Prime Minister's absence today, what help does the right hon. and learned Lady need?

Ms Harman: What we are concerned about is this. We are in government in order—*[Interruption.]* The hon. Gentleman might be in Parliament to ask daft questions, but we are in government in order to understand the concerns that families in every constituency are facing, to recognise the problems and to address them. That is what we are focused on and that is what we will get on with doing.

Ms Dari Taylor (Stockton, South) (Lab): My right hon. and learned Friend will know that this week we are celebrating 30 years of successful in vitro fertilisation. She will also know that the celebration is somewhat less than it should be, because National Institute for Health and Clinical Excellence guidelines are not being put in place on fertility treatment. Only nine primary care trusts are putting them in place; shamefully, 143 are offering either less treatment or none at all. Will she do all that she can to ensure the full implementation of NICE guidelines, accepting, as every Member of this House does, that all that those people want is to have a happy family?

Ms Harman: I congratulate my hon. Friend on her work as chair of the all-party group on infertility. She has always made it clear that infertility treatment should be available for everyone and not just for those who can afford it, and that its provision on the NHS is important. We recognise that there are inequalities in provision, however. We are monitoring the provision by primary care trusts, and that is something that we need to take forward. This is about people's right to a family life, and there should not be a postcode lottery.

Q9. [217089] **Mr. John Randall** (Uxbridge) (Con): I have heard Ministers, and even the Prime Minister, saying many times that there would be no further expansion of Heathrow unless the proposals met strict environmental limits. Will the right hon. and learned Lady therefore tell us why her Government are asking for a derogation on air quality because they cannot meet the air quality controls around London?

Ms Harman: My right hon. Friend the Secretary of State for Transport reminds me that we have set out a range of issues, including carbon emissions and air quality, in a number of detailed technical documents for public scrutiny and consultation. We have received many thousands of responses to that consultation, and we will make a decision in due course. In relation to the policy of the official Opposition, half of them are in favour of such proposals because they want economic expansion, while the other half are totally against them. We are ensuring that we build the economy while also protecting the environment.

Fiona Mactaggart (Slough) (Lab): Members on both sides of the House will welcome the tough leadership that the Prime Minister has shown at the G8 on Zimbabwe. I believe that the House is united on that issue. However, there are a number Zimbabweans in Britain who are unable to return to Zimbabwe but who have no source of income. Will my right hon. and learned Friend discuss with the Home Secretary whether it would be possible to give Zimbabweans who are trapped in Britain the right to work in order to earn an income, before they return to Zimbabwe when that country is free?

Ms Harman: My right hon. Friend the Home Secretary says that she will be having meetings about precisely that issue this afternoon. I can reassure my hon. Friend that there will not be any forced removals to Zimbabwe during the current situation. Further to that, the Prime Minister has been leading on the question of seeking to ensure that the votes of people in Zimbabwe at the election, which has been denied by Robert Mugabe, will be respected. Following the discussions at the G8, which has sent forward a strong message about Zimbabwe, further action will be taken at the UN shortly.

Q10. [217090] **John Barrett** (Edinburgh, West) (LD): Why have this Labour Government chosen to continue the work of the previous Conservative Government this summer, with their plans to decimate the post office network in the city of Edinburgh?

Ms Harman: I have to tell the hon. Gentleman that the previous Conservative Government did not put one penny of public money into the post office network, so we are absolutely not continuing their work. On the contrary, we have put £2 billion of public funds into the network already, and we will put in £1.7 billion more in order to sustain the important post office network.

Anne Moffat (East Lothian) (Lab): I am sure that my right hon. and learned Friend will agree that Fathers 4 Justice does its case absolutely no good by engaging in the thuggery and ridiculous actions that are now taking place. Will she and the rest of the House condemn it and say that it is never going to get its way if it behaves in such a vile manner?

Ms Harman: I thank my hon. Friend for her comments and I agree with her.

Q11. [217091] **Peter Bottomley** (Worthing, West) (Con): May I associate Opposition Members with the remarks that have been made?

On the national health service, the Labour party was the third party to agree with the Beveridge proposals. Now, the national health service probably employs more part-timers who will be affected by the 10p tax rate abolition than any other organisation. When are the Government going to ensure that part-time people, especially women, and including those in the health service, get the compensation that the Prime Minister has said will come to them?

Ms Harman: As the hon. Gentleman well knows, the Chancellor has already set out the package of £2.7 billion, which will help 22 million people. That will go not only to those who lost out through the abolition of the 10p rate, but also more widely. The thing that has most helped low-paid workers, particularly those who work

part time, is the national minimum wage, which the hon. Gentleman voted against.

Q12. [217092] **Mr. David Clelland** (Tyne Bridge) (Lab): Is my right hon. and learned Friend aware that many working men's clubs and other private clubs in communities up and down the country are struggling, not least because of recently passed legislation that is well-meaning but is nevertheless having a detrimental effect on their operations? Will she agree to convene a meeting of relevant Ministers with the all-party group to discuss how we can keep these clubs as a force for good at the centre of all our communities?

Ms Harman: I will agree to convene a meeting such as my hon. Friend proposes. I agree that clubs are often at the very heart of their communities and we want to do all we can to support them. In fact, I will ask my right hon. Friend the Secretary of State for Communities and Local Government to take that meeting forward.

Communities in Control

12.31 pm

The Secretary of State for Communities and Local Government (Hazel Blears): With permission, Mr. Speaker, I would like to make a statement about "Communities in control—Real people, real power", a White Paper that sets out the Government's proposals to pass more influence, power and control to local communities and citizens.

As we reflect on the founding of the national health service this week and celebrate the achievements of this most civilised of British institutions, it is worth reminding ourselves that the NHS came about because of democratic politics. It is as much a testament to the powerful potential of politics as it is a testament to our common bonds of humanity. Like most noble achievements, the NHS was not a product of a cosy consensus; it was the product of a titanic political struggle.

Those of us elected to this House would do well to remind ourselves from time to time of the great struggles for democracy in this country. We should remember the ordinary soldiers who stood and debated with their generals at St Mary's church in Putney during the English civil war, the families who gathered at St. Peter's field in Manchester in 1819 to support parliamentary reform and were trampled and killed by the cavalry, the textile workers and miners who met on Kersal moor in my own constituency in 1838, the women who faced prison and even death to win the right to vote in the early part of the last century, and the men and women who fought and defeated fascism 60 years ago.

Whenever we risk taking our democracy for granted, we should recall the brave men and women on whose shoulders we stand, and give thanks for their fortitude and courage. When we look around the world, from Burma to Zimbabwe, we should recognise that the struggle for democracy is universal and that the drive for people to want to control their own lives is part of human nature.

This White Paper represents some significant steps forward towards giving local people a greater say over their lives and greater control over the forces and decisions that shape their neighbourhoods. I am convinced that in the coming decades, people will expect and demand much greater power within the political system. There is a tide of history flowing in the direction of greater democracy, and all of us who are part of the political system would do well to understand it, anticipate it and adapt our system to take account of the change that is coming. We are building on the devolution and decentralisation already enacted by this Labour Government—devolution to Scotland, Wales and London, more powers and resources for councils, and more ways for citizens to play an active role—but we need to move further and go faster.

The White Paper has two broad aims. The first is to rehabilitate local political activity as a worthwhile activity, conducted by decent people in pursuit of noble aims. We cannot function as a democracy without strong local democratic institutions and vibrant political parties in every area. Local authorities have a vital role. There are now many excellent examples of councils being at the heart of local democracy, and that should be the case everywhere.

Secondly, we must pass more power to local people so that they feel that if they get involved, it will be worth their time and effort. People are perfectly rational. They will get involved if they can see the change that they make, and if they do not, they will soon fall away. People are not apathetic: almost 70 per cent say that they want a bigger say in how the country is run. People want to be involved, but the structures and cultures of politics sometimes alienate them. They are disengaging themselves from the political process because they feel that they lack power. It is also crucial for young people to become involved, because our democracy rests on future generations being part of the process.

The White Paper will contain measures to enhance local democracy, but the Government are also committed to offering the public more opportunities to influence national decisions. Today the Minister of State, Ministry of Justice, my hon. Friend the Member for North Swindon (Mr. Wills), will publish a discussion paper providing a national framework for greater citizen engagement and suggesting mechanisms for involving the public in debates and decision making on national issues.

So what do we propose at local level? First, we want to place a new duty on councils to promote democracy. They will have to run campaigns to register voters, explain voting to local people, work with schools to explain local councillors' roles, and train staff to be able to say which group controls the council, how to register to vote and when the next elections are. Councils should be vibrant hubs of local democracy, not units of local administration. We will allow councils to provide incentives to encourage more people to vote, perhaps entering voters in a prize draw.

Alongside the White Paper, we are publishing our response to the report by Jane Roberts's Councillors Commission on the barriers and incentives to becoming and remaining a councillor. Many of Jane's ideas are incorporated in the White Paper.

There will be a range of measures to increase visibility and accountability in local services. We will raise the profile of overview and scrutiny systems, which should be analogous to the Select Committee system at national level. Local public officials will need to appear before regular public hearings, and there will be a new right to petition to

hold local officers to account at public meetings. There will be a consultation on making it easier to demand a referendum on whether to have a directly elected local mayor—[Hon. Members: "We've had enough of them!"] We shall see. The consultation will be about making it easier to demand a referendum on whether to have a directly elected local mayor, for instance by accepting electronic petitions.

We are also announcing a review of redress when things go wrong in council services. The review will consider the way in which redress is being used across the public and private sectors, and will make recommendations on how it can be used better in local public services to improve satisfaction and service delivery.

We support the provision of more councils at community level, such as parish and neighbourhood councils, and will introduce a new right for local people to appeal to the Secretary of State if their council denies them the opportunity to establish a community council. We will

[Hazel Blears]

introduce a national system to recognise the contribution of councillors who have served two full terms, by giving them the title "Alderman" or "Alderwoman". [HON. MEMBERS: "Oh!"] That is fine. Some Members of Parliament would be entitled to use that title—*[Interruption.]*

Mr. Speaker: Order. Hon. Members must allow the Minister to speak.

Hazel Blears: We will revise the so-called Widdicombe rules, which restrict council officers from political activity, and allow more council officers to engage in political activity if they choose to do so. We will also consult on extending the right to time off for public duties to a broader range of public service roles.

The Government support the vital democratic contribution of the voluntary sector. We will launch a £70 million communitybuilders scheme to support community organisations. We will also remove some of the barriers preventing faith-based organisations from supplying goods and services to local authorities. There will be a £7.5 million empowerment fund for national third sector organisations to establish innovative schemes, particularly for young people who would otherwise not have the opportunity to gain vital community leadership skills and become involved in planning and social enterprise. My Department's social enterprise unit will be launched in the autumn.

Petitions have been a well-understood part of our public life for centuries. They represent a recognised method of aggregating views into a single collective voice. They are so simple that even young people and children can take part. Many local authorities handle petitions very well. However, we want all of them to do so at the level of the best, so we will place a duty on councils to respond to all petitions, and if a petition has the support of more than 5 per cent. of the local population there will have to be a debate in full council.

Petitions will help local people to direct their council to clear away abandoned cars, build a new road crossing, introduce traffic calming measures or deal with an empty property. Councils will also act as community advocates, for example for petitions relating to NHS primary care trusts.

I am convinced that there is no conflict between representative and participatory forms of democracy. They are mutually reinforcing, and the best councillors are the ones who are in touch with the views of their community. We want to build on the success of participatory budgeting schemes, which allow local people to have a real say over how local investment is made, including in youth, community safety and health budgets.

We hear many negative things about young people today, and we are told that they have rejected mainstream politics. We need to do far more to harness their energy and their desire for social action and involvement. We will open up Government to young people and support a range of innovative programmes to help them become effective leaders of tomorrow.

We all understand that not everyone wants to become an active citizen, but none the less there are millions of people in Britain who want to do more for their communities but lack the platform on which to stand. We will transfer more assets—such as community centres, street markets, swimming pools, parks and land—to local community ownership. We want to see more local co-ops and mutually owned groups running local services. A new asset transfer unit will be established to speed this up. We also want to see more social businesses, and we will encourage councils to ensure that social enterprises are able to compete fairly for contracts.

This White Paper takes us further on our democratic journey, but this is not the last word. We are changing here the terms of the debate. We will continue to strive for greater reform, devolution and accountability, because that is what people increasingly want and demand, and because it is the right thing to do. I commend this White Paper to the House.

Mr. Eric Pickles (Brentwood and Ongar) (Con): I am grateful to the right hon. Lady for giving me advance sight both of her statement and of this essentially harmless White Paper. Until her statement, I thought I was the one who was advocating "Just say no" to the right hon. Lady, but it appears that her colleagues in the Home Office and the Department of Health have taken the very life out of these proposals, and have found it remarkably easy just to say no to Hazel.

May I rise to the right hon. Lady's defence and support a number of the measures in this document? We agree that there is a strong case for more city mayors where they are supported by local people. The hurdle for a community to get one is far too restrictive, but as the people of Bury decided last week, local choice must be paramount. However, why is the right hon. Lady so timid in allowing mayors just to join police and crime reduction partnerships? Why does she not go all the way and give them real control over policing?

The right hon. Lady calls for online petitions, but if she is such a supporter of e-democracy, why is her Department axing all funding for the International Centre of Excellence for Local eDemocracy? Does she not appreciate that that centre has been instrumental in helping local community groups and parish councils establish and publish community websites, and that it is the only organisation offering impartial advice?

We support devolving the management of services to local groups, and the strengthening of social enterprise is very welcome. However, a rag-bag of proposals is no substitute for policy. Does the right hon. Lady not understand that there is a contradiction in stripping local authorities of real powers in planning, housing and waste and transferring them to an unaccountable quango, and in replacing them with a few toys, few of which will see the light of day? It is less than a year since the last local government Act received Royal Assent. How many of the community provisions from that Act have commenced, and why has the community call for action introduced way back in the Police and Justice Act 2006 never been implemented?

The right hon. Lady mentioned that in order to encourage people to vote, their names will be entered into a prize draw. Will she confirm that the booby prize for such a draw would be a Labour councillor, especially when, under a scheme announced on page 137 of the White Paper, she suggests that councillors should be allowed to vote in meetings from the comfort of their armchairs, without being put to the inconvenience of meeting a voter? That is hardly an inducement for people to vote.

The Secretary of State calls for residents to be given a £10 rebate on their rubbish if it is not collected on the right day, but that pales in comparison with the £75 fines issued by Government bin bullies for putting out rubbish the evening before collection or—heaven forbid—not shutting the bin lid correctly. What is the point of a £10 rebate on a missed bin when families face £200 charges on top of their council tax?

I know that the Labour party is having difficulty finding candidates, but allowing staff to become councillors is partisan. It would be a return to the sweetheart deals in which officers and councillors swapped roles on a tit-for-tat basis. Such examples of jobs for the boys brought so much corruption to local government. This is jobs for the boys masquerading as human rights. We believe that it is in the public interest for the roles of officer and councillor to be separated, and we will make reversing the Secretary of State's policy a high priority after a change of Government. Will she ensure that any officer who takes advantage of this arrangement understands that after the law is reversed, they will have to either find alternative employment or create a by-election by the next annual round? We will also oppose her desire to reintroduce propaganda on the rates.

If petitions are to play a more important role, does the Secretary of State realise that listening to them will be all the more important? The Government have ignored petitions on post office closures, polyclinics, a referendum on the European treaty and the congestion charge. What is the point in a council having a duty to respond to petitions if it has been stripped of its powers to make any difference? The Government have stripped away local accountability in planning, housing and waste. They have created a democratic deficit that this White Paper is inadequate to fix.

The Secretary of State started with a reference to the Putney debates and the Peterloo massacre, and ended by offering the inducements of a scratchcard for voting and the title of alderman for ex-councillors. That the Government should come to this is genuinely and truly sad.

Hazel Blears: I welcome the damascene conversion of the hon. Member for Brentwood and Ongar (Mr. Pickles) to having more city mayors. I can only presume that he has been under intense pressure from the leader of his party, who has been a champion of having more mayors. I am delighted that the hon. Gentleman has seen the light and decided that that form of leadership is the right approach.

I also welcome the hon. Gentleman's welcome for some of the powers for the voluntary sector, but it is this Government who are providing resources, back-up and support to the sector in partnership, instead of seeking to push services on to the voluntary sector as an abdication of local and central Government responsibility to provide services for some of the most vulnerable people in our communities.

The hon. Gentleman mentioned the issue of police and crime. My White Paper contains a reference to an increased role for mayors in addressing crime and community safety. He will see much more detail in the police Green Paper, which is likely to be published shortly. We mean to ensure that local people have much more say on crime, and on health, in which they also have a significant interest.

The hon. Gentleman will also see that the White Paper contains models for increasing primary care trust accountability. Those are very interesting and will be welcomed by local people who are keen to see commissioning in the health service take place at local level, so that they can influence it more.

The hon. Gentleman also welcomed the development of social enterprise and asset transfer. Again, he talks the talk, but it is this Government who are turning that into reality, with massive programmes in the health sector to encourage social enterprise. GP practices are increasingly adopting a social enterprise model. A GP practice close to me now provides appointments first thing in the morning at 7.15, and late night appointments at 8.30. That is what the public want to see, and that is why we have to be more adventurous in the models that we adopt.

The hon. Gentleman has raised the issue of councillors being able to vote remotely. This is a consultation, but all our parties desperately need better, higher-quality people to come forward as candidates. People often have responsibilities to manage in their homes and family lives. If someone represents a rural area, it often takes them a tremendous amount of time to get to meetings. We have to be braver. I encourage the hon. Gentleman to have a little courage, a bit of imagination and a little creativity. His recipe is simply for more of the same, but the turnout in the last set of local elections was 35 per cent. Even in the London mayoral election it was only 45 per cent. Unless we are prepared to have courage and convictions and to do things differently, we will see this disaffection and disengagement from local politics continue, to the detriment of all our political parties and of democracy in this country.

The hon. Gentleman mentioned the Widdicombe changes. I do not think that it is fair for a highways engineer who does not advise the council and has no role on policy, but earns £33,000 a year, to be barred from any democratic political activity because of that. It sends out the wrong message. It is right to correct that situation, which was caused by the previous Government.

Finally, the hon. Gentleman said that we had stripped powers away from local government, and that if we gave it more powers, that would be the answer. *[Interruption.]* Let me just say this to the hon. Gentleman: he seems to have had a bout of amnesia. In the past 12 months, we have reduced the number of national targets from 1,200 to fewer than 200. We have negotiated local area agreements and there are £5 billion-worth of un-ring-fenced funds. We have given local authorities the right, through the duty to co-operate, to draw together health, police, local councils and Jobcentre Plus, and we have given them excellent new tools to tackle antisocial behaviour. That is one area where local councils can make a difference, and that is where they need to put their efforts.

Mr. David Blunkett (Sheffield, Brightside) (Lab): I congratulate my right hon. Friend not only on her proposals but on her energy, commitment and advocacy, her bottom-up approach and her drive to empower local people. I reassure her that the shadow Secretary of State was entirely wrong when he proclaimed that it was easy to say no to Hazel; I have never found it easy to say no to her. I hope that my colleagues will not, either.

[Mr. David Blunkett]

I welcome the new money and resources to empower local people through capacity building at local level and through community leadership. Will she say a little more about whether that could be used to reinforce the experiment of guide communities, so that those who have been so successful in neighbourhood renewal could spread their best practice to other parts of the country and ensure that in reality people can take control of their lives and futures, from the bottom up?

Hazel Blears: My right hon. Friend has a lot of previous history on this agenda, from as long ago as when he was a local councillor in Sheffield seeking to empower local people. I can certainly assure him that the £70 million communitybuilders fund and the £7.5 million empowerment fund will be about increasing people's capacity to participate in decisions and shape their own future.

He knows, as I do, of the excellent work at Perry Common in Birmingham, in Balsall Heath, in the Goodwin Development Trust in Hull and in our communities where local people are striving, sometimes against the odds. It is about time that national Government got behind those local people and gave them the ability to reach the potential that they undoubtedly have.

Julia Goldsworthy (Falmouth and Camborne) (LD): I, too, thank the Secretary of State for advance notice of the White Paper and of her statement this morning, and also for the advance notice of the proposals, which have been trailed for the past six months. Although a lot is already in the public domain, I am not sure whether all her Back Benchers feel involved in the process and empowered as a result of the policies.

This is something that has been hyped for quite a long time, and it is difficult to see what the fuss is about. There is little to disagree with, because the proposals are so limited in scope, ambition and vision. The fact that the Secretary of State drew parallels with historic struggles for democracy was quite tasteless, and threw into relief the timidity of her proposals. How can she compare e-petitions with people who made the ultimate sacrifice to try to achieve democracy?

Can the Secretary of State confirm that many local councils, many of which are Liberal Democrat, are many steps ahead in this process? For example, Newcastle is already undertaking participatory budgeting involving people as young as three. Kingston council has a petition power, whereby petitions lead to debates in the chamber. When will the Government make proposals to do the same in this place? Councils already transfer assets to different community groups, but that is often used as a way of palming off white elephants and getting rid of financial liability. How is that innovative and new?

Does the Secretary of State accept that there is nothing in the proposals to undo the damage inflicted on local authorities and communities by this centralising Government? Is not the introduction of a duty to promote democracy in councils an admission that the withdrawal of power and resources from local government has disempowered communities and reduced voter turnout? Today's proposals are trying to treat the symptom, not the cause. Many of my constituents have been more than happy to participate in the parish planning process but they have been turned off by the inability to turn any of their proposals into reality.

Of course it is important that councils share best practice so that all members of the community are involved in decision making. That should happen not just through endless, fruitless consultation but through getting people involved in setting priorities and making decisions. Today seems to me to be about adding a new buzz word, "involvement", to the local government lexicon, alongside "consultation", "engagement" and "empowerment". It will not be enough to convince people that their views will have an impact on centrally imposed Government decisions on subjects from eco-towns to post offices.

Have the Government learned their lesson? If so, why are there no measures to close the accountability gap in so many unaccountable regional and powerful quangos, such as regional development agencies, strategic health authorities, learning and skills councils and primary care trusts? Should not other Departments have a duty to be involved in putting communities in control?

Why is no duty to devolve placed on the Government? There is endless scope for resources and decisions to be pushed away from Whitehall. The statement would have been an opportunity to do that, but it has been missed. Finally, why was there nothing in the statement about implementing the Sustainable Communities Act 2007, which was the result of a grass-roots campaign to put bottom-up decisions in control? Why is there nothing about giving councils control over their finances so that they are not dependent on Whitehall handouts? If the Government believed in devolution, they would put their money where their mouth is.

The test will be whether people wake up tomorrow, or next year, and suddenly feel that their world has been revolutionised by today's White Paper. Does the Secretary of State think that she has achieved that? Unfortunately, I think not.

Hazel Blears: If the real test of any announcement was that people would wake up within 24 hours and feel that their world had been revolutionised, that would be a fairly high test for anybody. I entirely accept that this is part of a journey, as I said in my statement. It is not the last word. Over the next few decades, the tide of politics will mean that people will want more involvement, control and power. It is up to us to try to facilitate that process.

I agree with the hon. Lady that many local authorities are doing excellent work on this agenda, with a lot of support and back-up from the Department, whether through participatory budgeting or the transfer of assets. That is confounding people's scepticism about the agenda, as it is shown to work in practice. I want to try to ensure that the rest of the local authorities learn from that practice, adopt it and get that tide, swell and critical mass of people who can make a difference. Then we will see the change. We will see that people's lives are very different once everybody is doing that as a matter of course.

The hon. Lady talked about putting our money where our mouth is, but there are significant funds in this White Paper, particularly for the voluntary and community sector, to encourage sustainability. One of the sector's

biggest complaints is that it has to go round every 12 months looking for funding from local authorities, and is in a supplicant position, going round with a begging bowl. If we can get the sector to stand independently with community land trusts, with co-operatives, with social enterprises, and with independent income streams, that will be a prize for our communities. The hon. Lady talked about the assets being transferred as a white elephant—but I have made it clear that this is about the jewels in the crown, not simply about things that are failing, because I want people to succeed with this agenda.

Finally, the hon. Lady said that there was little to disagree with in the White Paper. I am not surprised. This is the right thing to do, because people want to see it happen. Our responsibility is to try to ensure that it happens across the country. I draw her attention to page 28. When she gets to read the document, she will see that that extends the duty to involve to a range of organisations, including the police, the regional development agencies, which spend billions of pounds of public money, Jobcentre Plus and a range of other organisations.

Mr. Ronnie Campbell (Blyth Valley) (Lab): The Secretary of State has talked about local democracy, but I remind her what happened in Northumberland. We had a referendum on introducing a two-tier unitary authority, a proposal which gained about 57 per cent. of the vote. Unfortunately, the Department in which she was then a Minister forced a single unitary authority on us. Where is the democracy in that?

Hazel Blears: My hon. Friend will accept that the unitary authority proposals came from communities and local authorities. They were not imposed from the top, with central Government saying, "You must have unitary authorities." Communities were asked whether they wanted to put forward proposals on local governance, so that the proposals could be tested to see which would be the most effective. Obviously, decisions were made in respect of the local authorities to which he has referred, but the process was from the bottom up.

Mr. David Curry (Skipton and Ripon) (Con): The statement resembles an extremely cheap cup of cappuccino, with a huge amount of froth but no detectable coffee—I suppose that the next proposal will give people air miles for voting. Leaving that aside, will the Secretary of State assert very clearly that local democracy depends on people being representative? It does not matter how low down an organisation is, or how small the assets that it is managing, the line of accountability to representative bodies must be very clear. Will she assert that principle, as waste is waste, whether it involves £20 billion, which is what the Government specialise in, or tuppence-ha'penny?

Hazel Blears: I absolutely confirm that the White Paper places an emphasis on the representative democracy that is at the heart of our democratic system. Over the past 12 months, I have been trying to establish that involving more people in more decisions is not a threat to representative democracy, but a chance to strengthen it. I am worried that political systems are becoming remote from ordinary people, who feel that it is difficult to break into them. I want to make sure that people feel more connected and that politicians in their communities are listening to what they say and acting accordingly. That is vital, if we are to rebuild the bonds of trust, which the right hon. Gentleman, like me, considers to be extremely important to our democracy.

Mr. Dennis Skinner (Bolsover) (Lab): In the past, battles were fought and blood was spilled to get the vote and for collective responsibility, but I know of no evidence that people have quarrelled even once in any high street in Britain about having a lord mayor. People did not fight for something that is the very opposite of collective responsibility—it is nothing more than an example of the development of the cult of personality. If my right hon. Friend wants to help local government and get more people to participate, she should ensure that some of the power taken from local authorities over about 35 years is handed back to people who are elected. As for e-petitions, may I caution her that they do not amount to collective responsibility? They are more like instant gratification, which, sadly, pervades every element of our society.

Hazel Blears: As ever, my hon. Friend makes some important and considered points. The proposal on e-petitioning will be subject to consultation, as I am conscious that we do not want a one-click democracy. It is important that issues are debated as well. He has said that there has been no debate about lord mayors, but we are talking about elected mayors with executive authority—

Mr. Skinner: I know what we are talking about.

Hazel Blears: I know that my hon. Friend understands that—

Mr. Skinner: The problem is that they call themselves lord mayors when they get in.

Hazel Blears: There are only 12 in the whole country at present, so it is difficult to draw broad lessons. However, on Tuesday I was in Lewisham with young people and their directly elected mayor, whom they see as "our mayor" and with whom they have a personal relationship. I know that this area is controversial, but people who want a bigger say want a directly elected representative. Accountability must be very transparent indeed, and people need to know that the person turning the vision for their community into action is someone for whom they voted at the ballot box. They must be able to call that person to account. That is the inevitable tide of politics.

Mr. Douglas Carswell (Harwich) (Con): The Government are right to recognise the need for more direct democracy and radically to devolve power to local people. However, does the White Paper contain measures to devolve control over local government finance to local people or to ensure locally accountable police chiefs? Does it contain a right of initiative, rather than merely a right to petition and trigger town hall talk? Without such steps, the White Paper just pays lip service to localism—it does not have the Levellers behind it, so much as Sir Humphrey Appleby.

Hazel Blears: The hon. Gentleman is on the enthusiastic wing of his party when it comes to local democracy, but I am not sure whether the hon. Member for Brentwood

[Hazel Blears]

and Ongar (Mr. Pickles) necessarily agrees with all his proposals. As I said earlier on police accountability, the White Paper contains a commitment to establishing a directly elected element in the police system. The details will be spelled out in the police Green Paper. Where there is a mayor, they will assume the role of the directly elected person in the police system, which is a significant step forward towards greater transparency and accountability.

The hon. Gentleman asked whether there would be more local influence on local government finance, and that debate will no doubt run and run. We recently signed a concordat with the Local Government Association that for the first time sets out the rights and responsibilities of central Government and local government. Again, that is a significant step forward. As I said earlier, in the past 12 months there has been a significant move towards giving people at the local level more space to do what they really want and freeing up local councils to respond accordingly.

As for local initiatives and referendums, local people can petition for participatory budgeting. That is a big step forward in the devolution of power, and the White Paper contains details about the community justice initiatives that we want to pursue. Under them, local people will get the right to vote on high-visibility community punishments. That approach is being piloted in Liverpool and Salford, and it is proving a great success.

Lynda Waltho (Stourbridge) (Lab): I congratulate my right hon. Friend on her statement and the White Paper. The ideas on empowerment and holding councillors and officers to account will be welcomed in Stourbridge, where Tory-controlled Dudley council has closed leisure centres, schools and libraries with no consultation. This week, the council has cut services to the elderly and doubled the price of meals on wheels, also without consultation. Will she undertake to come to my constituency to see the damage done by the Tory-controlled council and to show Dudley how to clean up its act?

Hazel Blears: I should be delighted to visit my hon. Friend's area to discuss what action can be taken on those very serious matters. The White Paper's ideas on petitioning and calling for action from councillors will increase local people's ability to force matters to be debated in public and to secure a proper response. They will empower her local community in a way that is markedly different from what happens at present.

Sir Alan Beith (Berwick-upon-Tweed) (LD): When the right hon. Lady spoke about the NHS and consensus, she seemed to overlook the point that the proposals carried through by the Labour Government were originally put forward by my Liberal predecessor as MP for Berwick, Sir William Beveridge. Why is today's statement mainly about rules for the conduct of council business and not about transferring power from central Government to local government? Is her Department still dominated by the attitude described by the hon. Member for Blyth Valley (Mr. Campbell)? He pointed out that, when Northumberland people voted for what they wanted, the Government gave them the opposite.

Hazel Blears: This White Paper is about transferring power to citizens and communities. It does not profess to be about transferring power to local authorities. In 2006-07, the White Paper and the Local Government and Public Involvement in Health Act 2007 amounted to a dramatic shift, with local area agreements freeing up councils through grants that are not ring-fenced. The council thus became the central, democratically elected organisation co-ordinating the whole range of public services, which represented a significant degree of devolution from the centre to the locality. The focus of the White Paper is to ensure that part of the deal is completed, meaning that if there is to be more devolution to local authorities, which there should be, they have a responsibility to devolve power more and more to local people and communities, so that they, too, absolutely feel part of our revived and more vibrant democracy.

Dr. Tony Wright (Cannock Chase) (Lab): Apart from the proposals for referendums on directly elected mayors, does my right hon. Friend think that there is a role for the greater use of local referendums in respect of putting people in control?

Hazel Blears: Yes; there is a provision for neighbourhood councils to hold local polls, and I want to do more work to find out the appropriate area in which to exercise those powers. The powers are a bit arcane—the polls have to take place before 4 pm for some very ancient reason—and it is time that we looked at the rules. The polls should also be about relatively local issues, on which people will clearly hold strong views, but there is room for the consideration of how we might develop more techniques, so that people can have a say. The issue is not only about participation, but about voting on the priorities and issues that matter to people.

Mr. Gary Streeter (South-West Devon) (Con): I commend the Secretary of State on planting in an otherwise slightly disappointing statement a pearl of great value, namely the removal of barriers in local communities to faith-based organisations providing goods and services. Does she agree that, if properly implemented, it will unleash a great well of energy, passion and love for people, particularly for the most vulnerable in our society? I encourage her to implement the proposals as quickly as possible.

Hazel Blears: I am grateful to the hon. Gentleman for that welcome. The issue is controversial for some people, but I personally feel that many people are motivated by faith of all kinds to do great acts of social good, and if we miss out on that, we will miss out on a lot of talent and energy. However, I am concerned to ensure that if faith groups become involved, they do so on a proper footing—not by evangelising or proselytising, but by providing services in a non-discriminatory way to the whole community. I intend to work on a charter. Faithworks has a similar one, which is very simple and straightforward, but which makes those points very clearly.

Sir Peter Soulsby (Leicester, South) (Lab): I congratulate the Secretary of State on her statement and on the White Paper, because the measures in it are probably the most important steps towards strengthening local democracy and communities for a considerable period. Does she agree that it is particularly important to

strengthen and value both the work of locally elected councillors and their scrutiny role? For far too long, the role has been seen as a job that is done by those who do not make it into the council's cabinet or executive, but that work needs to be properly supported, valued and rewarded.

Hazel Blears: My hon. Friend is absolutely right, and I commend Leicester city council on some of the steps that it has taken in respect of the agenda, which have been very impressive indeed. He will find in the White Paper a section on overview and scrutiny, setting out how I want to ensure that the role is strengthened and regarded almost as a Select Committee, with similar powers to take evidence, to call people to account and to ensure proper scrutiny and accountability. Councillors who take on the role also need more training and support, because it is still relatively new, and some of them would benefit from sharing the experience that we have gained in the House. I am absolutely determined to ensure that the overview and scrutiny role is seen not as a second-best option, but as one of the most important jobs on any local authority.

Mr. Brian Binley (Northampton, South) (Con): The Secretary of State has said that local government is vital, and I am sure that we all agree. However, the Government removed planning powers from local authorities in my constituency and set up a quango that paid little attention to local opinion. Is she now saying that she will scrap that quango and restore those powers to local authorities? If she is not, this White Paper will not be worth the paper it is printed on.

Hazel Blears: I presume that the hon. Gentleman is referring to our debate just last week about the independent planning commission. He will know that during the debate, it was made very clear that local authorities would retain their powers over the vast majority of planning applications, and that the commission would deal with those major infrastructure projects that are important for the future of this country as a whole.

Mr. Binley: Sustainable communities.

Hazel Blears: If the hon. Gentleman is referring to sustainable communities and the Sustainable Communities Act 2007, he will find that, as the hon. Member for Falmouth and Camborne (Julia Goldsworthy) has said, there is a reference in the White Paper to the Act's implementation, which will obviously form part of the framework for the future.

Tom Levitt (High Peak) (Lab): My right hon. Friend is absolutely right to point out that voting and elections are healthy and important parts of the democratic process, but that they are not democracy itself, which is a much wider concept. She will be aware that what matters most to most people is what happens outside their front doors—in their block of flats and on their streets and estates. She will also recognise that in deprived areas, where there are the fewest facilities and the poorest conditions, there is a real lack of accountability, local control and influence over what goes on. Does she agree that councillors and council officials are often, but not always, the community development workers who are best at empowering estates to control their own environments? And will she ensure that councillors and council officials are brought on board for the emancipation of those people who are least able to express their views and influence the state of their community?

Hazel Blears: My hon. Friend, like several Members, has a tremendous record not only on empowering his community, but on his work with the Community Development Foundation. I am more than happy to confirm that, in the White Paper again, there are a number of proposals for us to work not only with the foundation, which will play a central role, but with a range of organisations to increase capacity and help our communities to develop. One thing that I am keen to do is to ensure that ordinary council officers, such as housing officers and planners, work in a way that builds the capacity of the local community. It should not always be a job for a specialist; it should be part of the day job.

Anne Main (St. Albans) (Con): Some aspects of the Secretary of State's announcement were statements of the blindingly obvious. I cannot believe that she can say, "We must give more power to the people, so that they feel that if they get involved it will be worth their time and effort." People are perfectly rational, and they get involved if they can see any point to it. If, during a consultation in my community, my constituents were offered option A and option B, and option A was 34 and option B was also 34, there would be little point in getting involved. I am referring to a consultation on the single-issue revision of Gypsy and Traveller sites, which the Government foisted on the east of England. People do not get involved because hundreds—

Mr. Speaker: Order. I must say to the hon. Lady that we are talking about one supplementary. There was a movement from local government to Travellers, and that is too many questions, so I shall let the Secretary of State answer.

Hazel Blears: Consultation and involvement should involve dialogue and conversation, and my experience is that people who want to get involved do not necessarily expect to get 100 per cent. of what they want. They want people to be properly engaged and to achieve some change as a result of their involvement, so it is important for local authorities to enter into dialogue with people with a view not only to listening to what they say, but to acting on it. People will not keep getting involved if they keep getting rebuffed. That is a very important message, and I can see that the hon. Lady agrees.

Andrew Gwynne (Denton and Reddish) (Lab): Is it not the case that properly engaging with local communities on issues that matter empowers local councillors and councils? I commend to the Secretary of State the excellent and fully resourced scrutiny function at Tameside metropolitan borough council and its district assemblies, where it has already devolved decision making, staff and budgets to community level. That is in stark contrast with Stockport, where the authorities have done everything to obstruct the Friends of Reddish Baths, which wants to reopen under community management that much-loved and well cherished community facility.

Hazel Blears: Again, my hon. Friend has a great record on supporting his community. He also has a four-star, excellent local council—it is one of the best in the north-west—that is not afraid to devolve power to the community. We often find that the best councils are the most confident with that agenda, because they see community involvement not as a threat, but as a means of strengthening the way in which they actively represent their area.

Mr. Andrew Turner (Isle of Wight) (Con): Does the right hon. Lady believe that the majority on a council should also form the majority on the scrutiny committee, or should the opposition have responsibility for scrutiny committees?

Hazel Blears: Very often in local authorities, scrutiny is led by the opposition, and clearly that is a matter for local authorities to determine. In this House, Select Committees are chaired by a variety of people. Often, it is best practice to be able to drill into the policies. Now that there is to be a cabinet structure, there is an even greater requirement for scrutiny to be very active and rigorous. I would like scrutiny increasingly to involve the local community. There is provision to co-opt local people on to scrutiny committees and to take evidence from the community, which is a measure that I commend.

Jeff Ennis (Barnsley, East and Mexborough) (Lab): I ask my question as a great supporter of town and parish councils, as a former town councillor and as a former town mayor for Brierley and Grimethorpe town council. The Secretary of State will know that in certain areas people have overwhelmingly voted to abolish the local parish council in a parish poll. Under the existing system, it is virtually impossible to achieve that objective. In the White Paper, will she look at that very difficult issue in detail and come up with some recommendations?

Hazel Blears: There are 70,000 local town and parish councillors, so they are a very important part of our local democracy. I have been working hard with them over the past 12 months to try to get the quality parish council agreement, to try to enact the well-being power and to make sure that such councils have more powers to involve local people. I will certainly look into the issue that my hon. Friend has raised to see whether we can come up with practical proposals.

Mr. Nick Hurd (Ruislip-Northwood) (Con): I wholly support the principle that local people should have much more influence over the decisions that shape the future of their communities. Indeed, that is the whole premise of the Sustainable Communities Act 2007, which my co-sponsors and I took through Parliament with broad cross-party support. However, I am concerned about the number of new devolutionary Bills that local authorities are having to process at the same time. There was local government legislation and the 2007 Act, and now there is the new White Paper. Will the Secretary of State clarify what the Department is doing to present those three strands of legislation in a coherent, integrated package that will inspire, not alienate, local authorities?

Hazel Blears: The hon. Gentleman has made a very important point. White Papers are never, and should never be, the end product of what we do, so implementation will be key. I am very focused on that. We are talking about quite a significant change. It will work best if local authorities feel that they own the process, want to champion it and feel that it will make them stronger in their communities. He makes a very good point about taking an integrated approach across those pieces of legislation. At some point, we will see the proposals in the police Green Paper, and the issues and arrangements resulting from the NHS constitution. With regard to local communities, we really need to get to the point where there is an integrated offer across the public services. We need an integrated way in which local people can be involved that is not complicated or bureaucratic, but that really bites and makes a difference. My personal challenge is to try to make sure that that is coherent and inspiring to local authorities, so that they will want to take the agenda forward.

Mr. David Clelland (Tyne Bridge) (Lab): I am an honorary alderman of Gateshead council—[HON. MEMBERS: "Hear, hear."]—an honour conferred on me because of my long service to the council, so local authorities already have such powers. I am not sure why the Secretary of State has proposed to centralise those powers. I am always filled with trepidation when Ministers start telling local government how to go about its business—I have seen that from both sides of the House—so I shall study her proposals with interest. Will she guarantee that any new powers, responsibilities or duties placed on local authorities as a result of her White Paper will be fully funded from the centre by Ministers in the Departments responsible?

Hazel Blears: My hon. Friend has extensive experience of local government, as do a number of people in the House, including myself. I think that I am one of the relatively few members of the Cabinet who has been a local authority councillor. Indeed, I have also been a local authority officer, so I am a real champion of local government. He made a point about ensuring that there are no new burdens, which is the phrase that we use, and I certainly give him an undertaking that across Government we will make absolutely sure that when we ask local government to do new things, local government has the finance to do them.

Mr. Edward Timpson (Crewe and Nantwich) (Con): The Secretary of State will recall my predecessor's clear view of the Secretary of State's decision, and her Department's decision, about the future of local government in Cheshire. If the Secretary of State believes so strongly in local democracy, why did she split the county of Cheshire in two, despite the view overwhelmingly taken by local people in a referendum, and dramatically reduce the number of democratically elected local councillors in the process?

Hazel Blears: I think that the hon. Gentleman will acknowledge that there were a range of views on the proposals, and those views were held strongly by a number of Members. He will know that my hon. Friends the Members for City of Chester (Christine Russell), for Ellesmere Port and Neston (Andrew Miller) and for Weaver Vale (Mr. Hall) all supported a two-unitary-authority solution to issues in Cheshire. I entirely acknowledge that people held strong views, but there were a variety of such views. The proposals came from people in those areas, and the change was not dictated from the centre. We asked people to put forward proposals, which were tested against a number of criteria. Clearly,

the option of having two unitaries in Cheshire met those criteria in a way that was most effective for leadership, strategic vision and community engagement at a local level.

Anne Snelgrove (South Swindon) (Lab): I commend my right hon. Friend for her very strong statement, but there is a great deal of cynicism among local people in Swindon, because they do not feel properly represented. They are particularly concerned about a weak local plan that leaves the people of Eastcott very vulnerable to houses in multiple occupation. Will her White Paper help them? Constituents are also concerned about Coate water, a much-loved beauty spot that is threatened by building next door, which is being undertaken by the local council, and about their heritage buildings, such as the Mechanics institute. They feel helpless, because they feel that they are not fully represented. How can they be involved, through her new work, in saving their way of life, and their much-loved land and buildings?

Hazel Blears: Clearly, the people of Swindon have a formidable champion in their Member of Parliament. I am delighted that my hon. Friend has raised those issues with me. A number of measures can be used. Certainly, the petition powers proposed in the White Paper will ensure that local people can raise the issues, get them debated, and obtain an explanation of the policies. The participatory budgeting powers will enable them to have more of a say in how local authority budgets are spent. The proposals on community justice will give the people whom she represents the right to have a bigger say on community punishments. Those are tangible, practical, real-life issues that I hope will engage more people in the democratic process. Who knows—she may be able to get some new candidates whom she can support to come forward for her local authority.

Mr. Philip Hollobone (Kettering) (Con): As a councillor on Kettering borough council, may I say that there will be huge concern throughout the borough of Kettering about the Secretary of State's proposals to allow council officers to participate in party political activity? Local residents rightly value the impartiality of local government officers, just as the British people rightly value the impartiality of the civil service. It seems to a lot of people that the Government are trying to blur the edges on that important issue.

Hazel Blears: Does the hon. Gentleman think it right and proper, in a modern, 21st-century democracy, that someone over a certain salary level who plays no role at all in advising the council, but who simply happens to be employed by the council by virtue of their contract of employment—the example that I gave was a highways engineer—should be barred from any kind of political activity? I do not.

Mr. Mark Francois (Rayleigh) (Con): The answer to the right hon. Lady's question is yes. It is an important facet of our local democracy that council officers, particularly senior officers, are seen to be politically neutral and to provide neutral advice to councillors. The so-called Widdicombe rules have ensured that for many years, so is it not rather a sad day when the party of Government is so desperate to find candidates in southern England that they have to tamper with those well-established rules, which keep the jobs of councillor and of officer firmly apart?

Hazel Blears: No. It is a sad day when people are prepared to impose draconian rules barring individuals from political activity. That sends out the message that we are not proud of party political activity and that we do not feel that it is noble and reputable. There is far too much of that in our democracy at the moment, and it is about time that we stood up and said that being involved in the politics of any party is a noble undertaking pursued by decent people on all sides. We ought to be just a little bit more proud of political activity in our democracy.

Cannabis Seeds (Prohibition)

1.30 pm

Tom Brake (Carshalton and Wallington) (LD): I beg to move,

That leave be given to bring in a Bill to prohibit the sale of cannabis seeds; and for connected purposes.

In recent months, cannabis and its use have been in the news regularly because of concerns about the impact on mental health of skunk, a more potent type of cannabis, and because the Government would like cannabis to be reclassified from a class C to a class B drug. I should point out that I do not support the Government's bid to reclassify cannabis. They should have accepted the findings of the Advisory Council on the Misuse of Drugs, which recognised that cannabis was dangerous but stated that it was not as dangerous as other drugs in category B.

However, I support totally any Government attempt to plug a huge hole in the legislation on cannabis—the lack of any restrictions on the sale of drugs paraphernalia and cannabis seeds. That is the purpose of the Bill. I can give a simple illustration of the consequences of that absence of legislation. If Members come to Wallington, I will show them Your High, a shop trading legally in drugs paraphernalia and cannabis seeds. It is around the corner from a primary school and down the road from a secondary school. It was brought to my attention by parents and the head teacher of the primary school, and shortly afterwards by the head of the secondary school and by local churches.

With the help of the head teacher, Mrs. Ramsay, and one of the local councillors, Jayne McCoy, I organised a meeting for parents, governors, the local police and the head teacher, and about 50 people attended. I am sure that Members can anticipate parents' concerns: the shop's location, its trade and, perhaps most importantly, its message that there is no difference between a shop that sells flowers or repairs TVs and one that sells drugs paraphernalia. Someone can pop to the corner shop for a pint or to their local drugs paraphernalia shop to pick up a bong. Is that really a message that we want young children to absorb? Certainly not according to the 500 or so local people who have so far signed a petition against the shop.

The shop's message is not subtle. If its business is not clear from its name and from the very large cannabis leaves displayed in the window, one need only look through the front door, which is open at most times of the day, to get a clearer understanding of its trade.

I have been asked whether the council's planning department can do something about the shop. I established very quickly in correspondence with the local council that the answer, astonishingly, is no. The shop is trading legally, and as the unit was previously used for retail purposes as a fireworks shop, which was only marginally less unpopular, planning had no say in the matter. Ironically, there was a possibility of taking action against the shop for failing to apply for planning permission for its neon lights, but not for selling pipes and other drugs paraphernalia.

What about the police? What can they do? In an exchange with a helpful police constable from the safer neighbourhood team, I established, again very quickly, that the police can only monitor the shop and hope that its owner or one of his customers breaks the law. They cannot even enforce an age restriction on those entering the shop. The owner voluntarily displays an "18s only" sign, but no licensing requirements are in force. Theoretically, anyone of any age can enter the shop and make a purchase.

When I raised the matter of Your High with the Home Office, the Under-Secretary, the hon. Member for Gedling (Mr. Coaker), wrote:

"I would like to make clear that the Government deplores the sale of any drug paraphernalia which may encourage or promote drug misuse."

That is exactly what the shop is doing. The Government have acknowledged that there is a gaping hole in the legal framework, which is why the Home Office has asked the Association of Chief Police Officers, as stated in the letter to me, to

"identify new approaches that the Police, local authorities and other partner agencies can use to control these types of premises and where necessary shut them down".

The Government have tasked ACPO with conducting a review of legislation to identify whether there is any scope for using it to restrict the activities of Your High and other shops like it. Wallington is not the only place in the country that is blessed with such an establishment. Other such shops are trading in Brighton, in our neighbouring Sutton and elsewhere up and down the country. I discussed that legislative review with Ken Jones, the president of ACPO, and it would be fair to say that ACPO is sceptical about the approach. It believes that if the necessary legislation were already on the statute book, someone—a local authority or the police—would have identified a way of using it. In all likelihood, therefore, new legislation will be required.

My ten-minute Bill would partly plug the gap by bringing cannabis seeds within the scope of the Misuse of Drugs Act 1971, which refers only to cannabis and cannabis resin. That would be a minor legal adjustment, and a definition of cannabis seeds could easily be added to that Act. There is no confusion about what constitutes cannabis seeds, certainly not among retailers who are selling seeds on the net. Any Member can simply type "sale of cannabis seeds" into Google and come up with a wide range of seeds, which they may or may not care to purchase, from sellers such as Almighty Seeds, Big Buddha Seeds and Dutch Passion.

Banning drugs paraphernalia, which I could have attempted to bring within the scope of the Bill, would be more complicated. When I dropped into Your High, the manager pointed out that the papers that are used to roll cannabis joints are also on sale in newsagents. A definition of drugs paraphernalia would need to cover goods sold not just in shops such as Your High but in other outlets. ACPO's review might provide some clarity on that definition, which could help us to tighten the law in future.

My purpose today is simple: to prohibit the sale of cannabis seeds. That minor change to the law would send a major message and ensure consistency between the law on the sale of drugs such as cannabis and the law on the sale of cannabis seeds, which help people to grow their own. I urge Members to support the Bill.

1.37 pm

Paul Flynn (Newport, West) (Lab): The Bill will appeal to most Members, and it is certainly well intentioned, but I suggest to the hon. Member for Carshalton and

Wallington (Tom Brake) that it would have many unintended consequences for a group of people that he has not mentioned: the thousands in this country who use cannabis for medicinal purposes. There have been Bills before the House that would have allowed cannabis to be prescribed. Frequently when I speak on the subject, some newspapers link the fact that I have arthritis to my enthusiasm for legalising medicinal cannabis. There is no connection. I have never in my life used an illegal drug, and I have no intention of using one.

One drug that was recommended to me, and which many people used, was Vioxx. It was a COX-2 inhibitor and pain reliever that was prescribed more than 1 million times in this country before it was discovered to have caused 150,000 heart attacks and strokes in another country. The merit of cannabis, which has been used as a medicine for more than 5,000 years on every continent, is that all its side effects and problems were discovered through experience many years ago.

Thousands of people in this country choose to grow their own cannabis. I am happy to reflect on the fact that only 12 ten-minute Bills, I think, have become law in the past 25 years, so it is unlikely that this one will, but the Government might be persuaded to go down a similar path. If it were to become law, those people would have to move to the criminal market. At the moment, they are doing something perfectly legal. They can buy their seeds on the internet, in other countries or in shops such as the one that the hon. Gentleman mentioned, which are fairly rare. If they do so and grow their own, they know the quality and strength of the cannabis that they take when they engage in a perfectly harmless activity that gives pain relief to people, particularly those suffering from multiple sclerosis, who find that the chemical drugs that are available to them cause terrible problems, including nausea and all kinds of serious side effects. People have come to demonstrate at Parliament in the past 12 months, showing that they want the law to be changed. If the law is changed, and a simple Bill is introduced to differentiate between the recreational and medicinal use of cannabis, the hon. Gentleman's Bill might be appropriate. However, this Bill would plunge people into fear, in the knowledge that the only way in which they will be able to continue to use cannabis—their medicine of choice—will be to move into the illegal market.

The hon. Gentleman rightly said that he was against the irrational proposal to move cannabis from class C to class B, but I am sure that that will happen. As a result, the maximum sentence for possessing cannabis—and, presumably, for possessing seeds—will go up from two to five years. We would be doing that in the knowledge that we do not have a single prison that is free of the open use of heroin and cocaine to which to send anyone who is convicted. They could go to prison as an MS sufferer using their medicine of choice—as a cannabis user—and come out in five years' time as a heroin addict.

As a result of the hon. Gentleman's well-intentioned Bill, major injustices will be done, and the anxiety that it and any proposal from the Government will cause is not worth its suggested benefits. He did not give any evidence of harm—certainly, people will be understandably anxious if such a shop is set up in the neighbourhood—but there is harm from other temptations for young people, particularly from tobacco. Virtually everyone's first use of cannabis as a drug of abuse is when it is mixed with tobacco, which is an addictive or killer drug. It kills 120,000 people a year, whereas deaths from cannabis are probably non-existent and certainly extremely rare. There is concern about the side-effects, and no one would advocate its greater use, but I urge the hon. Gentleman to think deeply about the unintended consequences of his Bill.

Question put and agreed to.

Bill ordered to be brought in by Tom Brake, Keith Vaz, Mr. Gary Streeter, Mr. Nigel Evans, Mrs. Janet Dean and Bob Russell.

Cannabis Seeds (prohibition)

Tom Brake accordingly presented a Bill to prohibit the sale of cannabis seeds; and for connected purposes.: And the same was read the First time; and ordered to be read a Second time on Friday 17 October, and to be printed [Bill 136].

Opposition Day

[Un-allotted Half Day]

Cost of Living

Madam Deputy Speaker (Sylvia Heal): I advise the House that Mr. Speaker has selected the amendment in the name of the Prime Minister.

1.43 pm

Mr. Gregory Campbell (East Londonderry) (DUP): I beg to move,

That this House recognises the recent increases in food and fuel costs combined with the abolition of the 10 pence tax band, and the effect these are having on the most disadvantaged in society; and calls for a review of all mechanisms, including the use of extra revenue raised through increased crude oil prices, winter fuel payments and family tax credits, to assist those on lower and medium incomes.

Across the United Kingdom there is evidence of an economic downturn, which has many aspects to it. In fact, today's national newspaper front page headlines give a stark indication of what we face in the coming months, which has all the hallmarks of the nation's worse downturn in 30 years. While all parts of the nation and all sectors of society are suffering, the region whose suffering is among the worst is Northern Ireland. The price of oil in all parts of the UK is hovering near $150 a barrel, which means that the prices of diesel in Northern Ireland filling stations—I am sure that this is the case elsewhere in the UK—has increased by 35 per cent. since this time last year, and that of unleaded petrol by 22 per cent. Regions such as Northern Ireland, parts of Scotland and the south-west of England suffer most, because food and goods have to be transported to the consumer.

We have seen electricity price rises of the order of 20 per cent. in 12 months; natural gas prices have risen by 28 per cent., and home heating oil in Northern Ireland has risen by 100 per cent. in a 12-month period. All that provides a clear indication that consumers and vulnerable groups, to whom I will turn in a moment, are suffering horrendously. Today, I read that home repossessions are set to rise throughout the United Kingdom by 60 per cent. by the end of the year—not in 12 months' time, but within the next six months. The credit crunch, coupled with the other issues that I have mentioned, means that people are suffering across the UK. Indeed, every constituency MP hears on a daily basis of the genuine hardships faced by people who find it difficult to meet mortgage costs. The increase in repossessions in the next six months indicate how difficult it is for people to meet those increasing mortgage costs.

Given that vulnerable groups are being hit the hardest, people are turning to the Government for solutions. Governments here and elsewhere may protest that the increases are, for the most part, outside their control—and of course many of them are—but helping the lower-paid and vulnerable senior citizens is certainly what the Government must do, and they must do so quickly.

I read with interest in the amendment tabled in the name of the Prime Minister the gestures that the Government intend to make. There will be increases in the winter fuel payment and in tax credits and allowances. The Government are moving in the correct direction, but those gestures are just that—gestures—and they are not sufficient, because elderly people have found that even a £50 or £100 increase in the winter fuel payment does not extend to their covering the purchase of one tankful of home heating oil to get them through half of the coldest part of the winter. Only four years ago, the winter fuel allowance allowed a senior citizen to acquire sufficient heating oil to get them through the entire winter, so the scale of the problem is increasing, and the measures that are intended to deal with the problem have fallen significantly short.

Mr. Nigel Dodds (Belfast, North) (DUP): My hon. Friend mentioned vulnerable groups, particularly the elderly. Does he agree that inflation for older people is running ahead of inflation rates for the community in general? The winter fuel allowance, which helps many elderly people, has been increased only once since 2000, and has not kept pace with inflation. The allowance would be a practical means of helping older people in particular, and the Government need to act on that, given the escalating price of fuel to which my hon. Friend referred.

Mr. Campbell: I thank my hon. Friend for that useful intervention. What he says is indeed the case. I have read with interest the information disseminated by the financial services group Clerical Medical, which has said that senior citizens have seen the cost of the whole range of goods and services that they use rise by 36 per cent. in the past decade. Retail price inflation, however, has risen by only 32 per cent. over the same period. That is precisely the point. The situation for those vulnerable groups, particularly elderly citizens, is worsening. It was worsening by the year, as the figures from Clerical Medical indicate, but in the climate that we face in 2008, it is worsening by the week. That is the problem with which we have to grapple.

Mr. Mark Oaten (Winchester) (LD): Before the hon. Gentleman comes to what he would like the Government to do to address those circumstances, does he have any comments on what the energy companies could be doing to help with the problem?

Mr. Campbell: I thank the hon. Gentleman for that. Many of the energy companies could be making a significant contribution, given the profitability of most of them in recent years. They should and could be looking at their tariffs, particularly at how they ensure that payments are made. There are a number of issues that they could and should consider; I hope that they will.

Sammy Wilson (East Antrim) (DUP): Does my hon. Friend find it odd that the tariffs for some of the most needy and the poorest—those who use card meters, for example—are not the lowest? Addressing that issue would be one way in which energy companies could help reduce fuel poverty.

Mr. Campbell: I thank my hon. Friend for that intervention. What he says is indeed the case. In fact, the evidence that I have read indicates that some of the highest tariffs are levied against the most vulnerable,

who cannot avail themselves of the direct debit system. The companies need to consider that issue.

I return to the issue of the winter fuel payments. We need a radical overhaul for the next two winters. All the indications are that the oil price is not going to drop significantly in the next 12 to 15 months. That means that between now and the end of 2009, senior citizens and the vulnerable groups to which I have alluded will face two consecutive winters during which the winter fuel payment will not be sufficient to heat their homes.

Dr. William McCrea (South Antrim) (DUP): I thank my hon. Friend, who has been considerate in giving way. I draw his attention not only to senior citizens, who are certainly traumatised and fearful about what the future—certainly the winter period—holds for them, but to the many disabled people who face a similar trauma. More consideration needs to be given to such people, who are caged in their homes and are unable to do anything themselves. They rely on us to raise a voice for them.

Mr. Campbell: I thank my hon. Friend, who has alluded to yet another vulnerable group. One hopes that the Warm Front scheme, for example, will be extended to take particular account of the disabled and others who find that the winter fuel payment could go much further if more was on offer for their homes.

I turn to other measures that the Government could implement to assist in the current crisis. The Government will complain—they are complaining—that employees are making demands for wage increases to meet the spiralling costs and that, in doing so, they are adding to inflationary pressures. Employees are doing that because of the problem to which I have alluded. We need to try to ensure that people's net disposable incomes are sufficient to allow them to cope with the pressures.

In that respect, my party and I have been lobbying the Treasury for some time to increase personal allowances significantly. I notice that a temporary measure is being implemented to allow for the 10 per cent. debacle. That measure needs to become much more significant. A significant increase in the amount of take-home pay, particularly of the lower-paid, that is not subject to national insurance contributions or income tax will greatly assist them over the next 18 months or thereabouts, when the pressure will be greatest.

The Government must respond on a combination of issues. The last thing that people want is the Prime Minister returning from the G8 summit to be asked at the airport what he thinks about the crisis. Inevitably, there will be those who would wait for a response that I have no doubt would not be given; the Prime Minister would be warned against saying, "Crisis? What crisis?" We all know the political consequences that followed the last time a Prime Minister uttered those words.

People want more than veiled references and the Prime Minister's amendment, which alludes to the gestures that have been made. Those have been in the right direction, but are patently insufficient because the crisis, as is clear from the front pages of most newspapers today and as will continue to be clear, is deepening by the day. The Government must respond and do so in a way that people see as meaningful and that will assist people in dealing with the problems that they face—not only on a yearly basis, in their mortgage payments, but on a monthly and weekly basis. Only an emphatic Government response will allow people to see that the Government care for the low-paid, senior citizens and vulnerable groups and are taking action to alleviate the problems that those people face.

1.57 pm

The Financial Secretary to the Treasury (Jane Kennedy): I beg to move, To leave out from "House" to the end of the Question, and to add instead thereof:

"notes that the Governor of the Bank of England's letter of 16th June 2008 to the Chancellor of the Exchequer said that 1.1 per cent. of the 1.2 per cent. increase in recent months in inflation was due to global energy and food prices; further notes the Government's global leadership and supports the Government's action to tackle price rises with action on an international level, including pushing for a successful conclusion to the Doha round of negotiations in the World Trade Organisation and examining the impact of biofuels of food production; acknowledges the significant increases in world prices, with the oil price rising by 80 per cent. and food prices up by 60 per cent. in the 12 months to May 2008; recognises that these increases in global prices affect every country and put real pressure on family budgets throughout the UK; further acknowledges that the measures that the Government has taken and will continue to take to support families, individuals and businesses throughout the UK include extra tax credits, increased tax allowances, further winter fuel payments and increases in child benefit; considers that a strong and stable economy delivers the most important support for working families; and supports the Government's actions that have delivered unemployment, inflation and interest rates all at historically low levels."

It is a pleasure to have the opportunity to debate an issue as important as the cost of living. I appreciate that the terms of the motion and Government's amendment are set widely. It is a pleasure to respond to a debate tabled by the Democratic Unionist party and I congratulate it on having selected this subject.

As the House will know, this debate comes at a time when families across the country face rising world food and fuel prices as well as the effects of the ongoing global credit squeeze. I would not employ the language used by the hon. Member for East Londonderry (Mr. Campbell), but I acknowledge the problems that families face. Those challenges face not only us here in Britain or in Northern Ireland, but economies across the world. Oil prices have hit record highs in recent weeks and are nearly twice as high as they were a year ago. That has pushed up the price of petrol, gas and electricity. I know that Northern Ireland Electricity increased its prices by 14 per cent. at the start of the month.

Mr. Oaten: I am grateful to the Minister for giving way so quickly. On the point that she has just made, is it not the case that although many of the pressures are global, some of the energy prices are still much higher in this country than on mainland Europe, which is still exposed to the same global pressures?

Jane Kennedy: The hon. Gentleman is not correct in general. If he will allow me, I shall come to such issues in an orderly way in the course of the comments that I want to make. I do want to address that point, however.

Staple food prices have risen across the world by more than 40 per cent. in a year. Those increases, as the Governor of the Bank of England made clear in his letter to my right hon. Friend the Chancellor last month,

[Jane Kennedy]

have accounted in large part for the increase in inflation since the end of last year, and they mean that the UK's economy, like that of the rest of the world, is facing a challenging time and that life is more difficult for families across the country—including, of course, in Northern Ireland.

However, as I have said before—we have debated this on several previous occasions—our economy faces these challenges in a much stronger position to respond than in previous decades. Before I am accused of complacency, let me set this in an historical context. The UK's inflation has been the second lowest in the G7 since 1997—that is a fact that we should all be able to agree on. It is still lower than in the USA or the euro zone, and it is far lower than in the early 1990s, when for nearly two whole years it was more than twice as high as it is now. That did not happen by accident. The reform of fiscal policy established by this Government in 1997 laid the foundations for this steadiness in the economy. Interest rates are much lower than they were in the past. The strong and steady growth that we have seen over the past 10 years, from which all families have benefited, has taken us from having the lowest income per head in the G7 to the second highest, and real household income available to spend has risen by more than 30 per cent. in that time.

Crucially, employment is high, with more than 3 million more jobs than in 1997, and unemployment is low. In Northern Ireland, unemployment has been halved in the past decade, with long-term unemployment down by 90 per cent. Its unemployment rates are among the lowest in the UK, and there are 100,000 more people in work than there were 11 years ago: a fact that brings me particular pleasure given my short time—one year—as Minister with responsibility for employment in Northern Ireland.

Dr. McCrea: I have happy memories of the Minister's time in Northern Ireland and the pleasant manner in which she received elected representatives. However, I remind her we have specific problems that are exacerbated by this crisis—lower disposable incomes, extra energy costs and higher fuel poverty than any other region of the United Kingdom.

Jane Kennedy: I acknowledge that factors in Northern Ireland mean that families are affected in different ways by the challenges that we face. Broadly, on most issues, Northern Ireland faces the same challenges as the rest of the UK, but other factors overlay the situation, as the hon. Gentleman knows far better than I do as a representative of an English constituency.

The hon. Gentleman and his colleagues will know how important to Northern Ireland's economy is the ongoing political stability that we need to maintain. Clearly, the ability to bring about a devolved Government to Northern Ireland has had a major impact on the confidence of business. I will turn in a moment to the successful conference that the Assembly organised, which is a tribute to the work that is going on. The fact that companies from around the world are now investing with confidence in Northern Ireland is very much to do with the ongoing political stability that the hon. Gentleman and others have worked so hard to achieve. We all need to work hard to sustain, foster and encourage that for the sake of the ongoing stability of the economy and the extra jobs that will be generated by inward investment. I am setting the context, not seeking in any way to minimise the points that he and others will make about specific problems that he and his constituents are experiencing.

Northern Ireland has, like the rest of the UK, enjoyed sustained economic growth for a number of years. Exports have risen by 70 per cent. over the past decade, and its economy has a promising future as it benefits from a successful peace process. I congratulate the right hon. Member for Belfast, East (Mr. Robinson) and the hon. Member for Belfast, North (Mr. Dodds), both of whom are in their seats, on the recent US investment conference, which attracted twice as many potential investors as were originally expected. That shows the potential that there is in Northern Ireland, particularly when put alongside companies such as Fujitsu, Bloomberg and Bombardier announcing investments there.

I am confident that Northern Ireland and the rest of the UK will weather the storm that we are experiencing internationally. The Government are taking action to respond by supporting our economy, our families and our businesses. This year, we are using the flexibility that our fiscal rules give us to increase borrowing to support the economy at a time when it needs it. That allowed us to delay the increase in fuel duty that was due in April.

The hon. Member for East Londonderry spoke about other ways in which we might support families. His motion indicates that he believes that a windfall from higher oil prices could be used for that purpose, as do other political parties that have made great play of this. If he will allow me to say so respectfully, this shows how Opposition politics fail to appreciate Government responsibilities. Let me draw his attention to the article IV inspection by the International Monetary Fund that took place in May. In a document that is publicly available on the Treasury website, the IMF says:

"For over a decade, the United Kingdom has sustained low inflation and rapid economic growth—an exceptional achievement…the fruit of strong policies and policy frameworks, which provide a strong foundation to weather global challenges."

It goes on to say:

"The 2008 budget judgment was appropriate, as was its commitment to fiscal tightening over the next few years."

It continues:

"The inflation targeting regime should remain unaltered…Key elements of the fiscal framework".

That is a very important endorsement of the direction of Government policy that Opposition parties who call for quick fixes should bear in mind before propounding such policies.

Mr. Peter Bone (Wellingborough) (Con): Given the Minister's comments, are we to assume that the inflation target will not be changed, that the fact that it is way over the permitted boundaries is not acceptable, and that the Bank of England is being called in to ask it what is happening?

Jane Kennedy: The hon. Gentleman will know that the inflation target is a medium-term target. He will also appreciate the very strong endorsement that we are seeing from independent commentators from a number of sources about the underlying policies that this

Government have introduced and remain strongly in support of, and which have brought about this sustained period of economic stability. I am confident that that ongoing stability will prove very important in helping the British economy to weather the storm that we are experiencing and face in the coming weeks. Maintaining that stability will be equally important to Northern Ireland. I remind the hon. Gentleman that the last time we debated this, the hon. Member for Runnymede and Weybridge (Mr. Hammond) boiled it down to the difference between his party and mine. He said

"there are no easy or quick solutions and no magic wands. The essence of our argument against the Government is that we have entered this downturn—and it is a downturn—"

I do not think that anybody is arguing with that—

"uniquely ill prepared to deal with it."—[*Official Report*, 24 June 2008; Vol. 478, c. 162.]

My suggestion to his party and to those who would argue for a different course of action is that the IMF profoundly disagrees with that. I think that parties that purport to present themselves as ready for government ought to bear in mind how important the underlying strength of the economy is, and no action should be taken that would jeopardise that stability.

As higher fuel prices lead to less demand, we might even receive less revenue from fuel duty than we otherwise would have done, so the concept of a windfall is profoundly misjudged. VAT is a percentage of the price, so it rises with fuel prices, but as people spend more on fuel, there is likely to be an impact on VAT revenues from elsewhere in the economy, leaving the overall level of VAT roughly the same—particularly as businesses can reclaim the VAT that they spend on fuel. It is also compulsory under EU law to charge VAT on fuel, and the House should remember that the UK has one of the lowest rates of VAT on fuel in the EU.

As well as suggesting that we were going to get a windfall—and I do not think that we will—the motion also tells us how to spend it, and suggests a review of winter fuel payments and tax credits. I am, of course, always happy to listen to proposals from any Member, but hon. Members will know that tax credits support around 20 million men, women and children across the country, and those credits have made a major contribution to lifting hundreds of thousands of children above the poverty line. They mean that 3 million out of Britain's 7 million families with children now receive more in tax credits and child benefit than they pay in income tax. Let me say that again: of the 7 million families with children in the UK, almost half now pay less in income tax than they receive in benefits through tax credits and child benefit.

Sammy Wilson: I have listened to the Minister's argument, and it is a refinement of the argument put forward time and time again to excuse the Government for not reducing fuel duty at a time when money from VAT on fuel and North sea revenues would be expected to rise. The explanation that she has given is not borne out by the figures that the Government published in the Budget report for 2009, which do not show, over the next three years, either a fall in North sea revenue duties or VAT duties. How does she square what she says with the Government's published figures?

Jane Kennedy: It is not clear that there would be a net gain to the Government as a result of the increase in oil prices. The analysis that I have given to the House of the impact of the changes is based on the best available information. Despite the case that Opposition parties are making for an opportunity to grab at this perceived or suggested windfall, the truth is very different. There is no opportunity to do what is suggested by the hon. Gentleman's party or the official Opposition.

Dr. McCrea: Although the Minister said that the United Kingdom has one of the lowest VAT burdens, she did not say that it has one of the highest rates of tax burden on fuel in the EU. Let us have all the facts.

Jane Kennedy: But the hon. Gentleman will know that VAT rates are very difficult to adjust in the face of the European Union rules under which we work. I say to him and the hon. Member for East Antrim (Sammy Wilson) that the Government responded to the increase in pressures on household costs by not raising fuel duty in the Budget in 2008, and the Chancellor will keep all those factors under review—as he always does—when considering the measures introduced in the pre-Budget report.

Mr. Bone: I really do not think that the Minister should be allowed to move on while she is trying to give the impression that we are somehow better off than the European Union. The duty we pay in this country is over 50p per litre. The EU average is 25p per litre. To talk about VAT rates—I will not say it is misleading because I would not be allowed to—is moving away from reality. The fact is that the duty is twice as much.

Jane Kennedy: The fuel duty we apply is based on the sound approach that we introduced. In fact, it was the hon. Gentleman's party that introduced the fuel duty escalator. We moved away from that on the grounds that it was unsustainable. Had we stuck with his party's fuel duty escalator, which was introduced, if I remember rightly, for environmental reasons, fuel duty would now be 35p a litre higher. We are sensitive to the costs that apply to motorists, but this debate should not go by without taking note of the Royal Automobile Club report on the costs of motoring, which shows that the total cost of motoring, including the cost of fuel, has fallen by 18 per cent. in real terms over the past 20 years. Hon. Members will have read accounts of that report today, so I will not labour the point, but it is worth noting.

Turning to winter fuel payments, they are an important part of the increased support that we have provided to pensioners over the past 11 years. In the Budget, we announced that households with people over 80 years old will receive an additional £100 alongside their winter fuel payments this year, while households with those over 60 will receive an additional £50. That will benefit 9 million households nationwide, including Northern Ireland. It is not true to say that we have not acknowledged the difficulties of dealing with rising fuel prices.

Mr. Gregory Campbell: I thank the Minister for being kind enough to give way again. She alludes to the proposed increase in the winter fuel payment, and all hon. Members say that that is a step in the right direction. But can she not accept that that increase is significantly short of what the people who avail themselves of the benefit need to pay for oil? That is the point.

Jane Kennedy: I acknowledge that the situation means that families throughout the UK are facing increasing costs. We have made a contribution towards helping them to do that. I accept that I cannot make promises to the hon. Gentleman that will mitigate the effect of all those costs. We have acknowledged the situation by taking action to help families with older people in their households, and we know that fuel costs cause them great anxiety because of the need to maintain a warm environment, particularly for older people in poorer health.

I do not accept that we have not been doing enough. We have been supporting families for the last 11 years, and we are continuing to do so today. In fact, we are providing even more support, recognising the tougher time that people are facing. At the same time as we are helping people to deal with the challenges, we are tackling their causes, including the ongoing credit squeeze. We are supporting the Bank of England's special liquidity scheme, which is helping to stabilise the financial markets and to promote confidence. We are also working to strengthen mortgage finance markets, which funded about a third of new mortgages last summer, but which have since frozen. During my visit to Northern Ireland on Monday, I was interested to note that house building appeared to have slowed, when it had grown very strongly there. I accept that Northern Ireland, like other parts of the UK, is experiencing the challenges that the British economy is facing.

Mark Durkan (Foyle) (SDLP): My right hon. Friend referred to the fact that the banks are benefiting from the Bank of England liquidity scheme. In circumstances where all of us, as taxpayers, are essentially underwriting liquidity for the banking sector, should it not be doing more to ensure greater liquidity in the construction and property sector? Businesses in that sector in Northern Ireland are going under. Many feel that they will be made to walk the plank soon by banks, partly because of the lack of liquidity in circumstances where house prices are falling. But people cannot buy houses because the cost of mortgages is too dear.

Jane Kennedy: My hon. Friend asks an important question, but it is important for the House to understand that we are not underwriting the banks in the way in which he suggests. Questions were asked about that earlier in Prime Minister's Question Time, and hon. Members know that the Government are taking seriously the measures that need to be put in place to support and reform the banking system and encourage confidence. We are working closely with the financial industries and the banking sector to ensure that we get the legislation right before we introduce it in Parliament. However, I appreciate that the anxiety that my hon. Friend described is real.

Mr. Oaten: Given the attempts and efforts that the Financial Secretary describes, is she concerned that so many individual banks are not passing on changes in interest rates to their customers? Indeed, the rate that is advertised and offered to new borrowers on most new mortgage products has increased. That applies especially to those transferring from previous fixed rate deals.

Jane Kennedy: We would like the banks to pass on the changes, but that is a matter for each bank and its relationship with its borrowers. I note the hon. Gentleman's point, and, while I am speaking to him directly, let me deal with his question about electricity prices being higher in the UK. I apologise for not having figures immediately to hand on relative electricity prices in the European Union, but I am conscious that the nature of the electricity market in the UK is different from structures in other member states. Northern Ireland Electricity advises that, following the 14 per cent. tariff increases in domestic electricity prices, Northern Ireland prices will be 2.1 per cent. above those in comparator regions in Great Britain, 9 per cent. lower than the western European average and 9 per cent. lower than those of the Electricity Supply Board in the Republic of Ireland. None of that will be of comfort where prices are increasing, but it is worth the House bearing in mind the context of the price rises.

David Simpson (Upper Bann) (DUP): The Financial Secretary mentioned an increase in the price of electricity, but does she know that Northern Ireland faces another 14 per cent. increase come audit time?

Jane Kennedy: I dealt with that point in my reply to the hon. Member for Winchester (Mr. Oaten). I hear what the hon. Member for Upper Bann (David Simpson) says.

Although we can support the economy, and support families here in Britain, the global credit crunch and rising food and fuel prices across the world are international problems, which need international solutions. As hon. Members know, my right hon. Friend the Prime Minister was in Japan earlier this week discussing world food prices, and we are continuing to press for reform of the common agricultural policy because it is unacceptable that the EU continues to apply high tariffs to many agricultural imports, especially at a time of such high prices.

Mr. Bone: Hear, hear.

Jane Kennedy: I am grateful to the hon. Gentleman.

Agreeing a successful deal on the Doha development agenda will also help remove distorting subsidies and restrictions, and we will continue to push for a deal up to and at the World Trade Organisation ministerial meeting. We are also working with our international partners to achieve a world response to rising oil prices, including greater investment to help achieve enhanced supply capacity in the medium term, and moderating future demand growth by improving energy efficiency and exploring alternatives to oil. If the world is not producing enough fuel or food to meet rising demand, that challenge requires an international response.

Clearly, times are tough. People are paying more for their food, energy bills and petrol because of rising prices around the world at a time when we face a continuing credit crunch, which has meant increased mortgage costs for some. However, as I said, I believe that Britain is well placed to respond, and we are responding. The same is true in Northern Ireland. Inflation has been low for several years, there has been sustained growth, and unemployment rates are among the lowest in the UK.

Maintaining calm and developing appropriate and proportionate responses in the current global economic turbulence do not equate to complacency. I stress that we are not complacent. That is why the Government

continue to work with our international partners to respond to the global challenges and support families across Britain, including in Northern Ireland. I urge hon. Members to oppose the motion, however well intentioned—I am grateful to the hon. Member for East Londonderry for introducing it—and I commend the Government amendment instead.

2.25 pm

Justine Greening (Putney) (Con): I congratulate the hon. Member for East Londonderry (Mr. Campbell) on securing a debate on a subject that is vital for many people throughout the country. There is no doubt that the rising cost of living is one of the most pressing issues for millions of people in Britain today. That includes families, pensioners—indeed, pretty much everyone on low and fixed incomes, who struggle to cope with increased prices. Many are younger people who are starting out on their working lives and are therefore on much lower incomes than other people. They find that food is getting more expensive and fuel bills are increasing at an alarming rate, as we discussed earlier. Mortgages are harder to come by and the cost of transport—whether cars, buses or trains—continues to rise. A report by Asda stated that the cost of transport had increased by 6 per cent. between May 2007 and May this year.

We live in uncertain times. Today's economic pressures will not go away any time soon. Given that grim outlook, I am worried that the Government have fundamentally misunderstood the dire position that people face. Ministers tell us that our economy is in great shape, and much better than it was 20 years ago. However, people in today's Britain are already living frugally; many are already struggling to keep their heads above water financially. Disposable income has fallen by 6 per cent. That means that by May this year, families had 6 per cent. less to spend on leisure and entertainment than they had in May last year. A cost of living index, which Capital Economics researched for *The Daily Telegraph*, showed that a typical family that spent £100 a week on food a year ago now pays an extra £406 annually on groceries. Families clearly face difficult challenges.

Many people have all their disposable income committed; they simply have no more money to give the Government. The savings ratio is a tenth of what it was in 1997 and many people have nothing in reserve. For the many who live on the tipping point, life is not happy. It is stressful for families who are doing all they can to get by in such challenging times. It is unbelievably frustrating and stressful for people to be in a position where, although they are doing everything possible to keep the cost of living down, they face a constant daily challenge to make the household budget add up. They end up feeling that they have no control over their situation and little influence over events as they unfold. They need a Government who offer them the hope of a way out of their troubles.

Have the Government shown leadership on such issues? Have they recognised the urgent need to do everything they can to help struggling families in Britain? The answer is no. Instead, it is abundantly clear that the Government's attitude to the problem is, "Don't blame us, it's not our fault." We see that in the tone of their amendment. Inflation, food prices, fuel prices: these are global issues to the Government. They are telling us, "What can we do about them?" That is their attitude. There is nothing in the Government's amendment to give people facing challenges caused by the cost of living any hope whatever. It talks about "global leadership", but frankly, people up and down this country would settle for some national leadership.

Jane Kennedy: It is kind of the hon. Lady to give way so early in her speech. I sought to set out why we were taking the course of action that we are, based on our confidence in the reforms that we made to fiscal policy arrangements early in government. I would be very interested to hear whether she believes that there are any alternative measures that we could take, perhaps at a macro-economic level. Would she intervene over interest rates, for example? I am interested to know what exactly she would do in this situation that she believes would bring about a better outcome for the British economy.

Justine Greening: I will come to that shortly. On interest rates, my understanding is that it is the Prime Minister and the Chancellor, not our side, who are chuntering behind the scenes about what the Bank of England should do. The Government talk about leadership, but the reality is that there is a complete lack of leadership. Unfortunately, however, the Government's involvement in the cost of living goes beyond that.

Let us set aside the Government's claim about rising global costs. We can see that global trends are pushing up the cost of commodities such as corn and energy, but the Government have choices that they can make. The Financial Secretary has challenged me on what the Conservatives would do, and I will come to that. However, rather than trying to come up with solutions, the Government are, for many millions of people up and down the country, now part of the problem, because they are adding to the economic burden that people face. Despite all their warm words, and what they claim is their understanding of people's predicament as they try to keep up with rising fuel, energy and food costs, the Government have nevertheless decided to add to their economic misery.

Ministers must understand that their actions have serious and damaging consequences for people's cost of living. We talked earlier about dithering over the fuel duty rise. What families need from the Government is certainty. They need to be able to plan ahead. I will tell the Financial Secretary what she could do right now: she could tell us when the Government are going to make an announcement on their planned fuel duty rise. *[Interruption.]* She says that they may make an announcement at the Budget.

Jane Kennedy: We made one.

Justine Greening: If the Financial Secretary wants to intervene, she can do so, but the reality is that, like the rest of the British people, we are left wondering, looking for nudges and winks—perhaps they will have a think about policies in this or that area. That is simply not good enough for families who need to plan financially, as they head into the second half of the year.

Rob Marris (Wolverhampton, South-West) (Lab): What is the world price of oil going to be in October?

Justine Greening: The hon. Gentleman points out that there is uncertainty, but why are the Government nevertheless ploughing ahead with the policies that they

[Justine Greening]

introduced in the Budget? They include, for example, taking away the 10p tax-rate, which they would never have backed down on if they had not been caught with their fingers in the pockets of people on such low incomes. Indeed, they have not backed down yet.

On vehicle excise duty, the Government were again caught with their fingers in the pockets of people who can least afford it. Although over recent months Labour MPs have made a great play of their angst about what their Government are doing to their constituents who cannot afford to pay more tax, when it came to road tax, which will affect twice as many people—in some cases by up to twice as much—they passed up an opportunity last week to help keep the cost of living down, and were quite happy to put politics ahead of their constituents.

Even with the 10p tax rate fiasco, there are still well over 1 million people who will be worse off as a result of the Government's Budget, which they introduced when they knew that we were entering uncertain times. That is the reality of the Government's involvement in all this. Such policies will be the final straw for hundreds of thousands—probably millions—of households that are on the brink of going under financially. The Financial Secretary talked about the winter fuel allowance. Yes—a one-year winter fuel allowance paid for by permanent tax rises. Even this week, we have seen the complete and, dare I say, utter hypocrisy of the Prime Minister, in terms of the lack of assistance on offer.

Madam Deputy Speaker: Order. Perhaps the hon. Lady would like to consider withdrawing that remark and rephrasing.

Justine Greening: I will withdraw that remark. The Prime Minister was ill advised to make comments to British families about economising on wasting food on the same day that he sat down to an eight-course meal at the G8 summit that, as I understand from the menu, included white asparagus and truffle soup and what is called in French an amuse bouche—I understand that it is called corn-stuffed caviar in English—which was all washed down with champagne. People must wonder what planet the Prime Minister is living on when he can have that meal in the evening and then in the morning tell people that they are wasting their food.

As ever with this Government, it is one rule for them and another rule for the rest of us. The Prime Minister tells us that households can save £240 a year by not wasting food, but how about if they did not have to save it? How about if the Government were not bringing forward road tax rises that will cost some families £245 a year? The Government could be playing their role in helping people to cope with the rising cost of living, but they are not. The Prime Minister is in no position to lecture the British people about waste when he has presided over a Government who most people feel have wasted billions of pounds more than any Government in living memory—indeed, they have wasted £1.4 billion on tax credits alone.

The last thing that people who are just managing to stay afloat need right now is a Government who want to take more money out of their pockets, while at the same time telling them that they should try to economise. The reason why the Government are in this position—the reason why they cannot stop themselves from going ahead with their swingeing tax rises on low-income people—is that they have run out of money. As we have said, they could have fixed the economic roof when the sun was shining and the global economy was in a better shape. They chose not to, and now they are left with no alternative but to impose tax rises on the people who can least afford them, at a time when their financial situation is getting worse and worse.

I am sure that the Financial Secretary has told us that her hands are tied and that there is no room for Government to manoeuvre, but the situation is down to the Government's economic mismanagement, and there are things that can be done to help people. As we discussed earlier, only last week the House had a choice to avoid going ahead with swingeing, punitive increases in road tax, but Government MPs decided not to take that road. They decided to press ahead with increases on road tax—and for what? To tackle motor vehicle emissions, which, by their own admission, the policy will reduce by a fraction of 1 per cent. by 2020. That measure was all about raising money, and Government MPs were quite happy to go through the Lobby and vote for it.

Last weekend, we proposed a fair fuel stabiliser, which would mitigate the burden on families of rising fuel prices by lowering fuel duty and vice versa, precisely in order to remove the uncertainty that people face in their household budgets to the extent that we can.

The Economic Secretary to the Treasury (Kitty Ussher): I am glad that the hon. Lady has mentioned her proposals for a fuel duty stabiliser. My question is this: if the oil price rose so much that the public purse could not afford automatically to compensate families for the increase in the price of petrol, would a future Conservative Government do that?

Justine Greening: What the Economic Secretary has fundamentally missed is the other beneficial aspect of our measure. It would provide not only stability for household finances—although that is the most important part of what we are doing—but stability, as she ought to know, for the public finances. Our proposal would ensure that at times of rising oil prices, the Government would receive an unexpected windfall. Ministers have questioned our proposal—*[Interruption]*—and indeed, they are shaking their heads right now. However, they should talk to the National Institute of Economic and Social Research, whose work clearly shows that there is a net benefit to the Exchequer of rising oil prices. The problem is—

Kitty Ussher: Will the hon. Lady give way?

Justine Greening: No, I will not give way.

Kitty Ussher *rose—*

Justine Greening: Let me just finish explaining and answering the question. That might be helpful.

The other side of the argument is that when oil prices go down, the Government have an unexpected shortfall. Our proposals would therefore stabilise public finances as well. I do not need to take any lectures on our policy from a Government who cannot even tell us what they are going to do about fuel duty in the next six months. They do not have a policy, but they need to have one, for the sake of the British people. Instead, they are going to dither and do whatever is politically astute for them, instead of what is financially astute for the British people.

Kitty Ussher: Does the hon. Lady not agree with the Institute for Fiscal Studies, which has considerable experience in this respect, when it says that there is no clear evidence of any net windfall for the Government as a result of a rise in oil prices?

Justine Greening: The Minister and I can trade think-tanks, but the Conservatives are absolutely confident that the approach that we are taking will benefit the British people and provide them with some certainty, which is something that Ministers, living in their bubble in Whitehall, are rather dismissive of. People who are watching this debate, or who read about it in the papers tomorrow, will be dismayed to see the Government pooh-poohing an idea that could really help families throughout the country right now. If our proposal had been introduced in the Budget, families would now be paying 5p a litre less for their fuel, which would be very welcome.

I shall wrap up now, because I know that other hon. Members want to speak—

David Wright (Telford) (Lab): That wasn't very macro-economic.

Justine Greening: Labour Members, who have nothing to tell the British people about what they would do, apparently want to hear more from us. I am sure they do, because every time we announce a policy, they go through a process of rubbishing it, then rapidly adopt it in some less effective variant.

Sammy Wilson: The Minister argued earlier that VAT revenues from other areas fell when fuel duty went up. On that argument, if the fuel stabiliser that the hon. Member for Putney (Justine Greening) proposes were introduced, surely the compensatory element for public finance would be self-financing. If we give people more money in their pockets through lower fuel prices, they will spend more on goods and the Government will get more through VAT.

Justine Greening: The hon. Gentleman makes an interesting point, although I doubt that the Minister would have anything interesting to say in response to it. I see that she does not wish to intervene at this point.

In these difficult economic times, the thing that people need most is for the Government to be on their side. We have had 10 years of this Government telling us that everything was fine, but it is now clear that for people in Britain that is not the case and that the Government have economically mismanaged this country's public finances. They did not fix the roof when the sun was shining. People will remember this Government for the hard times, not the good times, and the true test of the Government's leadership and competence comes when things are at their worst. People are looking to Ministers for a lifeline and for help to ease their financial burdens. Instead, they are seeing a worsening of those burdens.

A Conservative Government will help people, rather than hinder them. We want to assist people with their financial troubles and try to ease those troubles, rather than taking the route that this Government have taken in adding to them. We are going to tackle economic problems, rather than abrogate responsibility, as we have seen happening today. What are people getting at the moment? They are being met with nothing more than uncaring, indifferent leadership from Ministers who, far from offering solutions to any of their financial troubles, are more concerned with addressing political priorities than tackling the nation's economic priorities.

2.44 pm

Mark Durkan (Foyle) (SDLP): I congratulate the hon. Member for East Londonderry (Mr. Campbell) and his colleagues on securing a debate on this important issue. The hon. Gentleman is my constituency neighbour and, indeed, my constituent—

Rob Marris: He's not voting for you!

Mark Durkan: No; that is not news.

The hon. Member for East Londonderry, the Minister and others who have spoken have highlighted a number of ways in which the current situation is affecting people in their daily lives, and in their homes in regard to household bills and their daily consumption. The credit crunch that we have all been talking about is now a consumer crunch, and consumers are now experiencing a situation of crunch and grind as more and more bills are rising higher and higher.

Underlying energy costs are contributing to higher food costs and higher costs for all sorts of other services and amenities. They are also contributing to higher costs for the public purse, as fuel bills rise for hospitals, schools and other public service buildings. The situation is biting on all of us, either as individuals, in households, in businesses or as taxpayers funding public services.

The Minister talked about a global rise in oil prices and referred to the fact that the world was not producing enough oil. In the Northern Ireland Assembly, the Committee for Enterprise, Trade and Investment took evidence from people in the energy market who made the point that a barrel of oil is traded 11 times before it is consumed. Those trade transactions are driving up the cost to the end consumer. Similarly, it was pointed out that gas in the UK is traded six times before it is consumed, whereas the additional ratio of trade in the continental gas market is only 0.6. I know that there is a different structure in the gas market on the continent, including more state ownership, but the fact is that we need to take account of the market factors that are driving up the costs for consumers before they have to pay the end cost. It is clear that they are paying more than just the price of scarce production, and that they are having to take on price increases that are the result of up to 12 transactions for profiteering and speculating purposes.

When we search for evidence of who is doing this trading in oil, we see that banks and institutional investors are significant players in that regard. I accept that, in circumstances in which the property market has taken a hit, banks and other institutional investors are looking for commodities to deal and speculate in usefully and profitably, not least because they are trying to maintain the value of pensions on behalf of us all. However, we really need to see some action that says to institutional investors that the degree to which they trade in commodity indices and in futures is doing wider economic damage. We know from the warnings given to the US Senate Commerce Committee by George Soros, among others, that the degree of dealing that is going on in commodity indices is creating a dangerous bubble. That is creating the immediate price pressure that everyone is feeling, but it will also create a dangerous collapse at a later stage.

[Mark Durkan]

When we consider the key pressures affecting the cost of living, it is important to ask whether there are interventions that could be made or brakes that could be applied to ease the pressure from global oil price rises. I hope that the G8 and other international forums will consider such interventions and restraints, and examine whether we could incentivise responsibility among those who seem to be having a significant impact on the oil crisis.

What we are discussing today is the cost of living, but it is clear from the comments of hon. Members who have spoken that looming large within our consideration of the cost of living nowadays is the cost of warmth. I would like to see the Government move forward with a working cost-of-warmth index to show that they are tracking and measuring the cost of warmth for people in their homes, whatever the cost of domestic fuel. They need to gain a real sense of what people have to pay.

The Government should use a cost-of-warmth index to proof and improve their efforts to tackle fuel poverty. To their credit, they have made significant inroads into reducing fuel poverty over a number of years. Of course, the danger of the current crisis is the risk of all that good work being wiped out. Just as they are right not to throw away their drive towards creating a greener fiscal regime in the current economic climate, so they are right to keep their focus on trying to bear down on fuel poverty, curbing and restraining it as much as possible.

In the context of a cost-of-warmth index that tracks what different households have to pay and the changes in relative income bases, it is important for the Government to take into account the argument about windfall taxes to a more considered degree than they have so far. The Government tend to put forward the general surmise, "Well, it is swings and roundabouts; and what we appear to gain here, we may lose somewhere else." It would be helpful if the Government were able to say more precisely what they are or are not gaining in respect of VAT on domestic fuel bills, added revenues from various other fuel duties and any other revenue receipts, which would allow people to judge the argument.

The Government have used reflex arguments before in respect of fiscal issues, including spending a long time saying that it was a figment of everyone else's imaginations to suppose that there would be problems from the abolition of the 10p tax band, only eventually to recognise that there were serious problems requiring fairly dramatic responses and interventions to ameliorate the resulting situation. I would appreciate it if the Government, as well as cautioning the rest of us about the argument, promised to show exactly what is or is not happening.

I particularly hope that the Government will promise to identify what additional VAT income they receive from household energy bills. They should separate out petrol, diesel and other fuels and find out what exactly is happening in respect of added revenue yield coming from ever-increasing domestic energy bills. The hon. Member for East Londonderry referred earlier to the sort of price increases that consumers in Northern Ireland have faced, with one gas company's consumers having to pay 28 per cent. extra and electricity customers facing an interim increase of 14 per cent.

The hon. Member for Upper Bann (David Simpson) then intervened to say that the same, if not worse, increases were going to happen in the autumn. In the circumstances, the Government should look further into those revenues with an eye to redirecting any windfall VAT benefits on domestic energy bills towards adopting measures aimed at improving energy efficiency or curbing fuel poverty for those domestic consumers. We need to target and keep our eye on that issue in circumstances where it is very easy to get distracted and preoccupied with a variety of other issues. We need to keep an eye on the Government's successful drive on fuel poverty. It would be consistent with the Government's approach if Ministers were to refocus their case on the general argument for windfall taxes in order to deal with that particular issue.

I intervened on the Minister earlier about the difficulties faced by the construction and property sector in the current crisis. In a constituency and region such as mine, that is not only a problem for businesses. Yes, construction and property is a very significant sector in Northern Ireland—indeed, it has been a very significant driver of the regional economy recently, just as it was a hugely significant driver in the economic success of the Irish Republic over the past decade—but it is now a sector in crisis. Given the land prices developers were prepared to pay and the house prices that they were prepared to charge, not everyone will have much sympathy for them, but the fact remains that it is not a crisis entirely of their own making. After all, the banks were throwing money at them to buy land at these significant prices, and they were putting up the money in very generous mortgage deals at 100 per cent. and 125 per cent., which fuelled the market, but we are now seeing a virtual collapse of that market with the banks putting the squeeze on some of those very same businesses. Houses are available at much lower prices than were sought last year, so it is paradoxical that they are now in market terms out of the reach of many people, who can no longer access the finance to buy them.

Given the commitments of the Government and the various Administrations around these islands to affordable and social housing, positive intervention is important. We need more effective intervention to ensure that houses that should be available at lower prices are available at lower prices. Influencing the banks is a key factor, because they have moved from over-lending to under-lending as far as that market is concerned. Action needs to be taken to strike a better balance.

I argued earlier that the credit crunch has become a consumer crunch, and I want to close by mentioning my visit to a credit union in my constituency. Those working there told me that they are now being asked for loans so that people can pay their fuel bills or cope with significant household bills, including groceries. That is a new situation for credit unions. Some of the older credit unions may have faced it many years ago and some may have started by helping people to cope in that way, but now that problem is biting again, it really is a call to us all to wake up and see what we can do.

I accept what the Government say about their good economic management over the past 10 years, and I also respect what they say about all their headline macro-policy initiatives, but policy management does not always help people to cope in circumstances where they have to turn to a credit union to cope with an oil

bill. If this is happening as we come into the summer, what situation are people going to face as we move into winter? It was good to hear from the Financial Secretary that the Government appreciate the pressures that people are experiencing, as it is important that they feel the pain of those who are struggling on marginal incomes with ever-rising bills. However, it is even more important that the Government translate that into significant action and real intervention that helps real people to cope with very real pressures.

2.59 pm

Dr. Vincent Cable (Twickenham) (LD): Let me add my congratulations to the hon. Member for East Londonderry (Mr. Campbell). A couple of weeks ago we had an Opposition day debate on the same subject, but no Ulster Members had an opportunity to speak on that occasion. As I do not want to restrict the time available to the hon. Member for Upper Bann (David Simpson), who is obviously waiting to speak, I shall be fairly brief.

A couple of distinctive Northern Irish issues are relevant to the debate. The first is that as Northern Ireland has a large rural hinterland, it is probably proportionally more affected by transport costs and by a relatively poor train system. The impact on the farming community is particularly significant, and it involves factors that also affect Scotland, Ireland, Cornwall and other parts of England.

A second issue that was mentioned by neither the hon. Member for Foyle (Mark Durkan) nor the hon. Member for East Londonderry is Northern Ireland's proximity to the Irish border. Nowadays there is a large amount of cross-border trade and movement across the Euroland frontier. Anyone importing goods from southern Ireland or crossing the border to buy them will know of the substantial impact of sterling devaluation against the euro, which is probably about 15 per cent. That currency change is an important element of the increased cost of living in Northern Ireland, which may be mentioned in the winding-up speeches.

I want to develop some of the points made by the Minister and the hon. Member for Putney (Justine Greening) about the oil sector. Although the motion contains nothing desperately controversial—it is worded very openly, and I am happy to support it—I worry, like the Minister, about the constant references to a windfall from oil. It is tempting to jump on to the bandwagon, as the Conservatives and the Scottish National party have, and I am tempted to imagine that there is a pot of gold that can be spent on good causes, but I want to dwell a little on where the money comes from.

The sums that I have seen suggest that if we are talking purely about the existing windfall tax from the North sea—the petroleum revenue tax and the extra rate of corporation tax—if oil prices were maintained at their present level throughout the financial year, there could be an extra £6 billion from that source and, on similar assumptions, £3 billion or £4 billion from value added tax. That apparently quite large sum would come simply from higher oil prices.

There are two points to be made. First, we are talking about not a separate silo, but a single stream of Government revenue. What is happening to oil revenue is no different from what is happening to stamp duty or income tax. Some taxes are going up, while others are going down. This is not free money waiting to be allocated, and if it were allocated to something else there would presumably be an opportunity cost. That is the obvious point.

Secondly, there is a slightly more subtle point, which I think the Financial Secretary was trying to make, although I do not know how subtle it proved to be because I had to leave the Chamber. It is an economic point: as the fact that oil prices are rising contributes to a slow-down in the economy and therefore has an impact on income tax, corporation tax and all the other taxes that are going down, it is questionable whether there is a net revenue gain.

I am on the Financial Secretary's side, and I am somewhat sceptical about the existence of a net gain. The think-tanks have clearly reflected on the matter, which they consider to be complex, and they have not come up with any definitive conclusions. I think it would help the Government to make their own case, not only with Opposition parties but in the drawing rooms and pubs of Britain, if they explained the model that they use to produce their figures. I do not know whether the outcome would be positive or negative, but I think it would increase their credibility if they explained their calculations rather than the Financial Secretary simply telling us that she has the information on good authority. After all, it may or may not be good authority.

The hon. Member for Putney spoke of the new approach to the duty regulator. She is to be commended for coming up with a new idea that deserves serious discussion, and although I think that she will acknowledge that it is based largely on an idea that the Scottish nationalists have been advancing for some years, it has joined the mainstream of the debate, so let us discuss it.

On the basis of what the hon. Lady said today and what I heard her say on the radio during the rain intervals at Wimbledon on Sunday, I think that I have pieced the argument together, and I do not think what she is saying is enormously different from what the Government are doing. When oil prices rise, a decision is made not to increase the escalator. The difference is that the Government do that on an ad hoc basis, while the hon. Lady suggests that it should be done according to a formula.

During our last debate on the cost of living, the Chief Secretary acknowledged that the price of petrol had been reduced by, I think, about 16p a litre as a result of the freezing of the escalator since 1999. The hon. Member for Putney argues that such action could be taken more effectively if it were taken systematically. Her explanation—it was more detailed on the radio than it was today—is that because there is a cycle in prices, we can be reasonably confident that when prices rise the duty can be withheld, and when they fall again it can be increased. It all balances out in tax-neutral way.

The problem is that the oil market does not actually work in cycles. In the 19th century, when Daniel Day-Lewis was drilling for oil, there was a cycle, and then for the best part of a century there was not, because the oil industry was controlled by companies that had access to cheap oil. They controlled the supply to keep the price flat. Since then, we have had three rather random shocks: one caused by a cartel, one caused by a war and one caused by specifically economic conditions—rapidly rising demand in Asia and restrictions in capacity.

[Dr. Vincent Cable]

I think that to create a model based on the idea that there is some regular cycle, as the Conservatives seem to be proposing, does not correspond to the way the system works. To make their proposal work, they would need a reference price—a trend price—against which they could make judgments on whether the price was above or below normal. The price would have to be established somehow, and I do not know how they would establish it.

The honest truth is that no one, whether they know a lot about the oil industry or not, has the faintest idea what will happen to world oil prices. They could continue to rise indefinitely, as some theorists argue. If that were to happen, under this proposal there would have to be a permanent freeze on increased revenue, leading to a black hole of some kind which would have to be explained. The price might come right back down again because of a recession or increased supply, in which case the Conservatives would be able to pick up revenue, but they have not explained whether that would be possible to the extent of cancelling out the original concession, and whether there would be indexing. It would all be very difficult, although I do not want to be too damning, because the idea may be in its preliminary stages.

The hon. Lady was absolutely right to say that what she proposes would stabilise the impact on households. That is obviously true, and it is an advantage of her approach. It is, however, untrue to say, as she did, that it would stabilise Government revenue, because it would do the opposite. That is a simple matter of logic—it must destabilise Government revenue. When the hon. Lady's proposal is analysed by the Institute for Fiscal Studies and others, they will make that point very strongly. Putting in the hands of a future Chancellor a policy that destabilises Government revenue would not be terribly helpful. Perhaps we should return to the issue later, but it has some relevance to the debate, because the motion refers to the potential source of oil revenue.

The Conservatives are pushing their constructive idea on oil prices, and I am pushing mine on the housing market. I want briefly to refer to, as the hon. Member for East Londonderry has mentioned, the impact of the slow-down in the housing market in the Province. I should, perhaps, be less kind now to the Financial Secretary, as we had a debate a few months ago on what was happening in the housing market, and I ask her to read some of the things she said then, when I was accused of scaremongering, exaggerating and finding doom in that otherwise happy corner of the economy. If she looks back, she will find that what I was saying was deeply conservative compared with what is now happening with the falls in sales and prices and the ripples felt in the building industry, which have had devastating consequences, and which none of us, including me, had anticipated.

I commend to the Financial Secretary an idea that I and others, including some Labour Members, have been putting forward. One way of helping to stabilise the situation, and also of doing an important social good, would be to take advantage of the fact that there are now substantial amounts of unsold property and unfinished developments—including, I suspect, in the fairly prosperous suburbs around Belfast and elsewhere—which social landlords such as the council and registered social landlords could acquire at a very substantial discount and make available for rent on the basis of need. There is a major opportunity for the Government not to intervene directly, but to empower social landlords to do that. It would be a very attractive economic proposition. I am aware that it would raise borrowing levels, but as an economic intervention, it would be a sensible and helpful thing to do, and I ask the Government to reflect on that.

3.11 pm

David Simpson (Upper Bann) (DUP): I am sure that those at home who might be watching this debate will be saying to themselves, "We're not interested in the technicalities of why there are difficulties; we're interested in how much money will be in our bank accounts and pockets to pay bills." Come September, households will have to face buying school uniforms and other things for their kids, and shortly after that we will be facing the Christmas period. Those of us who do a lot of work on the large housing estates in our constituencies will know exactly how those folk have to live. This is a very difficult time for them. The Financial Secretary mentioned the word downturn in relation to the economy. I am sure that Members will agree that this is more than just a downturn. The debate focuses on Northern Ireland, but I believe that the whole of the United Kingdom will face a very difficult time over the next three to four years.

I wish to rehearse certain points and facts mentioned in the debate that need to be reiterated. The price of oil has reached an all-time high, and that is causing a major difficulty. Petrol prices have surged in the last year, and motorists across the United Kingdom are paying in the region of £14.3 million more per day than they were 12 months ago. The hon. Member for Twickenham (Dr. Cable) mentioned transport. It is a vital and integral part of delivering goods and services not only in Northern Ireland, but across the UK.

The Financial Secretary is currently absent from the Chamber, but I wish to pay tribute to her. She visited Northern Ireland on Monday past in her Treasury role in order to investigate the issue of the illegal fuel that is coming into Northern Ireland via the Republic of Ireland. That is a major difficulty. As Members know, there was a large lobby here last week, and we met representatives from a number of transport companies from Northern Ireland who told us about the difficulties they were facing.

Reference has again been made to the south of Ireland and the economy, and I am very glad that my party did not move towards having an all-Ireland economy as recommended by the party of the hon. Member for Foyle (Mark Durkan). If we had done so, we would be facing even more difficulties, because the so-called Celtic tiger which, we were told, was on fire for so many years, is starting to wither like grapes on a vine. Sadly, it is going down the tubes, as we in Northern Ireland would say. We did not go down such an all-Ireland route, but the Government must pay attention to the issue of the fuel coming into Northern Ireland illegally.

Mark Durkan: Surely the case for an all-Ireland economy is reinforced by the current situation? Part of the answer for consumers to the question of energy costs is to make sure that we have a more active competitive market, and the way forward on that is to have a strong island market and then a stronger market within these islands.

David Simpson: To a certain extent, I take on board the hon. Gentleman's point. However, he will know that in November last year we linked up our electricity through an interconnector, but we are told that Northern Ireland will not receive the benefit of that for some years, and the reason is that the power plants in the Republic of Ireland are so old that they need a lot of investment in repairs and so forth to come up to the level of what we would term efficiency.

Sammy Wilson: Does my hon. Friend accept that all the evidence so far is that the single electricity market, which in the Irish Republic is dominated by the Government-sponsored monopoly ESB—the Electricity Supply Board—has added to fuel costs in Northern Ireland, not reduced them?

David Simpson: My hon. Friend makes a valid point, and I entirely agree with him.

Farming and food production make a major contribution to the Northern Ireland economy, more so than in any other region in the United Kingdom. Agriculture contributes 0.5 per cent. towards the total gross value added across the United Kingdom, but the figure for Northern Ireland is 1.3 per cent. It therefore follows that pressures in agriculture are felt twice as much in Northern Ireland as they are across the United Kingdom as a whole. The farmers in Northern Ireland also experience twice the degree of hardship as a result of rises in the cost of feed and grain. Across the United Kingdom, 28 per cent. of gross output comes from the cattle, sheep, pig and poultry industries, while the proportion for Northern Ireland is 43 per cent. As a result, Northern Ireland farmers have to purchase more than twice the amount of feedstuff as their mainland counterparts and must therefore bear the cost of grain prices, which have exploded in recent months.

The Government may not control oil production by OPEC, but they do control the amount of taxation levied on fuel, and the UK has the greatest tax burden on fuel of any of the EU countries. The tax on a litre of petrol in Britain is some 57p, compared with 31p in Spain, 45p in Italy, 48p in France and 52p in Germany. The Exchequer has the power to reduce the cost of fuel.

Unfortunately, whenever there is a downturn in the overall economy, small businesses are especially affected. The Federation of Small Businesses has given us some figures on the difficulties that its members are experiencing. A poll carried out by the federation showed that 9,000 small business owners—more than 80 per cent. of those surveyed—said that fuel costs are likely to make it more difficult for them to expand their business and hire more staff in the next 12 months. Nearly 40 per cent. said that fuel costs would make it likely that they would have to reduce staff numbers in the next 12 months.

My constituency has the largest manufacturing work force in the Province—some 9,500 jobs—with the next largest being East Belfast. The businesses that provide those jobs have major concerns that if this trend continues—as economists tell us it will—they will have to pay off massive numbers of staff. That is a sad reflection on the state of manufacturing industry, which is dwindling in many parts of the UK. The Government could do more. Their amendment goes some way, but it does not go far enough. More could be done to help people, not only in Northern Ireland, but across the UK, to get out of the poverty that they are in.

Eleanor Gill, the chief executive of the Consumer Council, has said of gas prices in Northern Ireland:

> "The sheer scale of this gas price increase will leave consumers here reeling at a time when the cost of living has shot up by £1,400 in just one year, and they now will have to find an extra £130. A staggering one in three households here is in fuel poverty which is nearly double the rest of the UK. On top of this our incomes are lower and we depend more on benefits."

I hope and trust that the Government will see a way to help those in trouble out of their difficulties, across the whole of the UK.

3.24 pm

Mr. Peter Bone (Wellingborough) (Con): It is a pleasure to follow the hon. Member for Upper Bann (David Simpson), who is always worth listening to. His experience in Northern Ireland is most helpful to this debate, but so are his comments about the rest of the United Kingdom. I also wish to congratulate the hon. Member for East Londonderry (Mr. Campbell) on his reasoned and thoughtful introduction to the debate.

I was amazed when the Minister said that the Government would oppose the motion. That is like opposing apple pie. How can they oppose a motion that proposes the consideration of ways to protect the poorest in our society?

When I was a new Member, I noticed early on how assiduous hon. Members from Northern Ireland—from all parties—are at attending debates in this House. They must be some of the hardest-working Members in the House, and they should be congratulated on their efforts on behalf of the United Kingdom.

Wherever people live in this country, the increasing cost of living is reducing their quality of life. This is not a "new Labour" Government: there is nothing new about them. They are like any old Labour Government: they tax and spend, tax and spend, and then destroy the economy. Then a Conservative Government come into power and have to spend many months fixing the mess that they have inherited.

I suppose that there is one difference. Former Prime Minister Blair tried to hide the tax increases so that people did not notice them, but now the stealth taxes are coming home to roost. The current Prime Minister does not bother. He does not even try to hide the tax increases. He scrapped the 10p rate of tax, harming millions of our most disadvantaged citizens, but at the same time the Government continue to waste millions and millions of pounds on useless projects. Before a Labour Member jumps up—oh, there is no one on the Labour Benches apart from the Minister and the Parliamentary Private Secretary—

Mr. David Evennett (Bexleyheath and Crayford) (Con): Typical!

Mr. Bone: I would not say that, because for important debates, such as regulatory reform tomorrow, the Labour Benches will be packed. My point was that Labour Members, if they were here, would probably challenge me on what we would scrap if we were in government. Why not scrap regional assemblies, saving £230 million a year? Why not scrap the Standards Board for England, saving £12 million a year? Why are we building new driving test centres across the country, costing £71 million? I know the answer to the last question: it is because the Government did not bother to get a derogation from

[Mr. Bone]

the European Union like other countries did. Instead, the Government said, "Let's spend £71 million. It's only taxpayers' money so it doesn't matter."

All that expenditure pushes up taxes and increases the cost of living. As we heard earlier, from both sides of the House, it is extraordinary that when our lorry drivers fill up with diesel they pay 50.35p per litre, whereas our continental cousins pay just 25p. Those additional costs work through and increase the cost of living. It does not stop there. I know that the hon. Member for Upper Bann mentioned some figures for the rate of tax paid on every litre of petrol by private motorists, but I have obtained the latest figures from the Library which show that 70p in every litre goes to VAT and duty. Every time the price of petrol increases, another 17.5 per cent. is added in VAT.

What is the latest wheeze? What will the Government waste our money on next? Of course, they never say "taxpayers' money". It is always "Government spending" or "Government investment". They really mean that they are taking money from the taxpayers' pockets, and spending it on their pet projects. The next wheeze is that tomorrow, in this House, they will try to get through the final stages of the Regulatory Enforcement and Sanctions Bill—the "Yes Minister" Bill, for short. The House is being asked to set up a department of administrators and bureaucrats to control other administrators and regulators at a cost of £73 million. The idea could have come straight out of "Yes Minister". It is the department of administrative affairs in everything but name and Jim Hacker would have been proud of it.

At a time of economic crisis, with the Government in complete disarray, what is the Government's solution? It is to set up a department of administrators to administer other administrators. Only this Government could come up with that solution: "Let's create more administrators so that the Government can be more efficient." That is a most courageous decision by the Prime Minister, who is in deep crisis.

It might be said that saving £71 million here and £73 million there is nothing—it is chickenfeed in relation to the Government's overall spending. Of course, that is true, but if you look after the pennies the pounds look after themselves. In Government terms, if they look after the millions, the billions will look after themselves.

Let us look at the areas where the Government have really been wasteful at the cost of billions of pounds. Government spending on health care when Labour came into power was £42.7 billion, or under 14 per cent. of public expenditure. That rocketed last year to £107.2 billion, about 20 per cent. of public expenditure. That massive additional cost to the taxpayer has not brought an equivalent improvement in health care. Far from it.

Health care outcomes, as measured by finished consultant episodes, have risen from just under £12 million in 1998-99 to just under £15 million in 2006-07, an increase of 23.7 per cent. In the same period, Government health spending increased from £47.1 billion to £97.4 billion, an incredible increase of £50.3 billion and a cash increase of 107 per cent. When adjusted for inflation, that was an increase of 74 per cent. The taxpayer is paying, in real terms, 74 per cent. more and getting only a 23 per cent. increase in outcome. That is clearly a massively disproportionate increase. Vast sums of money have been poured into health care but the focus has not been on improving efficiency and outcomes. That money has been wasted at a time when we are in economic crisis.

Let us look at the cost of living in relation to health care. Unbelievably, that cost is £5,000 a year for each family and each household in the country. It will increase this year to at least £5,200 per household. The next Conservative Government would concentrate on outcomes, not artificial targets and would give power to the clinicians—the people who understand how to improve the quality of health care in this country. That would dramatically improve the outcomes for the public without increasing costs. The Conservatives want to move the operation of the health service out of the hands of politicians, into the hands of doctors and nurses.

Let me turn now to the real scandal, which is the complete and unjustified waste of taxpayers' money that is our contribution to the European Union. Last year, the net contribution paid to the EU out of taxpayers' pockets was an extraordinary £4.7 billion. It is beyond my comprehension how on earth there could be any justification for paying that sort of money so that we can be part of a free trade area. The truth is that we pay £10.3 billion to Europe and some bureaucrats in Europe decide to give us some back for their pet projects. Our net contribution is £4.7 billion. That would be bad enough, yet the Government have already forced through the House the budget until 2011 and in that year the net contribution that taxpayers will have to pay will be £6.8 billion. We pay £4.7 billion for very little in return, and we are due to increase that by 45 per cent. in 2011.

Figures from the Department for Environment, Food and Rural Affairs show that the common agricultural policy adds £10 per week to the average family's cost of living. What do we expect to get from the huge increase in payments to the EU? We have no guarantee that the cost of the CAP will be reduced. My suggestion, which would save an enormous amount of money for the Government without harming us in any way, is to freeze our contribution to the EU at the current £4.7 billion until there is real reform of the CAP, which in turn would reduce the cost of living. Better still, why do we not take a lesson from the previous Conservative Government? When we left power, the contribution to the EU was £1.6 billion.

Kitty Ussher: The hon. Gentleman talks about when his party was last in power. Given the previous Conservative Government's "empty chair" policy, how could they possibly negotiate anything from our European partners?

Mr. Bone: That intervention really takes the cake! The Minister jumps up and tries to claim that this wonderful Labour Government, who have been in power for 12 years, have had some influence over the EU. If that were true, why have they not done something about the CAP? Why are the world trade talks stalled? It is because the EU is so protectionist. The idea that this Government have been at the heart of Europe is a farce. If they have been at the heart of Europe, they have achieved nothing—and I notice that the Minister is not leaping to her feet to defend the Government's appalling record in the EU—

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. The hon. Gentleman provokes me to leap to my feet. I ought to tell him that, although his remarks are occasionally

linked to the words "cost of living", they are well outside the terms of the motion. I therefore caution him that we do not want to do the European round too heavily this afternoon.

Mr. Bone: I apologise, Mr. Deputy Speaker, but I think that I was unfairly provoked. I hang my head in shame.

The serious point about the relationship between the cost of living and our contributions to the EU is that spending such huge sums of money has a real and dramatic effect on the cost of living. However, we could control and cut that expenditure in a way that would not affect a single taxpayer in this country other than to improve the standard of living.

In conclusion, I believe that the cost of living in this country will continue to rise and the quality of life will continue to go down until we have the next Conservative Government. I am afraid that, until my right hon. Friend the Member for Witney (Mr. Cameron) leads the Government, there will be no improvement to our standard of living. The next Conservative Government will control public expenditure, improve the quality of life, and lower taxes.

3.38 pm

Mr. Mark Oaten (Winchester) (LD): I am not sure that I can agree with the final comment made by the hon. Member for Wellingborough (Mr. Bone). In many ways, I do not believe that the cost of living should be such a party political issue because, as the Minister and others have said, there are many matters that are out of the control of Westminster politicians.

A lot has been said about the problems of poverty connected to the current change of economic pace, especially for the hardest-hit families. We have talked a lot about fuel poverty, but I want to say something about a group of people, the middle classes, who are often ignored these days. Quite rightly, they are not a political priority, and they are not usually affected by changes to the economy, but my judgment is that the current downturn—or beginning of recession, whatever one may wish to call it—is starting to impact on a new group of people. I am talking about those hard-working couples—they often have two children, and often both parents are working—who risk being ignored by politicians. Suddenly, and for the first time, they are finding that they are being hit very hard indeed by the cost of living. Of course, it is absolutely right that the Government, with their winter fuel allowance and various tax credit schemes, focus on the poorest in society, but let us not ignore those others—the many hard-working individuals—who fall outside the schemes and are suffering and finding things tough. I want to link that point to the groups in rural communities who, given their dependency on vehicles and on certain forms of energy, are finding things particularly tough.

To try to find out what was going on in my own constituency, I created a non-political survey that was advertised in the local newspaper and did not mention any political parties. I do not for a minute suggest that it is a scientific survey, and I hope that the questions were not leading. I can see that the Minister is cynical about the prospect of any politician being able to put in a newspaper anything without a political word in it, but the survey is totally non-political. I am genuinely interested in finding out some information, and to be perfectly honest, I am not standing at the next election, so there is no political gain from my doing so.

The responses so far have been quite alarming. They show that the groups being hit by the changing economic climate are not those who are usually hit. The figures suggest that 90 per cent. of people who filled in the survey believe that they are going to be worse off this time next year, and in line with the some of the more respected surveys from various think tanks and groups, there is certainly doom and pessimism about where the situation is heading.

In the survey, we looked at four indicators: people's attitudes towards food prices, fuel, energy and housing. On each, there was pessimism and concern about what might happen. Petrol is a particular concern for Members who represent large rural constituencies. Often, families are dependent not on one car but on two, and people said to me in the survey that it now costs them about £20 a week more to fill up their cars. I suspect that, anecdotally, we could all say the same. I can remember when it cost me £50 to fill my car up about a year and a half ago; it certainly costs me £70 now. It is the same for my wife, which means that it costs £40 a week extra to fill our car up, and although I was off the day we did maths at school, that to me is a lot of money each month—about £160 a month extra just to fill up the car for many couples living in rural communities.

That is an awful lot of extra income to find and to absorb, and when the Government and others say, "Yes, but there could be a hidden benefit, in that it might persuade people to use alternative transport," I must say that I would be laughed at in the 56 villages in my constituency if I told people to try to take a bus, a train or another form of transport. For couples with children, trying to do school runs or having to take complicated routes, there is just no rural transport network that can act as a realistic alternative. Some respondents to the survey said that where there had been the opportunity to walk to a post office or to a shop as an alternative, those rural post offices have now disappeared—even more requirement, therefore, to get into the car and absorb those increased petrol costs.

The second indicator was energy prices, and the survey shows that individuals' electricity, gas and fuel costs have been increased by about 20 per cent. However, owing to the focus on rural areas, I want to talk about those individuals who are not able to obtain gas but are dependent on oil to heat their homes and to provide their fuel. They have faced an enormous increase in costs. I declare an interest, because my monthly direct debit for oil is £225 and has gone up enormously over the past two or three years. If one gathers together any group of individuals in villages or communities that cannot obtain gas, they first talk about trying to find a different oil provider in their area. The figures are enormous, and they are hitting rural communities very hard, because there is just no alternative for them. They cannot switch suppliers as one might do with gas; they are dependent on oil.

The regulation of gas and electricity would help enormously; I hope that the Minister will pick up on that point in her response. Ofgem and Energywatch are legally required to act as the consumers' champion, to make sure that something at least is done on prices. However, oil for heating one's house and liquefied petroleum

[Mr. Mark Oaten]

gas fall outside the regulatory system. The Minister may or may not be aware that changes to the regulation of energy are due to be made in October and November. It would be enormously helpful to the millions of people who are dependent on oil if that form of fuel were also regulated, and if Ofgem looked at the matter, just as it does in relation to gas and electricity. My fear is that because that form of fuel has not been regulated, companies were able to get away with prices that would not have been acceptable in the gas and electricity markets.

Democratic Unionist party Members touched on energy prices and on the fact that individuals who pay by pre-pay meters lose out enormously. I am lucky enough to be on the Business, Enterprise and Regulatory Reform Committee, which has just concluded a study of energy prices. When the big six suppliers came to give evidence, I asked them to justify the fact that customers who use pre-pay meters pay 17 per cent. more than those who pay by direct debit. They struggled to do so. They claimed that a meter scheme was more expensive to administer. Of course there will be more administration costs for people who have meters than for people who pay by direct debit, but the increased costs are not equal to the increase in prices. It would help enormously if the Government could speed things up and look at ways of changing the market. The Government could do something about introducing smart meters, as opposed to pre-pay meters; they could help in that respect. Finally on energy, I asked one of the big six to try to give me an indication of how people were coping with increased bills. One of the representatives said that their company's bad debt had doubled in the past 12 months. That graphic statistic shows how difficult individuals are finding it to pay those bills.

The Minister did not really answer the question that I put to her in an intervention about the comparison between our energy prices and those in mainland Europe. It is my understanding, from the evidence that the Select Committee received, that owing to the way in which our market is constructed, we as consumers pay more for gas and electricity than our colleagues in mainland Europe. They, of course, face the same global economic problems that we do. We need to look at how the market is constructed in this country, because it is adding to our problems.

Mr. Bone: I entirely agree with what the hon. Gentleman says, but the reason for that situation is that we have a liberalised energy market, whereas our continental cousins have refused to implement the European Union rules on liberalisation.

Mr. Oaten: The Committee has looked into the issue, but I shall not bore hon. Members with that. Anyway, the report is coming out soon, so I probably should not talk about it. However, there are several, complex issues behind the difference between the markets. What disappointed me as a member of the Select Committee was not being able to find two or three simple solutions to the problem. It is incredibly complex, but it certainly needs looking into, because we have a very complicated market. We need to consider restructuring it, but I shall not bore the House with the ways in which that should be done now.

The third indicator that I wanted to touch on is housing. Let us be honest: in areas such as Winchester, most people's house price has rocketed in the past 10 to 15 years, and they felt very comfortable indeed about the way in which house prices had risen. It is interesting that 50 per cent. of those who filled in my survey said that there had been a fall in their house price. One would imagine Winchester to be one of the last areas in the country that would experience that kind of change. Interestingly, when one asks individuals whether the amount that they pay out each month for their mortgage has increased, the response is split. About half of respondents say that they have experienced an increase, and half say that they have not. I suspect that many of those individuals are still on fixed-term rates, which they have had for some time, and that those fixed-term rates are due to come to an end. In fact, the estimate is that a big change is due this summer, with about £30 billion-worth of mortgages due to come off fixed rates.

The figures suggest that when the individuals involved try to come off their fixed rates, their average monthly outgoings on their mortgages will increase by about £158 a month. Of course, that is if they can get a satisfactory new rate. It is not just individuals trying to get into the housing market who are struggling to get mortgages but those who are coming off fixed rates. For some, the hike in their rate can have an enormous impact on their monthly bills and the cost of living. It is of concern that in some cases, companies such as Bradford and Bingley, First Direct, the Co-op and the Royal Bank of Scotland—in fact, nearly all of them—have not set lower rates for fixed-rate deals. Many have increased them.

I wish to mention two consequences of individuals struggling to pay their increased mortgages, or to get a mortgage in the first place. The first is the power of credit agencies to give people a bad rating, and the impact that that has on them. Many of my constituents have discovered that they cannot get a mortgage because three or four years ago, they missed a small payment on a utility or mobile phone bill. It is enormously difficult for people to track down what is affecting their credit rating. Given the credit crunch and the mortgage companies' closer focus on whom they give money to, people need to be able to check more quickly and easily what is on their record that is causing them difficulties in getting credit.

The other consequence is that many people are now desperately taking out loans for inappropriate things. The hon. Member for Foyle (Mark Durkan) said that people are doing so to meet fuel bills, and there is a growing pattern of people borrowing money for all the wrong reasons to get themselves out of current financial difficulties. That, of course, perpetuates the problem.

The fourth and final indicator on which we asked people to comment in our non-scientific survey was food and its cost. The figures suggest that there has been a 20 per cent. increase in weekly food costs. Anecdotal evidence suggests that people in my constituency are switching from Waitrose to Asda and desperately trying to find ways to get cheaper food. Perhaps one welcome consequence of what is happening in the economy will be the beginning of a price war between the big

supermarkets, which I hope will cut into their profits and make them recognise that they must deliver a better deal for their customers.

One downside could be that people will change purchasing habits that have had a welcome impact on food welfare. I have strongly supported animal welfare causes such as changing how we purchase chickens. We know that free range eggs and animal welfare food cost a little more, and I think that sadly, individuals will reconsider whether they can afford them or whether they need to cut their costs in the current climate.

I do not believe that we can ask the Government to do a great deal about those food issues, although if there had been much more encouragement over the years for local food production, and much more work with agriculture in vast parts of the country, we would not have had a food trade deficit. We could have been getting our food from local suppliers, which might just have made a difference.

I do not offer solutions, but I wanted to reflect on the concerns in my constituency about housing, food, energy and petrol. I have made a couple of suggestions to the Minister, particularly on smart meters and on the regulation of oil, which is causing such difficulty in rural areas. Although I totally understand the focus on the fuel-poor and those on benefits and in poverty, this recession/downturn is starting to hit another set of individuals whom we should perhaps talk about. Ordinary, hard-working families in areas such as Winchester are starting to feel the pinch.

3.54 pm

Dr. William McCrea (South Antrim) (DUP): I apologise for not having been here throughout the debate, Mr. Deputy Speaker. I was chairing a Committee and so was out of the Chamber for a time.

This is an important debate on a matter that has an impact on my constituents and people throughout the UK. It does not take a Bank of England economist to tell people that the cost of living is on the increase. That is the reality that everyone is experiencing at present. What the experts call inflation translates for householders and shoppers as higher prices. That is the reality that my constituents and the constituents of every right hon. and hon. Member are experiencing.

In Northern Ireland, because of the water between the mainland and ourselves, people in my constituency and in the Province have experienced increases that other parts of the United Kingdom may not have experienced. In the past year, Northern Ireland has seen price increases of 19 per cent. for electricity, 28 per cent. for natural gas and coal, and 75 per cent. for oil. Combined with other increases in household bills, that gives great urgency to the need to tackle fuel poverty and the problem of many families going into poverty. A recent debate on the subject showed that Members across the House acknowledged the fact that throughout the United Kingdom there are problems.

While it is true that the Government cannot be blamed for everything or for the problems that have arisen, they have a responsibility to steer the country through the economic difficulties. Whenever things go well, they are happy to claim that that is because of their policies, but if there is an economic downturn, they are happy to blame everybody else. We must therefore make it abundantly clear that there is nowhere for the Government to hide when it comes to their responsibility to govern the United Kingdom. If they do not desire to do so, they should step aside, hold an election and allow another Government to come to power. That is the way in which democracy works, and they have the option to do so.

While the Government have that responsibility, they must carry it out, and take the United Kingdom through these difficult economic times and the problems that we face. For example, people are finding things hard in Northern Ireland. The Consumer Council for Northern Ireland looked at the problem, and found that we paid 47 per cent. more for energy. Fuel poverty is double the average in Great Britain, and it is three times the percentage in England. Incomes are lower; and half of people who work are on gross earnings of £330 or less a week. Benefit dependency is higher: one in six do not have a current account, compared with one in 10 in the rest of the United Kingdom. Those statistics simply mirror a greater problem, because we are talking about families, individuals, elderly people, disabled people, and normal individuals in society who face a credit crunch, which has impacted on their lives.

Christopher Fraser (South-West Norfolk) (Con): I am pleased to attend this debate, albeit that I arrived rather late, because I was chairing a meeting. Does my hon. Friend agree that people in rural areas in Northern Ireland, as in Norfolk, suffer the double dilemma of heating their home or buying food, added to which they face the problem that using a car in rural areas is a necessity, not a luxury, as local services have been shut down because of Government initiatives?

Dr. McCrea: I agree with my hon. Friend, and I am happy to acknowledge that point. I was coming on to speak about rural constituencies. Many people view a car, or even two cars for a family, as a luxury, but in reality, that is not so. For rural parts of Northern Ireland, Norfolk and any other rural region of the United Kingdom, the car is a necessity. Parents have to take their children to school—they cannot keep them at home. They have to travel to the shops, because the arrival of the supermarkets means that many local shops have closed. We must therefore face the reality: we are not talking about a luxury, and we are not even talking about alternative modes of transport. For example, for people in rural parts of my constituency and other rural areas of Northern Ireland, the only alternative transport would be a horse and cart. Do we want to go back to those days? There are no buses or trains in rural parts, but we are now going to say to the people there that they cannot even use their cars because of fuel costs.

Let us face the reality. We are talking about the realities for families, and that means fuel costs. The Government bear a responsibility for the situation. A few moments ago, my hon. Friend the Member for Upper Bann (David Simpson) and the hon. Member for Wellingborough (Mr. Bone) were talking about percentages; when we add VAT to the fuel costs, we are certainly into the 70 per cent. That is a disgraceful situation, and the vast majority of people do not realise that they are being taken to the cleaners by the Government on fuel taxation. The Government are gaining the benefit.

On home fuel costs, let us bear this in mind. Gas is not available in many parts of Northern Ireland, so people have no alternative means of heating their homes. Many of our elderly and disabled people are really

[Dr. McCrea]

concerned. We and the Northern Ireland Assembly talk about renewables, but they are for the future, not the present. Unfortunately, we are behind the rest of Europe in taking renewable energy forward, but we are where we are and our people have to deal with the realities. The Northern Ireland fishing industry faces a bleak future; its fuel bills have soared at the very time when Europe demands that it should tie up its boats for most of the year. Fishing is allowed only a few days a year, so how will the fishermen keep their families and fuel their boats? Europe and the Government cannot have it both ways.

A few moments ago, the hon. Member for Winchester (Mr. Oaten) mentioned an important point. We have to look again at where the poverty trap is. Remember that in Northern Ireland wages are in many ways minimum wages. However, hard-working people, who go out every day to work, can be just beyond the boundary of getting any other help or benefit; they have to pay everything from their wages. In my opinion, those people are in a poverty trap today, and they need help.

The Government must carry a responsibility, because government should be all about seeking to help such people. I mentioned the statistics given by the Consumer Council for Northern Ireland: an extra £60 a week is required for essentials for an average family of four, as at June 2008, because of fuel, food, heating and mortgage rates. To maintain the same standard of living as they had this time last year, the average family's income needs to have risen by 12.5 per cent. Furthermore, even as we speak in the House today, fuel costs are probably still going up.

We face a tremendous challenge. As my hon. Friend the Member for East Londonderry (Mr. Campbell) said, we acknowledge that the Government gift for the fuel payment was certainly a move in the right direction. However, as the elderly face this winter, the measure is far short of meeting the real need. I say that not only about Northern Ireland, but about the whole United Kingdom. That situation has to be seriously considered.

This is an important debate. Other hon. Members want to participate. I trust and pray that we have exercised the Government's mind about the fact that there is a demand across the United Kingdom for us to tackle many of the severe issues affecting our constituents.

4.4 pm

Sammy Wilson (East Antrim) (DUP): Let me make it clear that as a party we do not take any pleasure in the current economic crisis that is affecting people not only in Northern Ireland but right across the United Kingdom. In the motion, we deliberately did not go out of our way to make a party political point against the Government. As my hon. Friend the Member for Upper Bann (David Simpson) pointed out, the vast majority of people who are watching this debate—if there are any—or who are interested in the issue do not want to know about the macro-economic explanations or the political excuses. They are concerned about how they pay for the uniform that their youngster needs for school in September, how they pay their fuel bill or how they keep their car running. The motion was not designed to be confrontational. Of course, there is no political point for the DUP to make anyhow, because the Government do not put up candidates in Northern Ireland.

One of the reasons why I am disappointed that the Government found it necessary to table an amendment is that we wanted this debate to explore the possible options for dealing with the issues that are affecting people across the United Kingdom. I sometimes joke with the Scottish National party Members who sit in front of me that since I came into this House, every time there has been a problem the Prime Minister has referred back to 1997, as if all the problems that the Government faced were due to the mismanagement of the Conservative party during its years in government. Nowadays, we never hear him or other Ministers mentioning 1997, because they have found a new way of deflecting the blame: the explanation is not historical but global; the problem is somebody else's fault, or down to influences beyond our control. As my hon. Friend the Member for South Antrim (Dr. McCrea) said, while things may well happen on a global stage, Governments cannot run away from their responsibility for managing the economy and dealing with the issues that arise.

Although we have not made the motion specific to Northern Ireland, Members in all parts of the House have referred to how Northern Ireland specifically is damaged by the increases in the cost of living. Ninety-six per cent. of our energy sources are imported, and therefore volatile in terms of changes in the value of sterling, and oil and gas prices. The hon. Member for Winchester (Mr. Oaten) talked about the problems that affect his rural constituency. The same problems have a great impact in Northern Ireland; our communities, who live largely in rural areas, are affected by the kinds of costs that are going up. A higher proportion of people are already on low incomes, and measures such as the 10p tax change have a disproportionate impact on them.

The situation does have some global reasons behind it, but it has been made worse by actions taken by the Government. I mentioned the 10p tax rate and the impact on the lower-paid. Even after the £2.7 billion compensation package, there will still be people on incomes of less than £7,500 who find themselves worse off at the end of this financial year. The increase in vehicle excise duty will catch 2.3 million households across the United Kingdom, many of whom can afford only second-hand cars. People do not understand why they should face an increased bill of £250 per year in running their car so as to reduce global CO_2 emissions. They do not see the connection between the well-being that is supposed to come from such a tax and the immediate problem that it causes them in running their much-needed car.

The increased tax burden that people across the United Kingdom have faced gives them less disposable income. Since this Government took office in 1997, the tax burden has increased by 6.6 per cent. By the end of 2012, it will have increased by 8 per cent. That means people have less disposable income, which adds to their economic misery at a time of rising costs.

The Government have slavishly followed EU directives, and I shall just give one example—the idea that we need to get 20 per cent. of our fuel from biofuels by 2020 to cut CO_2 emissions. It has already been stated that 75 per cent. of the increase in food costs since 2002 is directly attributable to the fact that we now use grain and land to produce fuels that have no apparent impact on global warming anyway. But we slavishly follow those directives. I just wanted to illustrate some of the ways in which I believe the Government have made the situation worse.

I shall deal with some of the issues raised, and hon. Members have raised a wide range of them. The impact of the Government's macro-economic policies on people's well-being and on the cost of living in the UK cannot be ignored. In the Minister's defence, I must explain that she referred to the International Monetary Fund. The IMF said—I love this phrase—that the fiscal tightening is appropriate. Let us get down to the bones of it: fiscal tightening means that people get more money taken out of their pockets. They have less disposable income. It is a lovely phrase, and the IMF has endorsed it.

The IMF has also endorsed the fiscal framework as correct. We start off from a position where Government borrowing has been rising. Since 2000, Government borrowing has risen by 20 per cent., and that borrowing started when we should have been putting money aside for the bad times. If we are talking about an economic situation that has been created by profligacy in the years when there should have been prudence, we may well reach the conclusion that the fiscal framework is correct. However, would that all have been necessary if proper economic policies had been pursued during the years when money should have been set aside?

Even taking into account the IMF's arguments that fiscal tightening is appropriate and that the fiscal framework is correct, I note that when it comes to a crisis that affects the Government, such fiscal tightening is suddenly no longer quite so important or such a priority. If there is a by-election, or a revolt on the Back Benches against the impact of tax policies on the poor and the less well-off, the fiscal purse strings can be loosened, and £2.7 billion can be produced. The tightening does not seem to matter then.

The motion says that there is a crisis—one which affects a wide range of people. Those people now find it impossible to pay their fuel bills. They are people on low incomes, or old people who stay at home. It is fine for many of us here; I come to an office that is heated during the day, and I do not have to worry about heating my home. But I think of constituents who are confined to their house all day, who are living on a pension and who have to keep their heat on. When I visit them, I find that some of them have a coat on and a rug around them because they cannot afford to pay their fuel bills. To me, that warrants a little fiscal loosening, especially when money is available from additional fuel duty.

Let me deal with the Financial Secretary's second point, which several hon. Members supported. The hon. Member for Twickenham (Dr. Cable) said that perhaps there was merit in her argument. The hon. Member for Foyle (Mark Durkan) said that there should be greater transparency about it. Her argument is that increasing fuel prices do not mean that the Government have more revenue, because as fuel prices increase, people's disposable income decreases, so they spend less money on other things. I could take that if the Government's figures, which they produced in the Budget in March, showed that that was the case, but they do not.

I assume that the Budget and the figures were drawn up at the last possible moment, when we already knew that fuel prices were increasing. They did not just start to go up in the past month—they have been increasing steadily. The increase has been a bit more rapid in the past couple of months, but prices have been rising for well over a year—well before the figures were produced. Yet, when we consider the matter against that background, and ask whether the Government predicted that VAT receipts would decrease overall or would stay the same, the answer is no. They predicted that in 2006 VAT receipts would be £77.4 billion and that, even with rising fuel prices, they would increase to £83.8 billion in 2008-09. The Government's figures do not bear out the Financial Secretary's argument.

The same applies to fuel duty, which has increased from £23.6 billion to £25.7 billion. That provides additional money, which could be used—at least partly—to tackle fuel poverty. My hon. Friend the Member for Upper Bann and the hon. Member for Putney (Justine Greening) made that point. On the Government's own admission, even at a time of rising fuel prices, money is available. If it can be found on other occasions, why cannot it be found now?

Of course, there are many ways in which spending can be diverted. Although the hon. Member for Wellingborough (Mr. Bone) was cut off in his prime, I was interested in his point about Government waste. It was probably just as well for the Financial Secretary that he was cut off for wandering off the subject, but his points were relevant. It is possible, even in the current financial framework, to consider how money might be better spent.

The motion was designed to start discussion and tease out from the Government how the windfall from rising oil prices could be spent and how to alleviate the difficult position in which many people find themselves. It was not meant to be confrontational, but the Government tabled an amendment that gives excuses rather than dealing with the problems that we wanted tackled.

Mr. Angus MacNeil (Na h-Eileanan an Iar) (SNP): The hon. Gentleman mentioned rising oil prices. It was said earlier today in the Chamber that an extra dollar on the price of an oil barrel gives the Government an extra £200 million in revenue.

Sammy Wilson: The Government predicted that the oil price increases anticipated at the time of the Budget—which were much lower than what subsequently transpired—meant that they would have £5.4 billion more in the next financial year.

Perhaps the Economic Secretary to the Treasury has an answer to the problem, but, as several hon. Members pointed out—even those who were supportive, such as the hon. Member for Twickenham—if there is an economic model that shows no overall financial gain, it should at least be transparent. I know from teaching economics in school that the one cardinal rule when examining the way in which one variable affects another is that unless all other things are equal—the old ceteris paribus; even a GCSE economics student will know that—it is not possible to identify the cause and effect of a specific economic event. If the Economic Secretary intends to argue against the points that have been made, there should be transparency and an explanation of how the conclusion that the Financial Secretary outlined was reached.

The Government have made a lot of the right noises today. The Financial Secretary started by expressing sympathy. The Government very often make the right noises on such issues and sometimes they even do the right things. She made the point, which I accept, that

[Sammy Wilson]

for many years the economy in Northern Ireland has been good. We have experienced the lowest rates of unemployment. I want to acknowledge that, because I do not want this debate to be seen as all negative. However, too often the Government have made the wrong decisions. Unfortunately, I believe—and I think that many of their own Back Benchers would accept this, too—that they appear to be out of touch. That will be fatal.

4.20 pm

The Economic Secretary to the Treasury (Kitty Ussher): I am grateful to all hon. Members who have contributed to what has been an interesting and timely debate, even though we might have a slight sense of déjà vu, having debated a similar subject only a couple of weeks ago. Let me add my congratulations to those of other hon. Members to the hon. Member for East Londonderry (Mr. Campbell) on securing this debate, and to his colleagues on making their points so clearly.

In Northern Ireland, as in the rest of the country, it is clear that the prices of food and fuel, and energy bills, are rising and that families are feeling the pinch as a result. That is no surprise, given the recent state of world oil and food prices, with oil up by 80 per cent. and food up by 40 per cent. in the year to May. However, Opposition Members may not like this, but it is a fact that our economy is well placed to respond to the disadvantageous global scenario, and that it is coping far better than it could have done in the past.

Oil prices have increased fivefold in the last five years, in what is widely being described as the third oil price shock in living memory, but this time headline inflation has risen by less than 2 percentage points, as compared with a rise of nearly 20 percentage points during the first oil price shock in the mid 1970s and a rise of more than 10 percentage points during the second shock in the early 1980s. That, if nothing else, is a demonstration of the increased resilience of our economy after 11 years of low inflation—the second lowest in the G7, in fact—and steady and strong growth.

Christopher Fraser: Can the Minister explain why, if we have the cheapest diesel in the Europe and the second lowest price for unleaded petrol, we pay the most tax?

Kitty Ussher: That is not the case. In fact, we have fallen down the ranking in fuel duty taxation compared with other countries in Europe. Including tax and duty, the UK has the seventh lowest petrol price in the EU 15 and the 19th lowest in the EU 27. We have fallen from our habitual rank, when the Conservative party was in power, of second highest in the EU 15 to around the middle of the range, so I would politely suggest that the hon. Gentleman check his facts.

In the past 10 years, real household disposable income has risen substantially, by more than 30 per cent., and income per head has risen faster than in any other G7 country, taking us from the bottom of the pile to second place. We are now second in the G7 in terms of GDP per capita, whereas before 1997 we were bottom. We have experienced the fastest rise in income per head of any G7 country since 1997. Real disposable income increased by 25 per cent. between 1997 and 2006. Most importantly, growth for the bottom 40 per cent. of people in our country is greater than that for richer households. Employment has also risen by around 3 million, to record highs. The hon. Member for Putney (Justine Greening) tried to imply that things were worse under this Government than under previous Governments, but the facts do not bear her out.

In Northern Ireland, as my right hon. Friend the Financial Secretary to the Treasury said earlier, the economy is stronger, with unemployment halved—it is now the third lowest of any UK region—and 100,000 more people in work than was the case under the previous Conservative Government. We are seeing progress all the time, as the new era of stability in Northern Ireland brings new investment and jobs. This means that Northern Ireland, like the rest of the UK, can respond far more strongly to the challenges that we all face. We cannot be complacent, however. We need to work to tackle the causes of these challenges and to support people in the meantime.

Obviously, no national Government by themselves can stop world fuel and food prices rising or end a global credit squeeze, but we are working with our international partners at every level, because these challenges need international solutions. As I have said, we also need to support people in the meantime. We are doing that through the delay in the planned April fuel duty increase and, yes, the Chancellor is carefully considering the October increase. We are also supporting people through the increases in personal allowances this year and through the additional payments that will be made with the winter fuel payment this winter in the whole of the UK, including Northern Ireland. We will continue to support people in that way.

I want to turn now to the specific points that have been raised in today's very useful debate. We challenged the hon. Member for Putney about her own policy during her speech. She mentioned a fuel stabiliser policy, but, when challenged, she said that it was not a policy, simply a consultation. That is yet another example of the Conservatives using salesman-like tactics to get in through the front door of our nation's households, even though they would be unable to follow them through.

Justine Greening: When Ministers have gone through the absolute disaster of not consulting properly on issues such as non-doms and capital gains tax, the one lesson that they ought to take from us is on consultation. It is sensible to consult, to make sure that we get things right first time. That is something that we have learned from the Government's getting it wrong.

Kitty Ussher: I confidently look forward to this so-called consultation being quietly dropped because the plan simply would not work. The hon. Member for Twickenham (Dr. Cable) gave one reason why it would not work, with which I absolutely agree. His understanding of the Conservatives' consultation/policy/not-quite-sure-what-we're-talking-about was that it would rely on a cyclical oil price, so that households and motorists could be subsidised when oil prices rose, and it would pay itself back when the oil price was in the other half of its cycle. He rightly pointed out, however, that that would not work because oil prices are not cyclical.

However, the main problem with the Conservatives' consultation/policy/not-quite-sure-what-we're-talking-about is that it would require an automatic correlation between the international price of oil and the effect on the public purse. They are effectively saying that if the international oil price rose because of decisions taken in different countries by OPEC, there would automatically be a channel of funding that would go from the public purse to the motorist. If I were a nurse, a doctor or a teacher in this country, I would be extremely worried by what the Conservatives might, or might not, be proposing.

The hon. Member for Wellingborough (Mr. Bone) finished what might politely be called a wide-ranging speech by saying that his was the party that would control public expenditure. At the same time, however, those on his own Front Bench are saying that they would not control public expenditure, but would simply hand out taxpayers' money on the basis of what was happening to the international oil price.

Mr. Bone: The doctors, nurses and policemen who would have their fuel prices reduced by the stabiliser would welcome that policy. This party is interested in looking after the consumer. The Government are trying to reduce their borrowing because of their inefficient running of the economy.

Kitty Ussher: It is the overall state of the economy that we are interested in, and we will not play fast and loose with the public finances through cheap gimmicky policies like those being proposed by the Conservative salesperson in order to get in through the front door.

My hon. Friend the Member for Foyle (Mark Durkan), who is no longer in his place, made a useful contribution to the debate and raised several issues to which I should like to respond. First, he expressed understandable concern that the price of oil is being driven by speculators, and asked whether we could intervene to prevent trading in oil futures. The issue is being looked into by the Financial Services Authority, although I have to say that there has been no indication of any inappropriate inactivity.

Secondly, my hon. Friend asked what we were doing to help people to cope. We understand, of course, as I said in my opening statement, the significant difficulties faced by families feeling the pinch. At such a time, it is right for the Government to use whatever resources are at their disposal to ensure that everybody—whether they be working class or middle class—has access to good impartial advice. *[Interruption.]* The hon. Member for Winchester (Mr. Oaten) mentioned the middle classes, but I am not accusing everyone on the Liberal Democrat Benches of actually being middle class.

We want everybody to have good financial advice in what we all recognise as a difficult time. That is why in recent weeks we have expanded by £10 million our debt advice funding and why, together with my right hon. Friend the Chief Secretary, we made a substantial policy announcement earlier this week on the whole issue of financial capability. That includes not only a significant £12 million pilot in the north-east and north-west, taking forward the work of Otto Thoresen in order vastly to improve access to so-called generic or non-product-tied financial advice, but rolling out a programme through schools and the workplace for accessing good financial advice at this important time. That involves an expanded helpline available nationally, including to people in Northern Ireland, as a one-stop shop to signpost people to the advice most suited to their needs.

Christopher Fraser: If the Minister is saying that the Government are serious about people suffering from fuel poverty, why have they cut the Warm Front budget for the next three years?

Kitty Ussher: My experience is that the services offered through Warm Front are expanding. We have the potential to do that, and I certainly see increasing numbers of people in my own constituency taking advantage of what Warm Front has to offer.

Let me address an issue raised by Members of all parties—whether the Government have a tax revenue windfall from the rise in oil prices. The simple answer is that there is absolutely no correlation between the international price of oil and what the Government actually receive. That is one reason why the hon. Member for Putney is wrong to imply that money is necessarily coming in; as I said in an earlier intervention, an analysis done by the Institute for Fiscal Studies shows that.

Justine Greening *rose—*

Kitty Ussher: May I give way after I have finished explaining my point, as it may answer the hon. Lady's question?

The key point is that we cannot look at North sea revenues in isolation. Higher oil prices will, of course, boost revenues from petroleum revenue tax and North sea corporation tax, but a number of offsetting effects limit the overall impact on the public finances. We have already made this argument: fuel duty is set as a constant amount per litre of fuel sold, and it does not go up as a result of fuel price rises. When consumer spending on fuel goes up, there is likely to be a separate effect elsewhere in the economy, leaving the overall level of VAT revenues broadly unchanged. Of course businesses, including road hauliers, can reclaim the VAT that they spend on fuel as well.

Higher oil prices have temporarily pushed up inflation, and as most tax and social security benefits are linked to inflation, this will reduce income tax receipts and boost Government spending from April 2009. Higher inflation also increases the cost of servicing index-linked bonds, and higher oil costs could mean smaller profits for companies that have to spend more of their income on fuel, thus leading to reduced Government receipts from that source, and all this depends on the impact on the wider economy. I hope that that picks up a number of points raised by Members in the debate. We will, of course, update all our forecasts in the pre-Budget report.

Justine Greening: The Minister says that there is "absolutely no correlation" between oil prices and Government revenues. Is she really saying that the Government have some random way of assessing revenues, depending on oil price changes? Surely, there has to be a model showing some kind of correlation, albeit a complex one.

Kitty Ussher: I do not think the hon. Lady understood what I just said. I said that there was no automatic correlation between an oil price rise and the overall

[Kitty Ussher]

effects on the public finances. Many other factors are involved, such as the way in which mechanisms operate throughout the economy. As I said, we will update all our forecasts for revenues and the wider economy at the time of the pre-Budget report.

I do not want to intervene in the debate between the hon. Member for Upper Bann (David Simpson) and my hon. Friend the Member for Foyle, but I thank the hon. Member for Upper Bann for his mixed metaphor about the Celtic tiger which had been on fire withering on the vine. I shall bear it in mind when I consider the economy of the Republic of Ireland.

The United Kingdom is well placed to respond to the international economic challenges that we face. That also goes for Northern Ireland, where the economy is far stronger than in the past, partly because of the Government's economic policies but also, of course, because of the new era of stability. Politicians in Northern Ireland have had the chance to build on that stability and to secure more investment and more jobs by completing devolution, which includes signalling their willingness to achieve agreement on the transfer of policing and criminal justice powers.

Mr. Gregory Campbell: The Minister presumably accepts that she is a member of a Government who, for whatever reason, are deeply unpopular at the moment, as a sequence of by-elections appears to show. Today's debate raised a core issue affecting tens of millions of people throughout the United Kingdom, and gave the Government an opportunity to introduce steps to deal with the deepening problems that people are facing out there. Is not their lack of ideas in this regard an example of what makes them so deeply unpopular?

Kitty Ussher: We present policies at the appropriate time. We make our economic forecasts at the time of the Budget and the pre-Budget report.

All politicians in Northern Ireland have a responsibility to build on the stability that has already been granted through the peace process, and we all have a responsibility to play our part to secure more investment and jobs by completing devolution. That is not to say, however, that families are not feeling the pinch, in Northern Ireland as much as elsewhere. Energy bills, petrol and food are all significantly more expensive than they were a year ago, and that is creating tougher times.

The motion calls on us to look at new ways of helping those on low and medium incomes. Of course we are always happy to hear new ideas, and we will always do our best for the people of this country—

Mr. Bone *rose—*

Justine Greening *rose—*

Kitty Ussher: I will not give way.

The Government have done a huge amount for people on lower incomes over the last 11 years through tax credits, the national minimum wage and measures for pensioners in particular, such as pension credit. Many of those measures were opposed by the Conservatives. Those policies have supported people in every part of the UK. We are continuing to support the people of this country during difficult times, and I commend the amendment to the House.

Question put, That the original words stand part of the Question:—

The House divided: Ayes 200, Noes 292.

Division No. 259] **[4.38 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Ancram, rh Mr. Michael
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baron, Mr. John
Barrett, John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browning, Angela
Bruce, rh Malcolm
Burns, Mr. Simon
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Cable, Dr. Vincent
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Chope, Mr. Christopher
Clark, Greg
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davies, Mr. Dai
Dodds, Mr. Nigel
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Foster, Mr. Don
Francois, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Gray, Mr. James
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Stephen
Hancock, Mr. Mike
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Howarth, Mr. Gerald
Howell, John
Hughes, Simon
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Hurd, Mr. Nick
Kawczynski, Daniel
Keetch, Mr. Paul
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Laws, Mr. David
Leech, Mr. John
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Luff, Peter
Maclean, rh David
MacNeil, Mr. Angus
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McCrea, Dr. William
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Miller, Mrs. Maria
Milton, Anne
Moore, Mr. Michael
Moss, Mr. Malcolm
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks

O'Brien, Mr. Stephen
Oaten, Mr. Mark
Opik, Lembit
Ottaway, Richard
Pace, Mr. James
Paterson, Mr. Owen
Penrose, John
Pickles, Mr. Eric
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Robinson, rh Mr. Peter
Rogerson, Dan
Rosindell, Andrew
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Simmonds, Mark
Simpson, David
Simpson, Mr. Keith
Smith, Sir Robert
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Matthew
Teather, Sarah
Thurso, John
Timpson, Mr. Edward
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Villiers, Mrs. Theresa
Wallace, Mr. Ben
Watkinson, Angela
Weir, Mr. Mike
Whittingdale, Mr. John
Wiggin, Bill
Willetts, Mr. David
Williams, Mark
Williams, Stephen
Willott, Jenny
Wilshire, Mr. David
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Wright, Jeremy
Young, rh Sir George

Tellers for the Ayes:
Mr. Gregory Campbell and Sammy Wilson

NOES

Abbott, Ms Diane
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Creagh, Mary
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Healey, John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hillier, Meg
Hodgson, Mrs. Sharon
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Iddon, Dr. Brian
Illsley, Mr. Eric
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Lucas, Ian
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonnell, John
McFadden, Mr. Pat
McGovern, Mr. Jim
McIsaac, Shona
McKenna, Rosemary
McNulty, rh Mr. Tony
Meale, Mr. Alan
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Olner, Mr. Bill

Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, rh Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Siobhain McDonagh and Mr. Wayne David

Question accordingly negatived.

Question, That the proposed words be there added, *put forthwith, pursuant to Standing Order No. 31 (Questions on amendments):—*

The House divided: Ayes 293, Noes 195.

Division No. 260] **[4.52 pm**

AYES

Abbott, Ms Diane
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Bradshaw, Mr. Ben
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Creagh, Mary
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Healey, John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hillier, Meg
Hodgson, Mrs. Sharon
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Iddon, Dr. Brian
Illsley, Mr. Eric
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Lucas, Ian
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve

McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonnell, John
McFadden, Mr. Pat
McGovern, Mr. Jim
McIsaac, Shona
McKenna, Rosemary
McNulty, rh Mr. Tony
Meale, Mr. Alan
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Olner, Mr. Bill
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, Dr. Richard
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, rh Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Ayes:
Siobhain McDonagh and Mr. Wayne David

NOES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Ancram, rh Mr. Michael
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baker, Norman
Baron, Mr. John
Barrett, John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Binley, Mr. Brian
Bone, Mr. Peter
Boswell, Mr. Tim
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browning, Angela
Bruce, rh Malcolm
Burns, Mr. Simon
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Cable, Dr. Vincent
Campbell, Mr. Gregory
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Chope, Mr. Christopher
Clark, Greg
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davies, Mr. Dai
Dodds, Mr. Nigel
Duddridge, James
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Foster, Mr. Don
Francois, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Gray, Mr. James
Green, Damian
Greening, Justine
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Stephen
Hancock, Mr. Mike
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Howarth, Mr. Gerald
Howell, John
Hughes, Simon
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Hurd, Mr. Nick
Kawczynski, Daniel
Keetch, Mr. Paul
Key, Robert
Kirkbride, Miss Julie
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Laws, Mr. David
Leech, Mr. John
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Maclean, rh David
MacNeil, Mr. Angus
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
May, rh Mrs. Theresa
McCrea, Dr. William
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Miller, Mrs. Maria
Milton, Anne
Moore, Mr. Michael
Moss, Mr. Malcolm
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Opik, Lembit
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Penrose, John
Pickles, Mr. Eric
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Robinson, rh Mr. Peter
Rogerson, Dan
Rosindell, Andrew
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Simmonds, Mark

Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Matthew
Teather, Sarah
Thurso, John
Timpson, Mr. Edward
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Villiers, Mrs. Theresa
Wallace, Mr. Ben
Watkinson, Angela
Weir, Mr. Mike
Whittingdale, Mr. John
Wiggin, Bill
Willetts, Mr. David
Williams, Mark
Williams, Stephen
Willott, Jenny
Wilshire, Mr. David
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Wright, Jeremy
Young, rh Sir George

Tellers for the Noes:
Mr. Crispin Blunt and David Simpson

Question accordingly agreed to.

MR. DEPUTY SPEAKER *forthwith declared the main Question, as amended, to be agreed to.*

Resolved,

That this House notes that the Governor of the Bank of England's letter of 16th June 2008 to the Chancellor of the Exchequer said that 1.1 per cent. of the 1.2 per cent. increase in recent months in inflation was due to global energy and food prices; further notes the Government's global leadership and supports the Government's action to tackle price rises with action on an international level, including pushing for a successful conclusion to the Doha round of negotiations in the World Trade Organisation and examining the impact of biofuels on food production; acknowledges the significant increases in world prices, with the oil price rising by 80 per cent. and food prices up by 60 per cent. in the 12 months to May 2008; recognises that these increases in global prices affect every country and put real pressure on family budgets throughout the UK; further acknowledges that the measures that the Government has taken and will continue to take to support families, individuals and businesses throughout the UK include extra tax credits, increased tax allowances, further winter fuel payments and increases in child benefit; considers that a strong and stable economy delivers the most important support for working families; and supports the Government's actions that have delivered unemployment, inflation and interest rates all at historically low levels.

DEFERRED DIVISIONS

Mr. Deputy Speaker (Sir Michael Lord): Before we go on to the next item of business, I must announce the results of Divisions deferred from a previous day.

On the motion on the draft Immigration (Biometric Registration) Regulations 2008, the Ayes were 249, the Noes were 56, so the motion was agreed to.

On the motion on the draft Immigration (Biometric Registration) (Civil Penalty Code of Practice) Order 2008, the Ayes were 249, the Noes were 56, so the motion was agreed to.

On the motion on the draft Northern Ireland (Sentences) Act 1998 (Specified Organisations) Order 2008, the Ayes were 285, the Noes were 118, so the motion was agreed to.

[The Division Lists are published at the end of today's debates.]

Council Tax

Mr. Deputy Speaker (Sir Michael Lord): Before we start the debate, it may help if I offer the House guidance on the scope of debate on the order. The order applies to Lincolnshire police authority. The authority was originally considered for capping, along with six other police authorities and Portsmouth city council. The debate may cover the position of Lincolnshire police authority and refer to the fact that the other seven authorities are not to be capped, but it would not be in order to focus exclusively on those authorities that are not being capped, as they are not covered by the order. I hope that that is helpful to the House.

5.6 pm

The Minister for Local Government (John Healey): I beg to move,

That the draft Council Tax Limitation (Maximum Amounts) (England) Order 2008, which was laid before this House on 26th June, be approved.

The order will be made under section 52F(4) of the Local Government Finance Act 1992. As you have said, Mr. Deputy Speaker, it caps the rise in council tax levied by Lincolnshire police authority this year. It is the only one of our decisions on eight designated authorities that requires parliamentary action at this stage, and that decision is therefore the focus of our debate this afternoon. Subject to the House's approval, the order will be made, and I will issue a notice to the Lincolnshire authority about its maximum 2008-09 budget requirement—in other words, its cap. The authority will then have to recalculate its budget so that it is at or below that maximum, and recalculate its precept on the council tax. It will then have to arrange for the district councils, as billing authorities, to send out revised council tax bills for the current year.

In December and February, I said in statements to the House on the formula grant distribution for 2008-09 that keeping council tax under control remains a high priority for the Government. I said that we expected the average council tax increase in England to be substantially below 5 per cent. this year. I also said that we would not hesitate to use our reserve council tax capping powers as necessary to protect council tax payers from excessive council tax increases. No authority could have been unclear about our intent.

Most authorities recognised the public concern about council tax levels, particularly at this time, when all households are under pressure. Some 98 per cent. of authorities did not set excessive increases; two thirds set increases below 4.1 per cent.; one in six set increases below 2.5 per cent. this year; and a further 21 authorities either did not increase council tax or reduced it. That means that this year there has been the lowest average increase in council tax for 14 years at just 4 per cent. Alongside that, by 2010-11, central Government grant for local government will have increased by 45 per cent. above inflation, and it has consistently remained above inflation each and every year for the past decade. Also, investment in police has more than doubled since 1997, with an extra £3.6 billion. Funding is higher and councils are deciding to keep tax rises lower. The threat of council tax capping is helping to keep those rises down.

However, a small minority of authorities imposed excessive increases on their council tax payers. As a result, as I explained in my statement to the House on 27 March, we designated eight authorities—seven police authorities and one local authority—with a view to capping them in-year. All eight authorities challenged their proposed cap, as is their right. My right hon. Friend the Minister for Security, Counter-Terrorism, Crime and Policing and I met all seven police authorities together to hear their cases in person, and I also met Portsmouth city council to hear its case. Having considered carefully the representations that they made to us, I made a statement to the House on 26 June.

Keith Vaz (Leicester, East) (Lab): I thank my hon. Friend the Minister for the way in which both he and the Minister for Security, Counter-Terrorism, Crime and Policing accepted representations from Leicestershire police authority and others for which caps were proposed. My hon. Friend has said that Leicestershire will be capped next year. Can he confirm that he will be prepared to accept more representations before finally deciding on next year's position?

John Healey: That will indeed be the case. We propose to designate Leicestershire, Warwickshire and Cheshire police authorities for next year and allow them a maximum council tax increase of 3 per cent. When we formally announce the confirmation of that, there will be an opportunity for them to make representations, which we will take into account. I wish to signal clearly that we intend to follow through the decision that I announced on 26 June in respect of my right hon. Friend's police authority.

We are protecting council tax payers in those three counties, and we will protect others by setting a lower threshold for capping in future years for Bedfordshire, Norfolk and Surrey police authorities and Portsmouth city council. Finally, we will protect council tax payers in Lincolnshire by going ahead with setting a maximum budget requirement for the police authority, although at a higher level than I proposed on 27 March. It will be equivalent to a 26 per cent. increase in council tax, rather than the 79 per cent. increase that it planned.

We are satisfied that all eight authorities can live with the action that we have taken and that none of the seven police authorities will need to reduce their number of police officers as a result.

Mr. Douglas Hogg (Sleaford and North Hykeham) (Con): The Minister has fairly said that this is to be effectively a standstill budget for Lincolnshire. Does he accept that given that, Lincolnshire police will not be able to improve its services in either the current year or future years?

John Healey: The police authority told us that to put in place a balanced budget, it needed £5.3 million more than our proposed cap would have allowed, which included the cost of rebilling. We have gone further than that and allowed an increase of £5.7 million. It has confirmed in a press release that there will be no redundancies as a result of the decision, and it must now take the tough decisions that every police authority and local authority has to take. It must decide how to make the efficiencies that are needed and improve services at the same time within a tough budget and tough financial circumstances. I am confident that it will be able to do that.

Mr. John Hayes (South Holland and The Deepings) (Con): The Minister has acknowledged in the House that Lincolnshire has specific problems, and he was good enough to seek and receive representations from the authority. Given the history of policing in Lincolnshire, the need to develop the service offered is profound—a "rock-solid" case, in the chief constable's words. The budget may allow Lincolnshire police to stand still, but surely it will not allow it to grow and develop in the way that it wishes.

John Healey: The hon. Gentleman is always assiduous in making a strong case for his area's interests, but the police authority budget, following the action that I have proposed to the House, means that the authority will have more than £10 million above the level of last year's budget. It can add a 26 per cent. rise on its council tax precept, which is more than it said that it needed to set a balanced budget. We have taken into careful account the full case made by the authority, both in writing and in person to my right hon. Friend the Minister for Security, Counter-Terrorism, Crime and Policing, who, I am pleased to say, is sitting on the Front Bench, and to me.

Mark Simmonds (Boston and Skegness) (Con): I am grateful to the Minister for giving way—he has been extremely generous. Does he accept and acknowledge that the very fact that he has allowed a 26 per cent. increase in the precept supports the Opposition's view that there are serious problems with Home Office funding for Lincolnshire police authority funding?

John Healey: The decision reflects aspects of the case, to which we listened carefully and which we accepted, made by the police authority, which challenged our original decision under the set process. However, the hon. Gentleman must take into account the fact that this year Lincolnshire police authority has received the fourth-largest rise in police grant of any police authority in the country. It is therefore not the case—this cannot seriously be argued—that the Government have not taken into account the pressures faced by Lincolnshire police authority. It is not right—I have not heard any Opposition Member argue for this—that that police authority should be able to impose a 79 per cent. increase in council tax on Lincolnshire council tax payers this year.

Lembit Öpik (Montgomeryshire) (LD): Perhaps the Minister has missed the principle. I served on Newcastle city council when it was capped by a Conservative Government, and I remember the objections from the Labour party and Labour councillors to the principle of central Government making that diktat. Surely, it is up to voters in the local area to make the judgment and decide whether they agree with the decisions and so on, rather than requiring an intervention from Westminster.

John Healey: These are reserve powers. The decision to cap is not one that the Government take lightly. I am the Minister for Local Government, and I hear that argument from local government all the time—it is almost a canon of the case that it makes to Government. In past years, where there has been no threat of the use of council tax capping, there have been average rises of

[John Healey]

up to 12.9 per cent. It is not fair on local council tax payers if authorities set excessive increases. It is right that we have a reserve power and that we use it carefully and in a considered way, which is precisely how we have used it in the circumstances that we face this year.

Lembit Öpik: I do not want to pursue a dialogue with the Minister, but he cannot have it both ways. Either he is saying that capping is an acceptable principle, in which case Labour would have been wrong to oppose it in the Conservative years, or alternatively he must accept the case that I have made, which is that it is wrong in principle, whatever one thinks about the 79 per cent. increase, for central intervention to squeeze out local democratic control.

John Healey: I am interested that the hon. Gentleman is saying that the Liberal Democrats would abolish council tax capping. I mentioned earlier the risk that that poses to many council tax payers in local authority areas. It may not be desirable, but my argument is that it is necessary, which is why we have those powers in legislation. It is necessary in the particular case of Lincolnshire police authority this year. We are using those powers, and I have explained to the House and set out in the order precisely how and at what level we propose to do so.

Parliamentary procedure is required to consider and approve the order in relation to Lincolnshire police authority for this year. Parliamentary procedure will be required for the three authorities that we propose to designate and restrict to a 3 per cent. increase next year and the following year. No parliamentary procedure is involved in setting notional budget requirements, as we have done for the other four nominated authorities.

As I have said, the Government do not make decisions lightly about capping and the use of the powers. However, there is no excuse for setting an excessive council tax increase, and we remain ready to use the powers when necessary. I hope and believe that many people—particularly those on fixed incomes, such as pensioners—will welcome our determination to reduce the council tax burden in Lincolnshire this year. That will also help to protect residents in other authorities against excessive increases in future years.

The reduction in Lincolnshire on the average band D property this year as a result of the action that I am proposing this afternoon will be more than £69. That, of course, will require rebilling in Lincolnshire. The extra costs will fall on the police authority, but it can have no complaints about that. Rebilling is an inevitable consequence of setting an excessive increase and of being capped in-year. All authorities know that, and the best way to avoid rebilling is not to set an excessive increase in the first place.

Robert Neill (Bromley and Chislehurst) (Con): I do not intend to interrupt the Minister again. Simply for information, may I ask him whether any calculation has been made in the discussions with Lincolnshire about the costs of rebilling, which, as he says, will fall on the police authority?

John Healey: Lincolnshire proposed some costs for the likely rebilling exercise. In its press release responding to my statement of 26 June, the Association of Police Authorities confirmed that the cost would be approximately £500,000.

Mr. Quentin Davies (Grantham and Stamford) (Lab): Will my hon. Friend state the saving to a band D householder in Lincolnshire as a result of the measures that the Government are implementing this afternoon, compared with the costs that would have arisen had the precept that the Lincolnshire police authority proposed been accepted?

John Healey: That is an important question; it is the question that many people in Lincolnshire will ask. The answer is £69.56.

People are not prepared to accept excuses for high council tax increases, either this year or in future; nor are the Government. I put all authorities on notice that we will not tolerate excessive increases in future years and that we are prepared to use our capping powers to protect council tax payers. I commend the order to the House.

5.22 pm

Robert Neill (Bromley and Chislehurst) (Con): I thank the Minister for the careful and courteous way in which he has introduced the order. I am sure that the House will appreciate that. I understand that, technically, the order relates simply to the situation in Lincolnshire, and I certainly want to respect the terms of the debate. But however careful and measured the tone that the Minister has adopted in introducing the order, he cannot escape the fact that what we are discussing today is a symptom of a wider malaise, for which the Government have to take responsibility.

That wider malaise is made up, first, of the consistent and remorseless upward pressure on council tax. That affects not only people in Lincolnshire and the other authorities that were originally considered, but people right across the country. The malaise also consists of the tight financial settlement under which those authorities and others across the country find themselves. We must not forget that the Government cannot say that they are seeking to protect council tax payers in Lincolnshire while escaping the responsibility, which has to lie with them, for that underlying malaise.

The increase in council tax is down to Government policy. The tightness of the financial settlement that affects those authorities is, again, the direct result of Government policy. It is worth reminding the House that for all the Minister's words about the protection of council tax payers, his Government have seen council tax double in the past 10 years. The tightness of the financial settlement, described by the Association of Chief Police Officers as the tightest settlement for police authorities in years, was, as my hon. Friend the Member for Bury St. Edmunds (Mr. Ruffley) pointed out when the matter was first debated in the House, the direct consequence of a macro-economic problem—the borrowing problem—that the Government have got themselves into.

The simple fact is that the Government wasted money when it was available. They borrowed too much, and now they have to tighten up on the funding that is

available to local authorities. Local authorities are feeling the pinch, and that means reductions in budgets or pressure on council tax. The Government are introducing this order because of a situation that is ultimately of their creation and their responsibility. That needs to be set in context.

I know that several right hon. and hon. Members from Lincolnshire want to participate in the debate, so I will not go into much local detail. However, it clearly cannot be justified to say that Lincolnshire is historically a particularly profligate authority; indeed, the evidence suggests that police funding in Lincolnshire, in terms of spend per head and so on, is comparatively low.

Mr. Hogg: I think that my hon. Friend will find that our hon. Friends will say that there is a structural problem with the grant in Lincolnshire that needs to be addressed. I do not expect him to give a guarantee today of what we will do when we get into government, but I hope that if and when that happens, we will look urgently at the grant to see whether it is truly unfair to Lincolnshire. If, as I believe, that is the case, we will alter it to make more resources available to the county and to the police force in particular.

Robert Neill: I am grateful to my right hon. and learned Friend for making that point, which he raised when the funding settlement was originally discussed in this House. In that debate, he said that it seemed pretty clear to many local people that there is a problem with the operation of the national grant in relation to Lincolnshire, as well as in Leicestershire, which also figured in the discussions. It was clear that several authorities in that part of England were suffering from this.

Mark Simmonds: I want to make my hon. Friend aware that the operation of the funding formula is so penal in its impact on Lincolnshire that in the financial year 2003-04 its police authority was the only one in England and Wales to have its per capita funding cut.

Robert Neill: My hon. Friend has reinforced the point. In the earlier debate, the Government were put on notice of this situation. It was clearly flagged up that, in addition to the other pressures that I have mentioned, the financial risk as regards the financing of the police service had in effect been transferred away from the Government on to the citizens of Lincolnshire. A perverse situation has developed.

This is yet another example of the situation whereby, first, we are reaching a stage where the capping regime in this form has gone beyond its useful lifespan, and secondly, it is demonstrably clear that the way in which the formula works is not transparent or seen to be fair. That applies not only to police authorities but to local authorities generally. There are problems with the national police funding formula and with the formula for the revenue support grant. People do not have faith in how these settlements are calculated. As my right hon. and learned Friend the Member for Sleaford and North Hykeham (Mr. Higg) has said, in due course an incoming Conservative Government will need to take some fundamental action on how we allocate and distribute grant.

The Government are trying to shift and shuffle responsibility. I see that the Minister for Security, Counter-Terrorism, Crime and Policing is here. He is very good at shifting and shuffling responsibility—*[Interruption]*—and making sedentary comments as he goes. That is a speciality of his; we are all used to it now, and he may as well know that it goes straight over my head, so he can save his breath.

The reality is that the Government created this situation by their own economic incompetence and made it worse by a lack of transparency and honesty in how they have dealt with local government. Despite having been given early notice of the problem by right hon. and hon. Members representing the areas concerned, they did nothing to address the structural problems; instead, they are applying a sticking plaster, in the form of the capping power, far too late.

At the end of the day, of course, the official Opposition will not oppose this order, but we have to set the record straight and say that it is not entirely fair to point the finger at Lincolnshire and the police authority. The Government should turn the mirror on themselves and accept that this is the consequence of their policy and their failure. Sadly, it is the people of Lincolnshire who have to face the consequences.

5.29 pm

Keith Vaz (Leicester, East) (Lab): It is always a pleasure to follow the hon. Member for Bromley and Chislehurst (Robert Neill). We served together on the Select Committee on Justice. He did not blame the Government quite as much in that Committee as he did tonight. I have to differ from him; it is not the Government's fault that they have to cap Lincolnshire. As we heard from the Minister, the Government have been generous to the extent that they allowed an increase well above that they allowed other authorities.

I do not claim to know everything about the way in which policing operates in Lincolnshire, but as the House knows, Leicestershire was one of the police authorities originally proposed for capping, and following representations made to the Minister and my right hon. Friend the Minister for Security, Counter-Terrorism, Crime and Policing, who is on the Front Bench today, the Government decided not to cap it, but may do so next year. Hence my intervention on the Minister to ensure that there will be an opportunity before that process begins for authorities that were not capped this year to make representations.

Members representing constituencies in Lincolnshire, on both sides of the House, will want to make specific points about what the Opposition spokesperson described as structural problems affecting policing in that area, which they feel justify—or not—the proposed increase put to the Government. I shall confine my remarks to concern about the number of police authorities that were originally proposed for capping, which will also be of interest to those in Lincolnshire. It is a worry because a problem that is developing may develop further in future. It means that the Government and police authorities will have to take a closer look at a situation where for the first time—perhaps the Minister will correct me if I am wrong—seven of the eight authorities that would have been affected were police authorities.

Next week, the Government will publish their response to Sir Ronnie Flanagan's report, which looks at the issue of a more efficient, more effective police force. I do not expect either of the Ministers here today to tell

[Keith Vaz]

us what is in that response, but during the past six months, as we conducted our review into policing, I and my colleagues in the Select Committee found that the issue of police funding came up in all our discussions. It was raised by almost all the chief constables we spoke to—I think that we took evidence from 15 of the 42 chief constables in England and Wales, but unfortunately not the chief constable of Lincolnshire. Each one of them raised the issue of funding.

I shall raise three issues that I hope will be of benefit not just to the Lincolnshire police authority, but to other police authorities that may face such action next year. The first concerns new technology. It is a mystery to me why each different police authority is able to purchase its own equipment separately at whatever cost it negotiates. Surely procurement for all our police forces, including Lincolnshire, would ensure that the cost to all of them would be less. That may have meant that Lincolnshire would not have had to ask for such a rise.

In Leicestershire, new technology—hand-held computers—was purchased from a different company to the one that I discovered was used by Staffordshire when I visited Staffordshire constabulary last Friday. It purchases from a different company from Greater Manchester police authority, which the Select Committee visited on Monday. More central guidance, with all police forces procuring equipment from the same company, would save a great deal of money and make it relatively easy for police authorities to communicate with each other. That applies to other computers and technology as well as hand-held computers.

Different authorities may buy different computer systems from different companies, thus making it difficult in some cases to transfer data from one to another. We already know that there is a problem with, for example, Lincolnshire's ability to provide information through Europol to police authorities in Europe, because it operates a different computer system.

I am sure that the Government have made the right decision, because I know that both Ministers will have examined the representations carefully. However, we should consider such matters, because police authorities generally could benefit.

Mr. Hogg: The right hon. Gentleman said that the Home Affairs Committee had received many comments from chief constables to the effect that there are problems with the formula. He is Chairman of the Select Committee, and it might be in its remit, and a useful exercise, to undertake a study of the formula's operation, with particular though not exclusive regard to the interests of some of the shire counties—Lincolnshire is one—where it is believed that the formula does not work fairly.

Keith Vaz: Clearly, the Select Committee may examine that subject in future. We are reaching the end of our six-month inquiry into policing in the 21st century. The choreography has been slightly out of synch with the Government's timetable, because the Green Paper will be published after our last evidence session, which is with the Mayor of London next Tuesday. However, we may revert to the subject in future. If the police Minister decides that it should feature in the Green Paper, or if the Government want us to re-examine amalgamations, which the newspapers suggested today—we do not know, because the statement will be made next week, and I am simply repeating what I have read—the Select Committee will clearly want to consider the formula.

The formula causes me concern because, as I said, seven authorities are police authorities. At a time when we need to put as many resources as possible into policing, it is worrying that so many authorities, including Lincolnshire, are police authorities. I have not examined in the same great detail as Ministers the case that each police authority has made, but we need to consider the way in which they operate if we are to be helpful in future.

Secondly, let me consider police efficiencies. Again, I do not want to prejudge the Green Paper that the police Minister will publish next week, but I am sure that he will refer to Sir Ronnie Flanagan's proposed efficiencies. We have taken evidence from Sir Ronnie Flanagan. Of course, efficiencies should occur in the police service in Lincolnshire, Leicestershire and all the other areas, but it is essential that that does not detract from visible policing.

Last Friday, I went to Burton on Trent, where I met the divisional commander with the local Member of Parliament, who is a member of the Select Committee, and we examined Staffordshire's innovative approach to reducing bureaucracy and red tape. It had reduced casework files from 16 pages to one page. I do not know whether that has happened in Lincolnshire; nor am I sure whether it has occurred in Leicestershire, because I have not asked our chief constable. *[Interruption.]* The police Minister claims that that has happened. It is another example of good practice that should be rolled out in other parts of the country, thus releasing, in the words of Sir Ronnie Flanagan, a great deal of police time. Some say that the reduction of red tape can release up to 50 minutes of a police officer's time. If one compares that with the number of police officers in Lincolnshire, it will mean a huge saving in hours. It would be interesting to know whether other authorities do that.

Mr. Hayes: The right hon. Gentleman makes an interesting point, but would he differentiate between the burden on police officers as a result of bureaucracy, much of which, although not all, comes from this Government, and the efficiency of the authority? The Government commissioned an investigation of the authority by PricewaterhouseCoopers that found only minimal room for savings, which would have made little difference to the fundamental funding crisis that we are discussing today.

Keith Vaz: As I said at the start, the hon. Gentleman knows much more about what is happening in Lincolnshire than I do. However, the reduction in a case file from 16 pages to one page makes a huge time-saving difference for police officers, as do hand-held computers.

If an officer can write down their report on a hand-held computer when they are on the scene, it will be more accurate than if they do so when they return to the police station. We have several distinguished silks in the Chamber today, who will be used to police officers reading out from their notebooks in court. Probably the first question that they ask is, "When did you make up

your notes?" If an officer has a hand-held computer at the scene of an incident, they can immediately make up their notes on the spot and check so much more information—who owns the car, whether it is stolen and all that kind of stuff.

The hon. Gentleman's intervention brings me to my final point, which concerns the number of laws that we pass in this place and the burden that we place on the police, including the police in Lincolnshire. Another great statistic produced by Sir Ronnie Flanagan is that stop and search results in 48,000 hours of police time spent meeting targets and ensuring that, for every stop and search carried out, certain forms are filled in that eventually find their way into the Home Office somewhere. Obviously it is important that there should be recording of certain activities and events, but I am not sure whether we should record every event in the way that we have in the past.

The situation in Lincolnshire is probably different from that in other parts of the country, because it is up to the police authority and the chief constable to decide on certain issues. Certain chief constables have said that there is no need to fill in certain forms. Others have felt that they are obliged to follow everything that the Home Office says. It is important that we should have one practice throughout the country. However, this is not a plea for central control, and it will not save Lincolnshire tonight, because it seems that the Opposition will not vote against the Government, even though the Opposition spokesman is very cross at what they are doing.

There is more that we can do. I urge the Minister for Security, Counter-Terrorism, Crime and Policing, who I know listens and takes on good practice as much as he can, to see whether any good practice can be rolled out in other authorities, so that we do not find next year that other police authorities like Leicestershire are subject to a cap. If that sounds like an early plea for Leicestershire, it is. I have not dwelt on Leicestershire, in view of your strictures at the start of the debate, Mr. Deputy Speaker, but I hope very much that the Minister will take what I have said into account when he makes any decisions in the future.

5.43 pm

Lembit Öpik (Montgomeryshire) (LD): This rare usage of the central check on council tax goes to show, with more significance than ever before, the severe lack of funding for police authorities, which has left Lincolnshire police authority with no conceivable choice but to use its council tax precepts to try to improve its service. The decision is embarrassingly last-minute and will cause huge disruption to the police service planning to use those funds. Furthermore, the administrative costs of changing the council tax increase will be disproportionate to the benefits that it will reap. Indeed, the Minister has already told us the colossal cost of changing the plan.

This situation has come about because the tight police funding settlement has left police authorities with relatively little choice. As we heard from the right hon. Member for Leicester, East (Keith Vaz), a great deal of work has to be done, and that is increasing all the time because we pass too many laws in this place. Unsurprisingly, it therefore follows that certain police authorities, including Lincolnshire, feel obliged to make substantial increases in the council tax demand in order to achieve their goal.

The 2008-09 settlement was the tightest for many years, with a 2.7 per cent. grant increase. It will be 2.8 per cent. in 2009-10 and 2010-11. That is effectively a real-terms freeze, or perhaps a contracting budget if inflation does as we fear it will. The needs formula is obviously seriously flawed, and some areas are already missing out on additional grant resources that the formula itself says they need. This will simply exacerbate the existing problems.

The police authorities are forced to make up the shortfalls through the council tax—they have no other way of doing it. Yet again, the Government's spending squeeze has pushed the responsibility on to police authorities, yet the Government are blaming them for shortfalls created by underfunding from central Government. That is the paradox. A police authority can find itself being capped for trying to achieve the income that it needs to fulfil the targets that it has been set by the Government. That is why so many people are angry about this, and it goes some way towards illustrating the frustration that the police authorities unquestionably feel at having to cut back on plans that were, after all, designed to improve public safety.

This will have an impact on police services on the ground. In Lincolnshire, Chief Constable Richard Crompton has vowed to maintain his staff at its current level. He has said, however, that plans to employ 100 additional officers and police community support officers—which he claims would have made a real difference to people living in Lincolnshire—will be abandoned. He had wanted to increase the number of officers monitoring serious offenders, including sex offenders, but that will now have to be put on ice indefinitely because the police authority does not have the necessary money.

This is also bad for police service planning. How can authorities be expected to plan their services and ensure that they can adequately protect their local community when the Government move the goalposts at the last minute? As I have said, the administrative costs involved are quite significant, but the principle behind the action conspires with the logistical problems to create administrative chaos as well as political contradiction. For example, some people who already pay by standing order will have no time to make the necessary change and could find themselves in arrears. We have already discussed the content of the funding formula. Incidentally, most council tax rises are above 5 per cent. if precepts are included. So there is a practical problem, and also one of principle.

I was rather surprised by the comments made by the hon. Member for Bromley and Chislehurst (Robert Neill). He is a tremendously nice chap, but he seemed to be highlighting a contradiction in the Conservative party's position. He said that this mess was a direct result of Government policy and that it seemed pretty clear that the lateral grants system was not working. He also said that the Government had created that situation. I agree with his criticisms, but we need to remember that it was none other than the Conservative Government who capped Lincolnshire police authority in 1995, in exactly the same way as the present Government are doing. I do not really understand how there can be political consistency in condemning the Minister and

[Lembit Öpik]

his Government today for doing something that the hon. Gentleman's party did 13 years ago—unlucky for some.

Robert Neill: Perhaps the hon. Gentleman will take on board the fact that I quite deliberately said that the capping regime had passed its usefulness, and that the circumstances that applied in local government back in the 1980s were rather different from those that apply now. Perhaps he would also acknowledge that the Conservatives have a coherent policy, because we would abolish the capping regime and replace it with a democratic vote by putting excessive council tax rises to the electorate by way of a referendum. If the hon. Gentleman is keen on local democracy, perhaps he would like to endorse that proposal.

Lembit Öpik: I simply do not understand why the hon. Gentleman feels that that intervention—eloquent though it was—goes any way towards explaining the evident self-contradiction in the Conservative party's position. Thirteen years ago—we are not talking about the 1980s here—the Conservatives capped the Lincolnshire police authority. When they were sitting on the other side of the House, they did exactly the same thing that they are condemning the current Labour Government for doing. It is encouraging to hear the hon. Gentleman say that times have changed, but I remind him of the simple statistic that between 1991 and 1997, the Conservatives capped 31 authorities. I do not understand how he thinks he can get away with saying that capping is a thing of the past, when the Conservatives used it with gay abandon throughout the time they were in government in the 1990s. Perhaps there are other political reasons why Conservative Members are so keen on condemning capping now, but they need to provide a great deal more evidence before any Member could seriously believe that if the Conservatives were in government, they would do anything other than what the present Government are doing.

Let me move on to deal with the Liberal Democrat position. I agree with the hon. Member for Bromley and Chislehurst that the capping regime has passed its sell-by date, but so has council tax. The underlying issue is that we have an unfair system for funding these services. As hon. Members will know, Sir Michael Lyons's review recommended the abolition of capping and said that last-minute decisions were costly to administer, so—

Mr. Hay[illegible] point of order, Mr. Deputy Speaker. This is a v[illegible] ort debate and many Lincolnshire Members want to contribute to it, but the hon. Member for Montgomeryshire (Lembit Öpik), having treated us to an imperfect history of the 1980s and '90s, is now describing the peculiarities of the Liberal Democrat manifesto. Is that in order?

Mr. Deputy Speaker: Were it not, I certainly would have stopped the hon. Gentleman, but I am sure that he has heard the remarks that have just been made.

Lembit Öpik: I am not surprised to see that, with all the contradictions in their policies, the Conservatives are squirming. I would point out to the hon. Member for South Holland and The Deepings (Mr. Hayes) that eight minutes is a relatively modest contribution and that unless I am considerably provoked, I will not see my way through to 11 minutes.

Let me also remind Conservative Members that the alternative is to have a system that would prevent us from being in this mess in the first place. Once again, we hear hints from Conservative Front Benchers that they do not like capping, so I would infer that they are not terribly comfortable with the council tax system as a whole. Perhaps, then, we could make common cause with a better system in the form of a local income tax, which would do away with these problems.

Given that the current situation is as it is, however, I revert to the fundamental principle that we find objectionable, and that when in opposition, the Labour party found objectionable: the principle of laying down the financial circumstances of local authorities from Westminster. That is exactly what we are doing here. Either we believe in local democracy and accept that local people have the right to vote on and object to these matters—in this case through consultation with local representatives—or we believe that the central state has the right to usurp those decisions.

The Liberal Democrats are utterly opposed to capping. We want the responsibility to lie in the local area and we think that, rather than having us intervene from a distance as we are now, we should allow the decision to be taken locally. Nobody thinks that a 79 per cent. increase is good, but any right-minded person who is serious about devolution and democracy can see that the principle of capping is very bad. For that reason, we shall press for a vote.

5.53 pm

Mr. Quentin Davies (Grantham and Stamford) (Lab): I was rather brought up to believe that the prime and foundational task of a Member of Parliament was to defend his or her constituents against unreasonable, excessive or unjust taxation. I rise this afternoon, conscious that that is what I am trying to do. I am struck by the fact that no Conservative Member—from Lincolnshire or anywhere else—appears to be remotely interested in playing that particular role. They are here, either explicitly or silently, to defend a completely unreasonable precept proposed by Lincolnshire police authority. With the honourable and laudable exception of the hon. Member for Gainsborough (Mr. Leigh), who is not in his place, Conservative Members from Lincolnshire have been so much behind this precept—unreasonable and absurd as it is—that I am led to believe that the Conservatives on the police authority were whipped to vote in its favour.

It is against that background that we should interpret what the hon. Member for Bromley and Chislehurst (Robert Neill) has said this afternoon. I have nothing against him personally: he is a Front-Bench spokesman and he has to do as good a job as he can; he did so on the basis of a very bad brief. We know what that job consists of, however, because we see it done every day. Opposition Front Benchers come to the House and say, "It's all the Government's fault—it's all terrible." This afternoon the hon. Gentleman talked of a long-term malaise that was apparently all the Government's fault, without ever saying what the Conservatives would do differently. He did not suggest for a moment that they would introduce a different level or form of grant, or change the formula. What is more, he did not have the

courage of his convictions in criticising the Government. Obviously he does not want to make himself even more unpopular in Lincolnshire by voting against the order, so he announced that he would not vote against it or call on his colleagues to do so.

In terms of its content the hon. Gentleman's speech was a complete washout, although it was delivered in his usual charming fashion. As I have said, I do not blame him in any way. All that he is doing is coming to the House just as his colleagues do. It is only because we listen to the same thing every day that we can see through it. I understand why the public might initially think, "That sounds very plausible: something must be wrong, and it is all the Government's fault—how terrible." Nice Tories, with their modern image, would not apply their critical faculties and realise that what is being proposed is complete air, complete hollowness, complete nothingness. That is the background to so many debates in the House of Commons nowadays, and to so many Opposition motions.

Let me turn to the specifics of Lincolnshire. Lincolnshire is very well policed. We are fortunate enough to have a good police force, and there are very good relationships between the public and the police. That is not the case in every part of the country. In rather more than 20 years in politics representing the people of south Lincolnshire in slightly different constituencies—the constituency boundaries changed midstream—I have never encountered a case of police corruption or police violence. I will touch wood, because we all know that human beings are fallible everywhere, but I do not believe that there have been any such cases over that period, and probably for a long time before. We are deeply appreciative of that.

It is perfectly reasonable for a chief constable to have ambitious desires to develop the force, improve the service to the public and improve the facilities available to officers and civilian staff. I am sure that I would feel the same if I were a chief constable. Anyone who runs an organisation feels like that. There is an element of empire-building in any form of management. In the private sector it is controlled by competition: those who become uncompetitive go out of business. In the public sector, it must be controlled by some other discipline. There must be some external countervailing force or influence to prevent excessive spending. That is why we need the disciplines that we have in the public sector today, one of which is the capping mechanism.

I do not blame the chief constable—a previous chief constable, in fact—for producing a wish list that seems to have been excessively imaginative. I do, however, blame the police authority for not only accepting the wish list but adding to it, in an extremely uncritical fashion. I read with great attention the business plan and budget that the authority produced last summer, and begged its members not to proceed with it. Several things were wrong with it. First, it was far too long and full of verbiage and jargon. It was very incoherent and badly organised, and as a result very unconvincing. I think that someone else should draft the police authority's business plans in future. Secondly, it made a number of extravagant demands without any critical examination of the possibility of internal savings.

A year ago almost to the day, I wrote a letter to the chairman of the police authority and the chief constable asking a number of questions. I asked, for example, why the number of civilians employed in the force could not be increased. Lincolnshire has a lower civilian quota than other shire counties. I received no reasoned answer to that question. I asked why we were not using specials more, and about a number of aspects of policing that seemed to me to be less than essential. I asked why we did not drop them and use the resources elsewhere, employing the officers concerned in other tasks. More recently, I have asked why our financial proposals do not take account of potential savings from the Flanagan reforms, and why we have not—as some constabularies have rightly done—tried to anticipate the reforms by getting rid of superfluous bureaucracy in advance. There is a lot of superfluous bureaucracy in the police force.

The Lincolnshire police force has over the past few months not been behaving in the way we would expect if it were true that it has been reduced to penury; far from it, in fact. We opened a very nice new police station in Grantham last year, and within a month or two it was being repainted. On a Saturday afternoon a few weeks ago in Lincolnshire, I saw two policemen with speed guns engaged in traffic policing, but traffic policing should, on the whole, be done by civilians operating electronic equipment. I am always told that the real strain on policing occurs at the weekends—that that is the expensive time, and that that is when there are often law and order difficulties in various places, such as at football matches on Saturday afternoons. I believe that we should use more specials at such times, but leaving that point to one side, there were those two uniformed officers not chasing after dangerous criminals or engaged in the kind of dramatic police operations that the hon. Member for Montgomeryshire (Lembit Öpik) was saying will have to be sacrificed if Lincolnshire does not get the money it is demanding, but simply handing out speeding tickets.

Neither my analysis of the Lincolnshire police budget and business plan, nor my own experience of Lincolnshire police, nor the reactions of my constituents—whom I believe are 100 per cent. behind me in everything I am saying on the subject—lead me to think that the demand for a 78 or 79 per cent. increase in the police precept from one year to the next was remotely reasonable or justified. The police authority's task should be not to accept uncritically what the force is asking for, let alone to add to its wish list, but to act as an intermediary between the police and the public, and to take account of the taxpayers' interests and of what the taxpayer can reasonably be expected to pay, and of what it is reasonable to ask for by way of an increase in charge for a public service from one week, month and year to the next.

Last week, we were talking about how great an increase in the pay of Members of Parliament it might be reasonable to ask for, even if in the past they have been underpaid in relation to other professions, which is, of course, perfectly true. We asked whether it would be acceptable to have a sudden dramatic catch-up over the course of a year. Even if there is an argument that Lincolnshire should have been more generously funded in the past, which I think it should have been, and even if there are arguments about the funding formula—which there are, and I believe the funding formula could be greatly improved—was it reasonable to go for a 78 per cent. increase? Was that even sensible or pragmatic? The people who did this have public responsibilities. They are supposed to act in a way that is not only sound in

[Mr. Quentin Davies]

terms of the philosophy of what they are doing, but which makes sense pragmatically in terms of making it likely that they will achieve the objectives of the institution for which they have a charge. They suddenly asked for 78 per cent—I think the figure is 78.5 per cent. actually, but I always say 78 per cent. to try to be fair. *[Interruption.]* The Minister says the figure is 79 per cent. Regardless of which is correct, to ask for such an increase from one year to the next is immediately not to be taken seriously. Therefore, I think the police authority did a very irresponsible job.

Moreover, the police authority is entirely responsible, as it knew the score. It had people, including me, begging it not to go down that road, and it knew it would have to rebill if it was capped. Therefore, it is entirely responsible for this £500,000—that is the figure we have heard this afternoon—which it will cost to rebill. I have called in my constituency, and I call now in the House, for the resignation of the chairman of the police authority and of all those members of it who voted for this completely inordinate increase, because I think they did a very bad day's work in doing so. They were quite irresponsible in the way in which they conducted that exercise, and they have now lost all credibility. I suspect they have lost a lot of credibility in Whitehall, and they have certainly lost a lot of credibility with the public in Lincolnshire, who can see that they were trying to get £100 or more out of them for a band D property, and they have now succeeded in getting only £30 for such a property. Also, as has been made clear, there will not be any redundancies as a result. A lot of the panicky propaganda that has been mouthed in Lincolnshire over the past few months has been seen to be as empty as the rhetoric we heard this afternoon from the hon. Member for Bromley and Chislehurst.

6.4 pm

Mr. Douglas Hogg (Sleaford and North Hykeham) (Con): The House has just heard a rather disagreeable attack on my hon. Friend the Member for Bromley and Chislehurst (Robert Neill) and a rather self-regarding speech from the hon. Member for Grantham and Stamford (Mr. Davies), which included a rather disagreeable attack on the police authority. The hon. Gentleman will forgive me for saying that his present position on policy, and indeed in this House, would be more impressive if it had more to do with principle and less with personal pique. That is the last that I shall say of or to the hon. Gentleman in this debate.

Mr. Quentin Davies: Will the right hon. and learned Gentleman give way?

Mr. Hogg: No, I will not give way. I had to give way to the hon. Gentleman when he sat on these Benches. I am happy to say that I do not have to give way to him now, and I do not propose to do so. I hope that I have made my position clear.

I have no doubt that my constituents will be relieved by the fact that there has been a capping order. Inevitably, they were distressed by an increase at the level proposed by the police authority. Inevitably, they will also be relieved that they will pay less as a consequence of the capping order, but we must understand that what the police authority did reflected a serious underlying problem within the Lincolnshire police force.

Those of us who have represented the county for many years, and my hon. Friends who have been in their places throughout this debate, know well that the Lincolnshire police force faces a serious problem of structural underfunding. Only a limited number of sources of finance are available to the police service. There is the precept, there is central Government grant and there is a special grant. The problem that Lincolnshire faces—and has faced for several years—is that the underlying grant has been too low. It is possible that we could criticise the police authority, in temperate and courteous language, for not having in the past increased the precept by as much as it could have done. I am inclined to think that there is some merit in that criticism and if the hon. Gentleman had confined himself to that, I would have had some sympathy with him.

It is also possible that further savings could be made by the police service. I was, many years ago, a Home Office Minister with responsibility for the police and I am conscious that there are few police forces of which one could say that there are no further savings that they could sensibly make. However, that does not go to the root of the matter, which is one of structural underfunding.

The Lincolnshire police force is now looking at a structural shortfall—a deficit—in 2010 of £14 million. It can put that right only through an increase in its funding or a decrease in expenditure. One of the real problems that face police services—and local authorities, fire and ambulance services—is that more than 80 per cent. of their budget goes on manpower. If police services want to shrink their budgets, they have to cut manpower. It can be done over time by reducing the number of uniformed officers, but I do not think that many people in Lincolnshire want to see that happen. It can be done by sacking civilian staff, but that involves up-front redundancy costs and then requires uniformed staff to do the tasks previously done by the civilian staff. That also reduces front-line services.

We should be as unpartisan as we can about this problem—and I make that point to the hon. Gentleman. There is a structural problem in Lincolnshire. I suspect that that is also true of Norfolk, Suffolk and some of the other forces. Why that should be so, I am not wholly clear. I have some difficulty in understanding the formula, as does the hon. Gentleman. He attended many a meeting that I did, and he did not understand, any more than I did, exactly how the formula was calculated. I have a strong feeling that rural areas are being discriminated against. That is not deliberate or malevolent, but because the Government's sympathies are not with the rural areas they have not focused on the matter with the intensity with which they should.

I suspect that something like the following is true of Lincolnshire. Although it is a sparsely populated county, habitations are located quite close together. There are not many areas of wildness where there is nobody. Areas that contain nobody do not have to be policed too much, but sparsely populated counties with a lot of habitation have an intensive police requirement.

Mr. Hayes: The characteristic that my right hon. and learned Friend is describing with such eloquence is that of a sparse and scattered population. I suspect that the

formula that he described is insensitive to sparsity and almost oblivious to the kind of scattered population that he describes.

Mr. Hogg: My hon. Friend has put it more eloquently than I have and I am extremely grateful to him.

There has been recognition of the underlying problem because the Home Office made a specific grant of £3.4 million last year. The fact that the capping has allowed the precept to rise by 26 per cent. or so is also an implied recognition of the problem. At the very best, it allows for a standstill budget and no more.

Most people in the county, and most sensible commentators, too, will accept that the police in Lincolnshire are not performing as well as they should. They need more resources and unless there is a determination to drive up the base income, which is derived from the formula, there will be no prospect of a substantial increase in the resources dedicated to the county in the foreseeable future. I will not vote against the order, unlike the Liberal Democrats, because I recognise that it will be a considerable relief to my constituents. I will not embark on intemperate criticism of the police authority, such as that which I found so deeply unattractive, because it is wrestling with a serious problem and doing the best that it can in difficult circumstances. Unless we confront the problem of the formula, Lincolnshire and other police forces will find themselves in continuing difficulties that they will be unable to resolve.

Mark Simmonds: My right hon. and learned Friend is eloquently putting the balanced case that is of great concern to our constituents. Is he also of the view, as I am, that the significant increase in population in certain parts of Lincolnshire, particularly in my constituency around Boston, caused by a significant number of economic migrants coming to work in the agricultural and horticultural sectors has not yet significantly been taken appropriately into account and reflected in the funding formula and the money that comes to the police authority?

Mr. Hogg: I am sure that that is right. Thinking back to when I had dealings with the formula, which I always had great difficulty in understanding, I knew that there were long lead times and that the configuration of the county would change but that the changes in the configuration would take time to be fed into the formula. In the case of my hon. Friend's constituency, I am well aware that there has been a huge influx, particularly from eastern Europe, of migrant workers, many of whom bring special problems—for example, linguistic problems. That raises an issue for the local force and I am sure that that has not been reflected.

Lembit Öpik: Incidentally, I find visitors from eastern Europe quite charming, especially those from Romania. My point about the funding formula relates to the discrimination that I am certain is taking place and that is taking funding away from rural areas. Does the right hon. and learned Gentleman agree that if that is the case it is probably happening because the performance indicators cause the police and the Government to try to focus police resources on places where they can get the biggest hit, which tend to be in the inner city? As a direct result, both Lincolnshire and my constituency, Montgomeryshire, have suffered when it comes to police resources.

Mr. Hogg: There is some truth in that. May I speak as a barrister, just for a moment? I practise in the criminal courts and in that capacity I am aware of the intensity of crime in inner-city areas. I represent people from Leeds and Bradford, and often from London as well, and I am really conscious of how lawless large parts of the inner cities have become. I recognise therefore that the Government feel that the police have to address those issues seriously, and I agree, but I think that they tend to overlook the problems that occur in the countryside. Although crime levels as such are lower in rural areas, anxiety about crime remains very high, and particular types of crime remain very difficult to detect, in part because of the sparsely populated nature of the countryside. I think that the Government's sympathies are not inherently with the rural areas, which they find easier to neglect than they do the cities.

I shall not accuse the Minister of being complacent, as I understand that he is speaking to a brief. I understand too that he can say, "Well, a standstill budget, what's wrong with that?" However, I hope that he will take away from this debate an understanding that Lincolnshire has a serious problem with its police. He has prevented an immediate crisis, but he has not enabled the police to provide the better service that they need to provide.

The Minister for Security, Counter-Terrorism, Crime and Policing, along with the police authority, has been good enough to see me and to speak about this matter on a number of occasions. I hope that the two Ministers will seriously ask themselves whether they are content with the level and standing of the police in Lincolnshire. If the honest answer to that is no—and that is the proper answer to give—they need to work together and with others to see whether more central Government funding can be brought to the Lincolnshire police budget.

6.16 pm

Mr. John Hayes (South Holland and The Deepings) (Con): It is an immense pleasure to follow my right hon. and learned Friend the Member for Sleaford and North Hykeham (Mr. Hogg). Before I speak about the police funding formula and Lincolnshire, I should like to put on record the fact that the Ministers for Local Government and for Security, Counter-Terrorism, Crime and Policing have both treated the representations made to them with care and courtesy.

At the end of my remarks I shall be making a further demand of the Minister, but I shall begin with a word about the formula. I have understood local government finance only twice, and then fleetingly. My right hon. and learned Friend said, with a degree of humility matched only by his eloquence, that he barely understood it at all when he had responsibility for it. The first time that I understood it fleetingly was when I studied it at university as part of my degree, and the second time was when, as a Nottinghamshire county councillor, I proposed a budget amendment during that council's annual budget meeting.

Those occasions were brief candles, now long extinguished, but I do understand that the formula does not serve Lincolnshire well. From the communications that I have received from the police authority, as well as from my discussions with Ministers and my conversations

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with my hon. Friends, I suspect that that is due in part to the formula's failure to cope adequately with the particular problems of rural areas and their sparse and scattered populations, and in part to its unresponsiveness to change.

My hon. Friend the Member for Boston and Skegness (Mark Simmonds) will speak about the situation in Boston with altogether more knowledge than I can, but, as has been mentioned, the incoming population from central and eastern Europe has caused dramatic change in the area. I am not sure that the formula is terribly good at dealing with the rapidity of the changes that we have seen in Lincolnshire, or with the difficulties of providing a public service in a demography such as Lincolnshire's.

We might say the same about health provision or the social services, but the problem is exaggerated in respect of policing, which faces a combination of demands. One is the need to respond to urgent problems, and that is coupled with the need for a profile which, if not ever present, is at least sufficient to reassure the public and deter criminals.

I am sure that the Minister has recognised that the formula needs to be re-examined. Unless it is, we will end up in this circumstance again, we will debate the matters in a similar fashion and Ministers will spend inordinate amounts of time trying to come to a settlement, following the representations made to them by people such as us, the police authority and others. That would not be a satisfactory position for the House, for Lincolnshire or, indeed, for the Government.

The feeling in Lincolnshire about those matters is running high. I was pleased to present to 10 Downing street a petition that was signed by several thousand of my constituents and organised between me and the local newspaper, the *Lincolnshire Free Press*, which was kind enough to publish coupons that local people filled in, demanding that the Government take action. In that much I agree—although it pains me to do so—with the hon. Member for Grantham and Stamford (Mr. Davies), whose presence is a delight to me, if only because, however inadequate my contribution, by contrast with his it will shine. He is right to concede that it must be said that the Government have at least responded to the concerns by using their discretion on capping.

The Government were right not to cap the authority at 5 per cent., because the effect would have been monstrous, but I understand why the Government took the view that the scale of the authority's proposed increase was intolerable, because it would have not only ridden roughshod over policy, but placed an unfair burden on my constituents. However, by allowing the 26 per cent. increase, the Government have implicitly acknowledged that there is an infrastructural funding problem, as my right hon. and learned Friend the Member for Sleaford and North Hykeham described it. By accepting an increase of that size, they acknowledged that the police authority was in crisis, and that if they had not permitted that—still very large—increase, it would have faced cuts and closures, jeopardising public safety and public order in the estimation both of the authority, which has done a good job in making its case, as Ministers acknowledge, and of the police force, which has worked closely with representatives and with the authority.

Mr. Hogg: May I just refer to the point that my hon. Friend made about allowing the precept to rise by about 26 per cent? That implies that the grant should have been higher by the amount of the increase in the precept, but the Government are in fact shifting the responsibility from the central taxpayer to the local taxpayer to perform that which central Government should be performing.

Mr. Hayes: Yes, indeed. It is not only an implicit acknowledgement of the scale of the problem, but, as my right hon. and learned Friend suggests, a transfer of responsibility for solving the problem. People in Lincolnshire will say, "We're doing our bit, why isn't the Government doing their bit?" We may be judging Ministers too harshly, and at the end of the debate, the Minister may tell us that he will conduct a root-and-branch review of the formula and make a special grant available to the police force, as the Government did last year.

Mark Simmonds: Will my hon. Friend give way?

Mr. Hayes: I shall happily give way to my hon. Friend, who is an assiduous champion of his constituents' interests in that regard and in many others.

Mark Simmonds: I think that my hon. Friend is coming to the crux of his remarks. He is absolutely right that there was a special one-off grant of £3.4 million last year to the Lincolnshire police authority, but is he aware that when the Government calculated the increase this year, they did not take into account that £3.4 million as the base figure, thereby making the authority's increased funding actually a decrease in the amount that it received last year?

Mr. Hayes: My hon. Friend brings to the debate an understanding and a knowledge that I could not hope to emulate, and he is right to say that the addition of that £3.4 million effectively raised the baseline. It had become the standard, the norm, for the police authority, because it had spent and absorbed it, and the assumptions on which its future plans were predicated were built around that absorption. My hon. Friend has made a useful point. When we debated the matter in previous weeks and months I wondered whether the Government might not only allow an exceptional rise in the precept but make a similar kind of grant, given the facts that my hon. Friend set out so clearly. That would, in a sense, be a compromise. It would broadcast the message that Government were doing their bit and the council tax payers were doing theirs.

However, as I say, perhaps the Minister has something up his sleeve—a rabbit that he will produce from his hat—in the form of extra money, or at least a commitment to a root-and-branch reform of the formula. I also hope that he will give a commitment—I make this request to him quite plainly—to meet representatives of the authority and the force as a matter of urgency to plan what will happen in the immediate future and in the next 12 months, so that we avoid a recurrence of these circumstances.

Others want to speak, and I do not want to test their patience, or the patience of the House, too much, but in summary, we remain in our current circumstances. We have been given a very useful briefing by the police authority, to which I will refer. Lincolnshire remains the

lowest spending force per head of population, and the force with the fewest officers per head of population. Despite having less resources than any other force in the country, Lincolnshire police are expected to cover the third biggest geographical area. Is it any wonder that the police authority, but more especially the police force, in the form of the former chief constable and our new chief constable—a splendid man, who I know will do his very best with the resources available to him—are so worried about their ability to provide the level and quality of policing that, in their judgment, the communities in Lincolnshire need and deserve? The chief constable has said

"we cannot make the investment into policing in Lincolnshire which we know is necessary to provide acceptable levels of service."

When policemen make remarks of that kind, we know that there is a serious problem.

We are not talking about providing an exemplary level of service, or about an ambitious—perhaps unreasonably so—plan for how policing might be improved. We are talking about acceptability—a baseline level of service. Surely my constituents in South Holland and The Deepings, and other residents of Lincolnshire, deserve at least that. I am sure that the Minister, who is a good Minister, would not demur.

Finally, I hope that the case that has been made is a measured one. The hon. Member for Grantham and Stamford—I do not want to be unnecessarily unkind to him, but it is necessary to be reasonably unkind to him—claims that the case has been exaggerated, and is extreme in some way. I totally disagree. I think that the case made by Members of Parliament, local authority representatives and the force has been measured. The authority and the force want to be able to respond to changes in population demands, and they want to devise a plan for dealing with serious organised crime, which does exist in Lincolnshire, despite the bucolic image often painted of our county—and indeed, it is a splendid place to live. They want to develop policing to meet current needs and dynamic demands. They deserve the chance to be able to do so.

Of course I agree with my hon. Friend the Member for Bromley and Chislehurst (Robert Neill) that we must accept the order. I want the police force in Lincolnshire to be able to implement its plans to do its best for Lincolnshire people. Is that unreasonable? I think not.

6.29 pm

Mark Simmonds (Boston and Skegness) (Con): It is a pleasure to follow my hon. Friend the Member for South Holland and The Deepings (Mr. Hayes), who is an articulate and tireless campaigner on behalf of his constituents. He was absolutely right to highlight the real concern felt when the police authority put forward its initial precept. Both our constituencies have a significant number of hard-working but low-waged people who find things difficult, particularly given the current economic contraction, rising fuel and food prices, and the fact that they have little public transport and little alternative to using their cars to get to work and go about their daily business. A rise of nearly 80 per cent. in the police precept therefore presented a significant challenge to their personal and family finances. That is one reason why I will not vote against this capping order.

I was delighted that my right hon. and learned Friend the Member for Sleaford and North Hykeham (Mr. Hogg), who is a distinguished and eloquent former police Minister, made a forensic analysis of the issues. He was absolutely right that the lack of flexibility in the funding formula is to blame for Lincolnshire police authority's current problems. I will return to that point later.

I shall not say too much about the contribution of the hon. Member for Grantham and Stamford (Mr. Davies), who is a constituent of mine, except that it was disappointing. I found it slightly offensive that there was a direct implication that Conservative Members representing Lincolnshire constituencies do not represent their constituents to the best of their ability. We were concerned about the proposed rate of the police precept, and he is absolutely wrong to suggest that we acquiesced in it. I am pleased that the Minister has introduced the order.

I wish to take this opportunity to thank the Minister for Security, Counter-Terrorism, Crime and Policing, who has been courteous throughout the process. He has at least listened to the concerns of Lincolnshire MPs of all parties. I follow my hon. Friend the Member for South Holland and The Deepings in requesting that he examine some specific issues prior to future funding reviews.

The Minister for Local Government introduced the order in a typically calm and considered way, but I am afraid that he cannot get away with implicitly passing the blame on to the police authority. The reason for its problems is insufficient resources from central Government. The point has already been made, but it is worth re-emphasising that Lincolnshire police authority is the lowest-funded force per head of population in the whole country. The next lowest, Suffolk, gets £11 million more. It is recognised and acknowledged that the problem is with the funding formula. It is inflexible and unresponsive to Lincolnshire's population, geography, rurality and sparsity. As I said in my intervention on my hon. Friend, the £3.4 million grant last year was made in recognition of the fact that the authority has funding problems. My right hon. and learned Friend the Member for Sleaford and North Hykeham rightly pointed out the deficit.

Of course it is right that police funding is not awarded on a per capita basis, and there are complexities and differences between urban areas and rural ones such as Lincolnshire. However, the disparity in the numbers is stark. The West Midlands police authority gets £189.78 per head, Greater Manchester £189.54, Northumbria £188.62, and South Yorkshire, the Minister's own police authority, £162.74. Lincolnshire gets only £112.29 per head. I shall say more in a moment about the significant increase in population.

There has been underfunding for a number of years. I accept that it is not a new phenomenon. There are no more police officers in Lincolnshire than 10 years ago, and there are fewer officers per capita than in any other force in the country. Its limited resources have to be applied over the third largest police authority area in the whole country.

My right hon. and learned Friend made a pertinent point. Had the Minister not allowed a significant precept, 25 per cent. of the police officers in the Lincolnshire police authority might have had to be made redundant. As I said in an intervention, that confirms that the

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funding formula is not working for Lincolnshire. Such redundancies are not legal, and the authority's only alternative would have been to make 364 civilian staff redundant and withdraw police officers from the front line to do that civilian work at additional cost to the police authority.

If there is one consistent theme articulated by my constituents in Boston and Skegness, it is that they want a more visible police force, and I believe that that is true elsewhere in Lincolnshire. If the precept had not been allowed at 26 per cent., we would be moving in completely the wrong direction.

The argument that the Minister for Local Government seemed to make—and a small part of it may be true—was that Lincolnshire police authority must be more efficient. That has been looked into by PricewaterhouseCoopers and academics at Loughborough university. The Minister will be aware that the police authority has made year-on-year efficiency savings, rightly demanded by the Home Office, to the tune of £12.3 million over the past nine years. Because of the overall funding problems, the police authority has not been able to use those savings to improve the provision of services, as it has had to use them to bridge the deficit.

Mr. Hogg: Is my hon. Friend aware that the Lincolnshire force produced an economic recovery plan, which was submitted to the Home Office which, as far as I know, has not suggested that its proposals for efficiency savings were seriously defective?

Mark Simmonds: My right hon. and learned Friend makes a fundamental point, and he is right. The issue goes even further, because Loughborough university, which looked at Lincolnshire police authority in relation to other police authorities, said not only that it was a highly efficient authority, but that it might well be the most efficient police authority in England and Wales. The point that he made about the report that went to the Home Office confirms the view that, contrary to what the Minister said, Lincolnshire is already an efficient authority, and the increase in the precept has nothing to do with inefficiency, but much more to do with the chief constable and the police authority wanting to increase the provision of services for people who live in Lincolnshire.

May I say a few words about the significant increase in population in Lincolnshire, particularly in Boston in my constituency? The Minister will be aware of the contribution made by the Secretary of State for Communities and Local Government before the Communities and Local Government Committee, in which she confirmed that even Government figures, which tend to lag behind the reality on the ground, showed that one in four people in the borough of Boston were economic migrants—primarily from eastern Europe, but there is also a significant population from Portugal. Indeed, in one primary school in the centre of Boston, nearly 40 per cent. of pupils speak English as a second language. The population of Boston has risen dramatically: according to the 2001 census, the borough then had a population of 55,000; in 2006, according to the Office for National Statistics, the population was nearly 59,000. Boston borough council, however, estimates that it could really be as high as 70,000—nearly 25,000 more than the figure in the official 2001 census. That is not reflected in the funding formula at all.

The migrants working in the borough of Boston are welcome, as long as they are here legally and legitimately to participate in the essential functioning of the agricultural sector. However, Ministers will be aware that there have been tensions in Boston, which culminated in terrible riots in 2004. There are additional burdens, financial and otherwise, on the police authority. It is calculated that in that population of 60,000 to 70,000, some 65 languages are spoken, creating immense challenges for the police authority, which has had to produce documents in Portuguese, Russian, Polish and other languages to try to communicate with the new communities that have arrived. There is a strong case for giving population growth in Lincolnshire greater consideration in the allocation of funding. I know that the Home Office has been lobbied, but that does not seem to have had any material impact, so I very much hope that Ministers will take on board what I have said when they consider these matters in future.

Finally, I want to look at the impact on policing in Lincolnshire and what the police authority will not be able to deliver that it wants to deliver because of the lack of Government funding. There will be insufficient resources to address serious crime, a good example of which is the famous Stirland case, which involved a double murder between Lincolnshire and Nottinghamshire. There will continue to be serious failings in the management of sex offenders and rape. Only today, assistant commissioner John Yates called for every force to have its own rape protection unit; Lincolnshire will face serious challenges and problems in fulfilling that important task. There could be high-risk failures in Lincolnshire police authority's approach to special branch and intelligence work. Lincolnshire will have 100 fewer police officers than other, similar authorities. It might well be unable to meet the criteria required for the management of dangerous offenders, including sex offenders and violent offenders.

The chief constable and the authority wanted to implement a whole series of additional services, but they will no longer be able to. I shall not give all the details, because I am sure that the Minister is aware of them, but they include plans to use 19 officers to establish a 24-hour rape investigation team, and 63 additional officers in neighbourhood policing. Those plans and those officers would have brought about exactly what the people of Lincolnshire want: higher visibility for the police force. The Government must respond to those serious and significant deficiencies. If left unaddressed, they could have a detrimental impact on safety, security and the quality of life for people in my constituency and elsewhere in Lincolnshire.

In conclusion, I should say that the issues have been accepted and acknowledged; the Minister acknowledged them in the House on 27 March. The Minister for Security, Counter-Terrorism, Crime and Policing acknowledged that there was an issue in an interview on BBC Radio Lincolnshire when he was in the county on 26 June. The fact that the Government have allowed a 26 per cent. increase in the precept is recognition in itself that there is a problem; even that extensive increase allows only a standstill service. Without change, Lincolnshire will have the lowest spending per head on policing, with the lowest number of officers per head covering the third largest geographical area in the country. The Government have made it clear that Lincolnshire police

authority is not allowed to raise additional funds through council tax, thereby determining that additional resources must come from central Government. Those resources must therefore flow from the Home Office.

I ask the Minister to consider two particular matters. In consultation with the Minister for Security, Counter-Terrorism, Crime and Policing and the Lincolnshire police authority, will he consider the necessity for a one-off payment yet again to assist Lincolnshire police authority for this financial year? Secondly, I reinforce the point made by other hon. Members. Will he undertake a fundamental review of the funding formula to ensure a permanent solution to this time-consuming annual exercise, in which the police authority has to lobby the Government for the requisite resources? That could be done simply in the short term through a consideration of the flaws that were going to stop the Lincolnshire police authority from getting up to £8.2 million in the next three years under the comprehensive spending review.

Mr. Hayes: Will my hon. Friend add a third request? He could echo my call for an urgent meeting between Ministers and representatives of the authority and the force. "Urgent" means that it should be before the summer recess, so that the issues can be explored in good time and we do not suffer the problems that we have had this year.

Mark Simmonds: My hon. Friend is absolutely right; if Ministers are willing, I will be more than happy to participate in such a meeting. We cannot have this annual event in which the chief constable, his senior officers, the police authority and Lincolnshire Members of Parliament of all political parties are involved in this time-consuming exercise of trying to make sure that the Lincolnshire police authority gets the requisite and appropriate resources. The issue needs to be sorted out once and for all, and that can be done only by reworking the funding formula.

6.44 pm

John Healey: I am pleased to have the support of those on the Conservative Benches in introducing the order, even if they are not going to support it by voting for it this evening.

The hon. Member for Bromley and Chislehurst (Robert Neill) mentioned the funding settlement. I take him back to what the Association of Chief Police Officers said about the settlement for the police forces around the country:

> "The overall settlement is broadly in line with anticipated rises in core costs, and this will help preserve many of the key gains in police officer and police staff numbers made in recent years."

The hon. Gentleman also raised points about the funding formula for police, as did the right hon. and learned Member for Sleaford and North Hykeham (Mr. Hogg) and the hon. Member for Boston and Skegness (Mark Simmonds). As he will know better than many, that was drawn up in conjunction with ACPO and the Association of Police Authorities. It was last reviewed in 2007 and fully consulted on after that to produce the basis on which we have made decisions for the next three years. One of the factors taken into account in arriving at the funding formula is population sparsity in the area concerned. In addition, Lincolnshire is benefiting from the former rural policing fund, which is still distributed to police authorities on the same basis, but now with no strings attached. This year, the contribution from that fund is part of an extra £10.7 million going to Lincolnshire police on top of the general police grant and the revenue that it raises from its council tax precepts.

We have to base calculations for the funding formula on figures that are consistent across the country, and on the most recent figures produced by the independent Office for National Statistics. Those have weaknesses, particularly as populations across the country become larger, more mixed and more mobile, and it is clear that we have to improve our data and the evidence on which we base funding formulae. That work is ongoing. It is being led by the national statistician, has the strong involvement of the Local Government Association, and reports to and is supported by a group of Ministers jointly chaired by my right hon. Friend the policing Minister and myself. Let me say to the hon. Member for Boston and Skegness that ACPO indicated in a recent report that there has been no crime wave associated with migration into this country. The hon. Gentleman did not argue that point, nor to my knowledge has his police authority, although others have. Nevertheless, we have now created in Government a fund to assist local authorities, including police authorities, in meeting the transitional costs caused by migration pressures such as those that he mentioned.

My right hon. Friend the Member for Leicester, East (Keith Vaz), who is not in his place, made a series of wider points. As always, my right hon. Friend the policing Minister listened carefully to those, as well as to his special early plea on behalf of his own Leicestershire police authority. The hon. Member for South Holland and The Deepings (Mr. Hayes) asked whether my right hon. Friend the Minister will meet his police authority as a matter of urgency to discuss the way ahead. He will, and I am sure that that meeting can be fixed without delay.

My hon. Friend the Member for Grantham and Stamford (Mr. Davies) was right about the need for financial disciplines in all parts of government, particularly in relation to fall-back powers to be used in extreme cases, as in the situation that we face with Lincolnshire police authority. He has clearly followed closely the decisions that the police authority has taken on its precept and its budget, and he is right to be critical of those. He was sharp in his critique of the vague Conservative position in relation not only to this order but to the wider issue of local government funding, and to wider policy on local government as a whole.

In response to the hon. Member for Montgomeryshire (Lembit Öpik), I must explain that there is a cost to rebilling, as the police authority knew when it took its decision to set a 29 per cent. increase in its budget for this year and a 79 per cent. increase in its council tax precept. He claimed that the action in the capping order was disproportionate. Given that it results in every band D council tax payer in Lincolnshire having their council tax bill cut by £69 this year, it is not a disproportionate move but a necessary one. People in Lincolnshire will be astonished that the hon. Gentleman intends to lead the Liberal Democrats into the Lobby tonight to vote, in effect, for a £70 increase on council tax bills for this year.

Lembit Öpik: Will the Minister give way?

John Healey: I shall not give way; I am going to conclude on this point.

On the contrary—and this is my final word—people in Lincolnshire will take the view of the right hon. and learned Member for Sleaford and North Hykeham, who said that his constituents would be relieved that I am introducing this capping order. They will be relieved that we have debated the order, and I hope that the House will give it the go-ahead, so that we can put measures in place to protect council tax payers in Lincolnshire from an excessive council tax rise as a result of the police authority's decision. We will do so having listened carefully to the case that it has made, and having set the cap at a level that allows it to live within its means and to avoid any reduction in police officer numbers. The police will be able to carry out their duties, as a good police service should.

Question put:—

The House divided: Ayes 277, Noes 45.

Division No. 261] **[6.50 pm**

AYES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Bradshaw, Mr. Ben
Brown, rh Mr. Nicholas
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Cabom, rh Mr. Richard
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, rh Yvette
Cousins, Jim
Creagh, Mary
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Curtis-Thomas, Mrs. Claire
David, Mr. Wayne
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobson, rh Frank
Dodds, Mr. Nigel
Doran, Mr. Frank
Dowd, Jim
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Gapes, Mike
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Healey, John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hillier, Meg
Hodgson, Mrs. Sharon
Hoey, Kate
Hoon, rh Mr. Geoffrey
Hope, Phil
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Iddon, Dr. Brian
Illsley, Mr. Eric
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Martyn
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McFadden, Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McIsaac, Shona
McKenna, Rosemary
McNulty, rh Mr. Tony
Meale, Mr. Alan
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Olner, Mr. Bill
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prescott, rh Mr. John
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Jamie
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Robinson, rh Mr. Peter
Rooney, Mr. Terry
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*

Smith, Geraldine
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, Mrs. Betty
Wills, Mr. Michael
Wilson, Phil
Wilson, Sammy
Winnick, Mr. David
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Ayes:
Tony Cunningham and Alison Seabeck

NOES

Baker, Norman
Barrett, John
Beith, rh Sir Alan
Breed, Mr. Colin
Brooke, Annette
Browne, Mr. Jeremy
Bruce, rh Malcolm
Burstow, Mr. Paul
Burt, Lorely
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Clegg, rh Mr. Nick
Davies, Mr. Dai
Farron, Tim
Featherstone, Lynne
Foster, Mr. Don
George, Andrew
Gidley, Sandra
Goldsworthy, Julia
Hancock, Mr. Mike
Harvey, Nick
Heath, Mr. David
Hemming, John
Horwood, Martin
Hughes, Simon
Huhne, Chris
Hunter, Mark
Keetch, Mr. Paul
Kramer, Susan
Lamb, Norman
Laws, Mr. David
Leech, Mr. John
Moore, Mr. Michael
Öpik, Lembit
Pugh, Dr. John
Reid, Mr. Alan
Russell, Bob
Smith, Sir Robert
Spink, Bob
Stunell, Andrew
Swinson, Jo
Taylor, Dr. Richard
Thurso, John
Williams, Mark
Williams, Stephen

Tellers for the Noes:
Willie Rennie and Mr. Adrian Sanders

Question accordingly agreed to.

Resolved,

That the draft Council Tax Limitation (Maximum Amounts) (England) Order 2008, which was laid before this House on 26th June, be approved.

Orders of the Day

STATUTE LAW (REPEALS) BILL [*LORDS*]

Read a Second time.

Motion made, and Question put forthwith, pursuant to Standing Order No. 58 (Consolidation bills),

That the Bill be not committed.—[*Mr. Blizzard.*]

Question agreed to.

Read the Third time, and passed, without amendment.

DELEGATED LEGISLATION

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Delegated Legislation Committees),

Environmental Protection

That the draft Community Emissions Trading Scheme (Allocation of Allowances for Payment) Regulations 2008, which were laid before this House on 3rd June, be approved.—[*Mr. Blizzard.*]

Question agreed to.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Delegated Legislation Committees),

Constitutional Law

That the draft Housing (Scotland) Act 2006 (Consequential Provisions) Order 2008, which was laid before this House on 9th June, be approved.—[*Mr. Blizzard.*]

Question agreed to.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Delegated Legislation Committees),

International Development

That the draft African Development Bank (Eleventh Replenishment of the African Development Fund) Order 2008, which was laid before this House on 10th June, be approved.—[*Mr. Blizzard.*]

Question agreed to.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Delegated Legislation Committees),

Proceeds of Crime

That the draft Proceeds of Crime Act 2002 (Investigative Powers of Prosecutors in England, Wales and Northern Ireland: Code of Practice) Order 2008, which was laid before this House on 18th June, be approved.—[*Mr. Blizzard.*]

Question agreed to.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Delegated Legislation Committees),

Social Security

That the draft Mesothelioma Lump Sum Payments (Conditions and Amounts) Regulations 2008, which were laid before this House on 23rd June, be approved.—[*Mr. Blizzard.*]

Question agreed to.

PETITION

HMRC Workforce Change

7.8 pm

Mr. John Hayes (South Holland and The Deepings) (Con): I am delighted to present a petition on behalf of my constituents in South Holland. It is supported by at least 2,500 of them. Indeed, I have met almost no one in my constituency who does not sympathise with what it espouses. It concerns the protection of public services in Spalding, which have an effect on a wider area around the town. I am proud to present the petition, which has my unstinting and unequivocal support.

The Petition of people of South Holland,

Declares that large parts of their public services are being cut and privatised and that across the UK public servants are struggling to deliver good quality service in the midst of redundancies, low pay and rising workloads. Further declares that the HMRC Office in Spalding is vital to helping those that are self employed, employed, families on tax credits, pensioners and unemployed persons.

The Petitioners therefore request that the House of Commons urges HM Treasury to work to ensure that the HMRC Office in Spalding remains open.

And the Petitioners remain, etc.

[P000232]

Social Fund (Funeral Expenses)

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Blizzard.]*

7.9 pm

Mr. Tom Clarke (Coatbridge, Chryston and Bellshill) (Lab): I should like to start by thanking you, Mr. Speaker, for giving me the opportunity to raise the subject of funeral expenses. Highlighting the vexed questions surrounding making a claim for social fund funeral expenses is not regularly debated in the House, so I am particularly grateful. I might also add in my preliminary comments that for fairly obvious reasons this is not a subject with which people easily or willingly engage, but it is none the less a serious issue that, in my view, requires Government intervention.

I have an excellent working relationship with councillors representing my party on North Lanarkshire council. Indeed, the council has introduced an outstanding best practice initiative on claiming funeral expense payments, which I will describe later. My friend and colleague Councillor William Hogg and I have had extensive discussions about how constituents on low incomes cope with bereavement and, in particular, with funeral expense payments.

Councillor Hogg represents the former mining community of Moodiesburn, and we will never forget the enormous sacrifice miners made over many decades to the economy, as their health was severely damaged and they contracted diseases such as emphysema, pneumoconiosis and silicosis. We will never forget the darkest day ever suffered by our community, the Auchengeich disaster in which 47 men lost their lives back in 1959. The people of that community will never forget that day, when so many men were killed, women became widows and mothers lost their sons.

That brings me appropriately to my introductory point: we can fix almost anything where there is a determination to do so, but death is final. When a person dies, people are saddened; when a relative or a close friend dies, we are emotional—in many cases, absolutely devastated. When we are in such a state of shock and there is no money for a burial or to pay for a cremation, we do not have time to grieve properly because we are anxious to avoid the embarrassing humiliation of a funeral without dignity. There is, of course, a safety net in the shape of the social fund, but I am sorry to say that public understanding and knowledge of that fund is not as widely known as it should be.

There are three specific areas that I aim to cover in the course of this debate: accessibility, eligibility and funeral payments. On accessibility, I want to be constructive and positive in sharing with my hon. Friend the Minister information about a pilot programme that was introduced by North Lanarkshire council. The initiative was designed to help people access social fund funeral expenses. The partnership between the Department for Work and Pensions and the council resulted in benefit packs being made available in registration offices—a perfectly reasonable proposition, given that when a family is bereaved, one of the first places it has to visit is the local registry office in order to register the death.

Customer feedback was greatly encouraging, as one woman was quoted as saying:

"Absolutely fantastic service, this partnership working helped to ease the transition of being widowed".

Another woman said that

"it was nice to know people cared".

If constituents on low incomes need to claim funeral benefit, we need to ensure that the service is easily accessible. The service provided by North Lanarkshire council ought to be seen as best practice when it comes to communication, but even when it is known that such provision exists, making a successful claim can be difficult for those who are eligible. A local funeral director told me:

"The biggest problem is when the relatives actually think they are entitled to a payment but don't qualify. It then turns out they are responsible for payment of the total funeral account. In these situations the demeanour of families can be aggressive towards Funeral services staff.".

Establishing an accurate record of the position in regard to eligibility, nationally and locally, has not been without difficulty. When preparing for the debate, I wrote to my local DWP office on 27 May requesting detailed information about what has happened in my constituency. I wanted to know how many funeral claims had been submitted, how many had been successful, how many had been partially successful and how many had been rejected. Due to a reorganisation of resources in the DWP, I have not yet received a definitive reply to all my questions, but, to its credit, the Department has furnished me with details of the funeral payments for Lanarkshire and East Dunbartonshire district, which covers my constituency. According to those figures, the number of claims received in 2005-06 was 1,790, the number of initial awards was 1,150, the number of partial initial awards was 1,130, and the number of initial refusals was 460. In summary, the refusal rate was a considerable 25 per cent.

However, I wish to record my appreciation to the funeral directors in my constituency whom I consulted. I wanted to learn of their experiences in dealing with members of the public who had made applications for social fund funeral expenses. I was impressed by the professional responses that I received from Co-operative Funeralcare. Donald McLaren, a member of the National Association of Funeral Directors, Joseph Potts and Mr. Flannigan, who represents Lanarkshire and is incredibly well informed on the subject, could not have been more helpful. Funeral directors are very important: they have a wealth of knowledge as well as experience. Although I consulted them about the generality of what happens, I am certain that they have much more to offer by way of detail, which could make the process a little less painful for bereaved relatives.

Let me give just one example of what is happening to some bereaved families. According to Rights Advice Scotland, some funeral undertakers—not those whom I have mentioned—demand a down payment that can range from £440 to £675 before they will take a deceased person's remains into their care. Despite my references to my constituency and to Scottish organisations representing low-income families, my hon. Friend the Minister can be assured that I have no intention of being parochial, and I do not wish to pretend that problems associated with funeral payments are peculiar or exclusive to my constituency. The complexity of funeral payments, from accessibility to eligibility, spreads throughout Great Britain.

Let me make one more point before I turn to the main theme of the actual level of funeral payments. If I can be entirely open, people are not comfortable about discussing matters relating to death. I fully understand their reluctance to do so, as nothing is more emotive than bereavement. Making funeral arrangements is not a simple task: it is complex, but, more importantly, it is costly, and ever increasingly so, and it is that aspect that was the catalyst for this debate.

External research shows that it costs an average of almost £6,000 to die in Britain, after the cost of a funeral rose by 10 per cent. during the past year. The average cost of a funeral is now £2,390, with cremations, which account for 72 per cent. of funerals, costing about £2,160 and burials costing £2,620. The funeral is only the beginning of the costs families face when they lose someone, however, with about £229 typically spent on flowers, £98 spent on a death notice in a newspaper, and a further £149 paid for a funeral notice. On top of this, people also spend an average of £341 on catering, £612 on a memorial such as a headstone and £2,107 on the administration of an estate, bringing the total cost to £5,923.

The cost of funerals looks set to continue to rise, with charges estimated to increase by a further 38 per cent. between now and 2012 to average £3,299. Unsurprisingly, the cost of dying is highest in London, where it averages £8,020. A consultant who studied the industry said:

"Funeral prices alone have risen faster than inflation."

I cannot find a funeral director or a constituent who will confirm that the current funeral payment made via the social fund is sufficient. The Social Security Committee in 2001 cited evidence from funeral directors who said that

"they find it very difficult to offer dignified funerals to claimants at this level of the Funeral Payment".

The social fund is the main political concern within the funeral industry. Funeral directors believe that it is unfair to include their fees in a price cap that is frozen for uncertain periods of time with no formula in existence to increase the cap or reflect the increase in inflation. Moreover, the £700 price cap, which has not increased since April 2003, does not take into account the cost of a simple funeral. There is uncertainty over what "Other Funeral Expenses" includes, and the industry, together with the Churches Funeral Group, believes it is wrong for the minister's fee to be included in the £700 price cap. Allow me to cite the reasons for the funeral industry's concerns: the retail prices index has increased by 16.4 per cent. since April 2003, and the average cost of the NAFD simple funeral in March 2007 was £1,050.70.

There are a number of solutions that the Government could introduce to resolve the current situation, and I shall cite some examples. They could immediately increase the £700 price cap in order to reflect the cost of a simple funeral. They could index link the price cap to ensure fairness. They could provide clarity to the funeral industry, Department for Work and Pensions staff and the bereaved as to what is included in the price cap.

I respectfully urge the Minster to conduct a review of the present rate of funeral payments awarded through the social fund, and then to draw a comparison with the average funeral costs. It would be extremely beneficial to consult local authorities, and particularly the NAFD. Only by engaging in such a meaningful process are we

[Mr. Tom Clarke]

likely to ascertain the true scale of difference and then, and only then, can we begin to bridge the gap in the evident shortfall.

Before I conclude, it would be remiss of me not to pay a justifiable and warm tribute to my hon. Friend the Member for Nuneaton (Mr. Olner), who is the chair of the all-party group on funerals and bereavement. His experienced and skilful leadership of the group is much admired on both sides of the House, particularly for his decorum and vision. Let me also mention Mr. Alan Slater, chief executive officer of the National Association of Funeral Directors, who is to be commended for his outstanding role in representing the valuable contribution of funeral directors throughout Britain.

This Government have an absolutely first-class record of helping people out of poverty, examples of which I will not weary the House by giving at this time of the evening, important though they are. The Government also have ambitious plans effectively to address decades of inequalities, and those plans will result in a more equal and fairer society. In that spirit, I urge them to end the shameful feelings suffered by relatives who may have had the most unfortunate experience of having a member of their own family—a loved one—who was too poor to die.

7.27 pm

The Parliamentary Under-Secretary of State for Work and Pensions (Mr. James Plaskitt): I congratulate my right hon. Friend the Member for Coatbridge, Chryston and Bellshill (Mr. Clarke) on securing this debate on an important, but—as he rightly says—not always easy subject. I endorse what he said about my hon. Friend the Member for Nuneaton (Mr. Olner) and Mr. Slater, both of whom I meet reasonably regularly to discuss the issues raised in this debate.

I am aware that my right hon. Friend wrote to the Jobcentre Plus office in Springburn and that there was some delay in providing him with the information that he requested. I am sorry that it took some time to get back to him, but I am pleased that he has now had some information.

I hear the concerns that my right hon. Friend expresses, but I am sure that he will be aware that those claiming a funeral payment in his constituency do at least as well from the scheme as those claiming in other parts of the country, and sometimes actually do better. We do not have statistics at constituency level, but only at Jobcentre Plus budget area level. His constituency is covered by the Jobcentre Plus delivery centre in Springburn. In 2007-08, 5,980 claims were received in that delivery centre, of which 3,870 received an initial award. That compares with 65,000 claims nationally, which resulted in 35,250 awards.

The success rate for applications in Springburn is 64.7 per cent., which is higher than the overall national rate of 54.2 per cent. Of the 3,870 initial awards, 97 per cent. were partial awards, which is a little above the national average. The initial refusal rate for claims made to the centre in Springburn was lower, at 35 per cent., than the national figure of 42 per cent. For Springburn, the percentage of all awards as a percentage of applications processed was nearly 69 per cent., compared with 61 per cent. nationally. The total expenditure for Springburn last year was £4.65 million, out of a national gross figure of £45.9 million. For the geographical area covered by Springburn, the average award was £1,133, a fraction less than the national average of £1,162.

On my right hon. Friend's final question about the amounts of money paid out in respect of social fund funeral payments in each of the past three years, we do not have complete figures because of office mergers, as he has said. During 2005-06, when his constituency was covered by the Lanarkshire and East Dunbartonshire Jobcentre Plus district, the figure paid was £1.24 million. We have only partial figures for the next year from April to December, when the figure was £880,000. Last year, expenditure was £4.65 million.

As I have dealt with the figures that my right hon. Friend sought, let me now turn to the operation of the funeral payments scheme as a whole. Last year, 40,000 social fund funeral payments were made at a gross cost of £46 million. I say gross cost because there was some recovery from the estates in many instances. In that way, the funeral payment scheme has continued to provide towards the cost of a simple, respectful, low-cost funeral—that is, to provide for the necessary costs of burial or cremation in full plus a significant contribution towards the fee levied by a funeral director. That fee, as he knows, is currently £700.

Those payments are made to recipients, and the partners of recipients, of income-related benefits and tax credits, thus ensuring that the payment is as widely accessible as possible for people with lower incomes. It is worth looking at the list of qualifying benefits, because for funeral payments it is a long one: income support; income-based jobseeker's allowance; pension credit; child tax credit; working tax credit; housing benefit; and council tax benefit.

It will perhaps come as no surprise to the House that approximately 50 per cent. of funeral expenditure goes to pensioners. Furthermore, last year 55 per cent. of initial awards were paid to the partner of the deceased person. I am confident that the funeral payment scheme provides those who have lost a loved one in circumstances where no provision had been made to cover funeral expenses with a means of meeting what they see to be their obligation.

Although funeral payments do not operate in a cash-limited budget, resources are finite. Although the scheme provides for the full necessary cost of burial or cremation and a significant contribution towards funeral costs for those who need that help the most, I hope that my right hon. Friend will agree that we also have a responsibility to keep public expenditure under control in this area. For that reason, the qualifying criteria are stringent to ensure that payment is made only when it is reasonable for the applicant to have taken responsibility for the cost of the funeral. It is interesting to note that even as far back as 60 years ago, regulations to limit who could receive payment, in what circumstances and what the payment should provide for were considered necessary. Those concerns have been carried forward in the current scheme.

The qualification criteria for who might qualify were tightened several times in the 1990s in an attempt to tackle the issue of people taking responsibility for a funeral and claiming when other members of the family were better placed to do so. Primarily, those changes

were a reaction to a steady year-on-year increase in expenditure which had reached nearly £63 million by 1994-95. As a result, the number of funeral payment awards dropped and expenditure dropped back to about £42 million.

Let me return to the current scheme. The provisions are encapsulated in the Social Fund Maternity and Funeral Expenses (General) Regulations 2005 and, as my right hon. Friend will know, established conditions must be met. The scheme allows for the full necessary cost of burial or cremation plus £700 for other funeral expenses. In addition, allowances can be made where appropriate for additional necessary transportation costs and the necessary costs of a return journey for the responsible person, either for the purpose of making arrangements or for attendance at the funeral.

I am of course aware, from the meetings I have had with the all-party group and from a large amount of ministerial correspondence, of concerns that the amount allowed for funeral directors' fees does not meet the full cost. However, as I have already pointed out, the scheme does provide for the full necessary cost of burial or cremation, despite the wide range in those costs, particularly for burials, in different parts of the country. The costs vary widely, and cremations generally cost less than burials. Burial costs can range from £774 to as much as £2,750. For cremation, the range is smaller—between £311 and £530. The average amount included in a funeral payment last year for burial costs was £852, and £495 for cremation costs. The average funeral payment last year was £1,162. That reflects the position after deductions have been made to take into account any moneys held by the deceased or insurance on the life of the deceased that is then available to the responsible person. However, the average payment differs significantly around the country. Last year, the average payment in south-east Wales was £952, while in London—to which my right hon. Friend referred—the figure was £1,550.

The cost of the components of a simple funeral, excluding burial or cremation, also vary significantly for different parts of the country. My officials recently looked at the costs across a number of different geographical areas. In some of those areas, including north Lanarkshire, a simple funeral could be obtained for around £1,000, while the lowest cost of £798 was to be found in Newport, Wales. On the other hand, the most expensive simple funeral, at £1,600, was in Edinburgh. I have to say that it is not entirely clear to me why the costs of a simple, dignified funeral should vary so much from one funeral director to another.

From those figures, one can see that the total cost of a simple funeral including a burial in Edinburgh would be in the region of £3,300. At the other end of the spectrum, in Cardiff the cost would be £1,572—half the Edinburgh figure. Nevertheless, I am satisfied that the amount available as a funeral payment still represents a significant contribution to the cost of a funeral.

Funeral directors must take some responsibility for ensuring that they can take account of a customer's circumstances before taking a contract to provide a funeral whose cost is clearly beyond the means of that customer, even if a social fund funeral payment is to be made.

As I said earlier, I have regular meetings with the all-party parliamentary group, and I also receive correspondence from the industry trade associations. I value the feedback that comes to me from these quarters. I am pleased to say that we recently introduced the facility for funeral payments to be made directly into the bank account of funeral directors. The industry had been keen for some time to have that.

I accept there are big regional variations in add-on costs and that currently there is considerable complexity in the scheme that makes it difficult for those claiming a funeral payment, or their funeral director, to work out what they might be entitled to, or indeed even generally navigate the system. I am keen to try to address those concerns. I have asked my officials to consider over the summer how we might better target the help available.

Although the social fund funeral payment scheme has its detractors—my right hon. Friend listed some continuing issues with it—I believe that it plays an important role in social security safety net provision. It is right that we exercise control on expenditure in this area, but it is also right that we continue to provide, for most customers, a funeral payment that meets the full costs of burial or cremation and goes a significant way to meeting funeral directors' costs. As I have said, I accept that there are some weaknesses in the scheme as it currently operates. My right hon. Friend alluded to them, and I am examining ways of addressing them. I hope to be in a position to say more about that in the not-too-distant future.

The motion having been made after Seven o'clock, and the debate having continued for half an hour, MR. SPEAKER *adjourned the House without Question put pursuant to the Standing Order.*

Adjourned at twenty two minutes to Eight o'clock.

Deferred Divisions

IMMIGRATION

That the draft Immigration (Biometric Registration) Regulations 2008, which were laid before this House on 11th June, be approved.

The House divided: Ayes 249, Noes 56.

Division No. 256]

AYES

Abbott, Ms Diane
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Brennan, Kevin
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Bryant, Chris
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Gregory
Campbell, Mr. Ronnie
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, rh Yvette
Creagh, Mary
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Darling, rh Mr. Alistair
David, Mr. Wayne
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Devine, Mr. Jim
Dismore, Mr. Andrew
Dodds, Mr. Nigel
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Francois, Mr. Mark
Gapes, Mike
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Healey, John
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hillier, Meg
Hodgson, Mrs. Sharon
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Hoyle, Mr. Lindsay
Humble, Mrs. Joan
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Martyn
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Lucas, Ian
Mackinlay, Andrew
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCarthy, Kerry
McCarthy-Fry, Sarah
McCrea, Dr. William
McFadden, Mr. Pat
McGovern, Mr. Jim
McIsaac, Shona
McKenna, Rosemary
Meale, Mr. Alan
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moran, Margaret
Morgan, Julie
Morley, rh Mr. Elliot
Mountford, Kali
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Olner, Mr. Bill
Owen, Albert
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Riordan, Mrs. Linda
Robertson, John
Robinson, rh Mr. Peter
Ruane, Chris
Russell, Christine
Ryan, rh Joan
Salter, Martin
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Simpson, David
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Snelgrove, Anne
Soulsby, Sir Peter
Spellar, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Dr. Richard
Timms, rh Mr. Stephen
Tipping, Paddy
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, rh Keith
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, Mrs. Betty
Wilson, Phil
Winnick, Mr. David
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Dr. Tony
Wyatt, Derek

NOES

Baker, Norman
Baron, Mr. John
Beith, rh Sir Alan
Brake, Tom
Breed, Mr. Colin
Brooke, Annette
Browne, Mr. Jeremy
Burstow, Mr. Paul

Burt, Lorely
Cable, Dr. Vincent
Corbyn, Jeremy
Durkan, Mark
Farron, Tim
Featherstone, Lynne
George, Andrew
Gidley, Sandra
Hancock, Mr. Mike
Harris, Dr. Evan
Heath, Mr. David
Hemming, John
Holmes, Paul
Horwood, Martin
Howarth, David
Hughes, Simon
Huhne, Chris
Hunter, Mark
Keetch, Mr. Paul
Kramer, Susan
Lamb, Norman
Laws, Mr. David
Leech, Mr. John
Lloyd, Mr. Elfyn
MacNeil, Mr. Angus
Moore, Mr. Michael
Mulholland, Greg
Oaten, Mr. Mark
Öpik, Lembit
Price, Adam
Pugh, Dr. John
Reid, Mr. Alan
Rennie, Willie
Robertson, Angus
Rogerson, Dan
Russell, Bob
Sanders, Mr. Adrian
Smith, Sir Robert
Swinson, Jo
Taylor, Matthew
Teather, Sarah
Webb, Steve
Weir, Mr. Mike
Williams, Hywel
Williams, Mark
Williams, Stephen
Willis, Mr. Phil
Wilson, Sammy

Question accordingly agreed to.

IMMIGRATION

That the draft Immigration (Biometric Registration) (Civil Penalty Code of Practice) Order 2008, which was laid before this House on 11th June, be approved.

The House divided: Ayes 249, Noes 56.

Division No. 257]

AYES

Abbott, Ms Diane
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr.
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Brennan, Kevin
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Bryant, Chris
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Gregory
Campbell, Mr. Ronnie
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, rh Yvette
Creagh, Mary
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Darling, rh Mr. Alistair
David, Mr. Wayne
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Devine, Mr. Jim
Dismore, Mr. Andrew
Dodds, Mr. Nigel
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Francis, Dr. Hywel
Gapes, Mike
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Healey, John
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hillier, Meg
Hodgson, Mrs. Sharon
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Hoyle, Mr. Lindsay
Humble, Mrs. Joan
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Martyn
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Lucas, Ian
Mackinlay, Andrew
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCarthy, Kerry
McCarthy-Fry, Sarah
McCrea, Dr. William
McDonagh, Siobhain
McFadden, Mr. Pat
McGovern, Mr. Jim
McIsaac, Shona
McKenna, Rosemary
Meale, Mr. Alan
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moran, Margaret
Morgan, Julie
Morley, rh Mr. Elliot
Mountford, Kali
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Olner, Mr. Bill
Owen, Albert
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Riordan, Mrs. Linda
Robertson, John
Robinson, rh Mr. Peter
Ruane, Chris
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Simpson, David
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C.
(Sheffield, Hillsborough)

Smith, Angela E. *(Basildon)*
Smith, Geraldine
Snelgrove, Anne
Soulsby, Sir Peter
Spellar, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Dr. Richard
Timms, rh Mr. Stephen
Tipping, Paddy
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, rh Keith
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, Mrs. Betty
Wilson, Phil
Winnick, Mr. David
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Dr. Tony
Wyatt, Derek

NOES

Baker, Norman
Barrett, John
Beith, rh Sir Alan
Brake, Tom
Breed, Mr. Colin
Brooke, Annette
Browne, Mr. Jeremy
Burstow, Mr. Paul
Burt, Lorely
Cable, Dr. Vincent
Corbyn, Jeremy
Durkan, Mark
Farron, Tim
Featherstone, Lynne
George, Andrew
Gidley, Sandra
Hancock, Mr. Mike
Harris, Dr. Evan
Heath, Mr. David
Hemming, John
Holmes, Paul
Horwood, Martin
Howarth, David
Hughes, Simon
Huhne, Chris
Hunter, Mark
Keetch, Mr. Paul
Kramer, Susan
Lamb, Norman
Laws, Mr. David
Leech, Mr. John
Llwyd, Mr. Elfyn
MacNeil, Mr. Angus
Moore, Mr. Michael
Mulholland, Greg
Oaten, Mr. Mark
Öpik, Lembit
Price, Adam
Pugh, Dr. John
Reid, Mr. Alan
Rennie, Willie
Robertson, Angus
Rogerson, Dan
Russell, Bob
Sanders, Mr. Adrian
Smith, Sir Robert
Swinson, Jo
Taylor, Matthew
Teather, Sarah
Webb, Steve
Weir, Mr. Mike
Williams, Hywel
Williams, Mark
Williams, Stephen
Willis, Mr. Phil
Wilson, Sammy

Question accordingly agreed to.

PRISONS

That the draft Northern Ireland (Sentences) Act 1998 (Specified Organisations) Order 2008, which was laid before this House on 14 May, be approved.

The House divided: Ayes 285, Noes 118.

Division No. 258]

AYES

Abbott, Ms Diane
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Baker, Norman
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barrett, John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Beith, rh Sir Alan
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Brake, Tom
Breed, Mr. Colin
Brennan, Kevin
Brooke, Annette
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, Mr. Jeremy
Bryant, Chris
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorley
Butler, Ms Dawn
Byers, rh Mr. Stephen
Cable, Dr. Vincent
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, rh Yvette
Corbyn, Jeremy
Creagh, Mary
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Darling, rh Mr. Alistair
David, Mr. Wayne
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Devine, Mr. Jim
Dismore, Mr. Andrew
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Farron, Tim
Featherstone, Lynne
Fitzpatrick, Jim
Fiello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Francis, Dr. Hywel
Gapes, Mike
George, Andrew
Gerrard, Mr. Neil
Gidley, Sandra
Gibson, Dr. Ian
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hancock, Mr. Mike
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Dr. Evan
Harris, Mr. Tom
Healey, John
Heath, Mr. David
Hemming, John
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hillier, Meg
Hodgson, Mrs. Sharon
Holmes, Paul
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Horwood, Martin
Howarth, David
Howarth, rh Mr. George
Hoyle, Mr. Lindsay
Hughes, Simon
Huhne, Chris
Humble, Mrs. Joan
Hunter, Mark
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Martyn
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keetch, Mr. Paul
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kramer, Susan

Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lamb, Norman
Lammy, Mr. David
Laws, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Leech, Mr. John
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Llwyd, Mr. Elfyn
Lucas, Ian
Mackinlay, Andrew
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McFadden, Mr. Pat
McGovern, Mr. Jim
McIsaac, Shona
McKenna, Rosemary
Meale, Mr. Alan
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moore, Mr. Michael
Moran, Margaret
Morgan, Julie
Morley, rh Mr. Elliot
Mountford, Kali
Mulholland, Greg
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Oaten, Mr. Mark
Olner, Mr. Bill
Opik, Lembit
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Price, Adam
Prosser, Gwyn
Pugh, Dr. John
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, Mr. Alan
Rennie, Willie
Riordan, Mrs. Linda
Robertson, John
Rogerson, Dan
Ruane, Chris
Russell, Bob
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sanders, Mr. Adrian
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, Sir Robert
Snelgrove, Anne
Soulsby, Sir Peter
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Sutcliffe, Mr. Gerry
Swinson, Jo
Tami, Mark
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Timms, rh Mr. Stephen
Tipping, Paddy
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, rh Keith
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Webb, Steve
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, Mrs. Betty
Williams, Hywel
Williams, Mark
Williams, Stephen
Willis, Mr. Phil
Wilson, Phil
Wilson, Sammy
Winnick, Mr. David
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Dr. Tony
Wyatt, Derek

NOES

Atkinson, Mr. Peter
Baron, Mr. John
Bellingham, Mr. Henry
Benyon, Mr. Richard
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brazier, Mr. Julian
Brokenshire, James
Browning, Angela
Burns, Mr. Simon
Burt, Alistair
Campbell, Mr. Gregory
Carswell, Mr. Douglas
Chope, Mr. Christopher
Clark, Greg
Clarke, rh Mr. Kenneth
Crabb, Mr. Stephen
Curry, rh Mr. David
Davies, Philip
Dodds, Mr. Nigel
Duddridge, James
Duncan, Alan
Dunne, Mr. Philip
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Christopher
Gibb, Mr. Nick
Gillan, Mrs. Cheryl
Gove, Michael
Gray, Mr. James
Green, Damian
Greening, Justine
Greenway, Mr. John
Gummer, rh Mr. John
Hague, rh Mr. William
Harper, Mr. Mark
Hayes, Mr. John
Heald, Mr. Oliver
Heathcoat-Amory, rh Mr. David
Hendry, Charles
Herbert, Nick
Hollobone, Mr. Philip
Horam, Mr. John
Howard, rh Mr. Michael
Howarth, Mr. Gerald
Howell, John
Hurd, Mr. Nick
Jones, Mr. David
Kawczynski, Daniel
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Lait, Mrs. Jacqui
Lancaster Mr. Mark
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Luff, Peter
Maclean, rh David
Main, Anne
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McCrea, Dr. William
McIntosh, Miss Anne
Miller, Mrs. Maria
Mundell, David
Murrison, Dr. Andrew
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Osborne, Mr. George
Ottaway, Richard
Paterson, Mr. Owen
Penrose, John
Prisk, Mr. Mark
Pritchard, Mark
Randall, Mr. John
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Robinson, rh Mr. Peter
Rosindell, Andrew
Ruffley, Mr. David
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Simmonds, Mark
Simpson, David
Simpson, Mr. Keith
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Streeter, Mr. Gary
Stuart, Mr. Graham
Swayne, Mr. Desmond
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Timpson, Mr. Edward
Tredinnick, David
Turner, Mr. Andrew
Vara, Mr. Shailesh
Wallace, Mr. Ben
Watkinson, Angela
Whittingdale, Mr. John
Wiggin, Bill
Willetts, Mr. David
Winterton, Sir Nicholas
Young, rh Sir George

Question accordingly agreed to.

House of Commons

Thursday 10 July 2008

The House met at half-past Ten o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

PRIVATE BUSINESS

LONDON LOCAL AUTHORITIES (SHOPPING BAGS) BILL *(BY ORDER)*

Order for Second Reading read.

To be read a Second time on Thursday 17 July.

MANCHESTER CITY COUNCIL BILL *[LORDS] (BY ORDER)*

Order read for resumed adjourned debate on Second Reading (12 June).

Debate to be resumed on Thursday 17 July.

BOURNEMOUTH BOROUGH COUNCIL BILL *[LORDS] (BY ORDER)*

CANTERBURY CITY COUNCIL BILL *(BY ORDER)*

LEEDS CITY COUNCIL BILL *(BY ORDER)*

NOTTINGHAM CITY COUNCIL BILL *(BY ORDER)*

READING BOROUGH COUNCIL BILL *(BY ORDER)*

Orders for Second Reading read.

To be read a Second time on Thursday 17 July.

Oral Answers to Questions

TREASURY

The Chancellor of the Exchequer was asked—

Aviation Duty

1. **Sir Nicholas Winterton** (Macclesfield) (Con): If he will make a statement on his plans to introduce aviation duty. [217451]

The Exchequer Secretary to the Treasury (Angela Eagle): The Chancellor announced in the pre-Budget report 2007 that air passenger duty would be replaced by a per-plane duty in November 2009. A formal consultation that considered all aspects of the duty's operation closed on 24 April. More than 160 responses were received, and Treasury officials are considering and analysing those in the policy design process. No decisions have yet been made about the duty's design, and the Chancellor plans to make a further announcement about the policy in the autumn.

Sir Nicholas Winterton: Why would the Minister want to make United Kingdom airports less competitive and drive long-haul operators to European airports, thus depriving this country of business and inconveniencing travellers? We will drive long-haul flights to European airports. Is that what the Minister and the Government want?

Angela Eagle: Of course it is not the aim of the tax, but at the same time, aviation needs to make a fair contribution to the public finances and better reflect its environmental impact. I note that the hon. Member for Tatton (Mr. Osborne), the shadow Chancellor, is also an enthusiastic supporter of a per-plane aviation duty.

Mr. Julian Brazier (Canterbury) (Con): Yes, but while we need to move to a per-plane tax, does the Minister not understand that the Government's proposal to increase hugely the long haul to short haul ratio of 4:1, will discourage long haul point-to-point flights, which reduce the carbon footprint, and will encourage people instead to take connecting flights to European airports, thus hitting our aviation industry and increasing the global carbon impact?

Angela Eagle: We have received a range of representations, some of which the hon. Gentleman echoes. We are examining those and modelling the potential impacts on transit, long haul and freight, but no decisions about precisely how to arrange the tax have yet been made.

Rob Marris (Wolverhampton, South-West) (Lab): Will my hon. Friend assure me that some of the moneys raised from aviation duty will be earmarked for another high-speed rail link in the United Kingdom, preferably up the west coast main line through one of the centres of Britain—Wolverhampton?

Angela Eagle: I hope that my hon. Friend will acknowledge the huge increase in investment in our railways since the Government have been in office.

Mr. Graham Brady (Altrincham and Sale, West) (Con): Given the widespread concern about the aviation duty proposal, will the Minister confirm that the retention of the current system of air passenger duty remains one option?

Angela Eagle: Perhaps the hon. Gentleman would like to talk to those on his Front Bench about their support for a per-plane duty.

Fuel Duty

2. **Andrew Selous** (South-West Bedfordshire) (Con): What plans he has to increase fuel duty in April 2010; and if he will make a statement. [217453]

The Exchequer Secretary to the Treasury (Angela Eagle): The Government understand the difficulties facing businesses and families as a result of record oil prices, which is why the Chancellor deferred the forecast 2p per litre fuel duty increase that was planned for April this year. Future duty increases will also be considered in the light of future economic conditions.

Andrew Selous: The Chancellor may understand motorists' difficulties, but he is still about to clobber 9 million motorists with extra road duty and the Government are still taxing our fuel more expensively

than anywhere else in Europe. With that in mind, what relief can the Government offer motorists who have no alternative but to use their cars?

Angela Eagle: The hon. Gentleman should also reflect on the fact that as oil duties rise, there will be more fuel efficient cars, which are cheaper to run as one gets more miles to the gallon. Given where oil prices are at the moment, they will concentrate motorists' minds.

Mr. David Chaytor (Bury, North) (Lab): As the Government consider the pre-Budget statement and next year's Budget, does my hon. Friend think that it would be better to use the tax system to reduce or to increase demand for oil?

Angela Eagle: As a country, we certainly have to reduce our reliance on fossil fuels, and on oil in particular, in the medium to long term. It is therefore important—and this was discussed at the G8—that advanced economies such as ours wean themselves off their reliance on finite energy sources. The car duties have a role to play in that; as Professor Julia King said in her report, we need to be able to shift to cleaner engines and engines that reduce our carbon footprint.

Mr. David Heath (Somerton and Frome) (LD): At the moment, there is a considerable mismatch between the actual cost per mile of running a car and the cost per mile as assessed by Her Majesty's Revenue and Customs for tax purposes. That is bad enough for everybody, but it particularly impacts on volunteer car drivers such as those for the hospital car service. They cannot claim the real cost of providing their service and are therefore no longer able to provide it. Is it possible to give any guidance on that matter to HMRC?

Angela Eagle: We understand the extra pressures that high oil prices are placing on many families in the UK at the moment. It is important to understand that volunteer drivers can claim their costs back, but they have to keep records of the mileage that they have donated for voluntary purposes. If they do that, they will not owe any tax on it. The approved mileage allowance payment—AMAP—scheme is a simplification. If such drivers wish to claim the actual costs of the miles that they drive, they can do that.

Mr. Philip Hammond (Runnymede and Weybridge) (Con): While the Labour party offers nothing more than government by nods and winks about what may or may not happen to fuel duty in the autumn, the Conservatives have proposed a fair fuel duty regulator that will cut duty when pump prices are soaring and that will be funded by the windfall to the Treasury from higher oil prices. The Government's response has been to claim that there is no windfall to the Treasury. Will the hon. Lady now acknowledge that the National Institute of Economic and Social Research—the only independent body to have done any proper research on the issue—has concluded that, after taking into account all economic effects, there is a net benefit to the Treasury of £1.4 billion for every $10 increase in the price of oil? Why will the Government not agree to that plan to share the windfall, helping consumers and stabilising the public finances at the same time?

Angela Eagle: The plan would destabilise the public finances because it seeks to distribute an oil windfall that does not exist. The leader of the hon. Gentleman's party said, "To be fair to the Government, when the price of oil goes up, corporation tax profits tend to go down, so corporation tax goes down and they suffer in other ways." There is no oil windfall tax for the hon. Gentleman to distribute. Actually, his so-called fuel stabiliser is merely a gamble with £3 billion of public expenditure. The Conservatives need to tell us what they would cut to deliver a cut in fuel duty that may not even make it through to prices at the pumps.

Climate Change

3. **Anne Snelgrove** (South Swindon) (Lab): What recent representations he has received about the effect on the economy of climate change. [217454]

The Chief Secretary to the Treasury (Yvette Cooper): Climate change will have a serious impact on the economy as well as on the planet. The Stern review found that the cost of inaction could be the equivalent of 20 per cent. of GDP. That is why we are working internationally and nationally to cut carbon emissions and why we welcome the steps forward made at the G8 summit.

Anne Snelgrove: I thank my right hon. Friend for her answer. She will be aware of my private Member's Bill, which is designed to cut carbon emissions from Government buildings, and I thank my hon. Friend the Exchequer Secretary for her help with that Bill. What more does my right hon. Friend think can be done to improve the energy efficiency of the Government estate and what action can she take to achieve that?

Yvette Cooper: My hon. Friend is right to say that we need to improve the energy efficiency not only of the Government estate but of buildings right across the country. Overall energy efficiency on the Government estate has gone up by about 20 per cent. in recent years, but we need to go a lot further. I welcome the fact that my hon. Friend's Bill raises these issues, which she feels very strongly about. We want to keep talking to her about this, and my hon. Friend the Exchequer Secretary will write to her with further information. I think, too, that we should be considering how we build zero carbon offices and schools and how we can substantially cut carbon emissions from our public buildings in the longer term.

Mr. Philip Hollobone (Kettering) (Con): To what extent does the Treasury welcome the recent hike in oil prices as an incentive to encourage more environmentally friendly vehicles?

Yvette Cooper: We have been very clear that the increase in oil prices is causing substantial problems for economies right across the world. It is causing difficulties for the UK economy as well as creating challenges for the global economy. That is why it is important for us to take action, working with the Saudis and people across the world, to try to address that increase and to bring those prices down in the short term. It is also why, in the longer term, we need to take more action to reduce world dependency on oil and fossil fuels in order to save the planet and to support the economy.

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): Does my right hon. Friend agree that climate change is both a challenge and an opportunity? Will she take further steps with her colleagues to get more eco-innovation in our universities and in the private sector? Some strong steps are being taken to make us a leading expert in this area, and a bit more encouragement from the Treasury would help.

Yvette Cooper: My hon. Friend is right to say that we need to recognise the opportunity to develop leading-edge environmental technologies. That is why we are thinking particularly about carbon capture, which could have an impact right across the world, and about making the most of the UK science base in that respect. We have some great expertise and innovation in this country, and we need to ensure that that is supporting new environmental technologies.

Barry Gardiner (Brent, North) (Lab): My right hon. Friend is aware that 20 per cent. of global emissions come from deforestation. Will she therefore ensure that her Department resists the blandishments of the Office of Government Commerce, which would undermine the Government's new policy on timber procurement, to ensure that all timber used on the Government estate is sustainable and legally harvested?

Yvette Cooper: As my hon. Friend will know, my hon. Friend the Exchequer Secretary has been engaged in some detail in how we can improve sustainable procurement, and a new document was published yesterday to support that. We are working to ensure that we can get the most sustainable procurement possible within the legal framework that we have.

Low-Income Households

4. **Mr. Stephen Crabb** (Preseli Pembrokeshire) (Con): What estimate he has made of the amount of tax paid by low-income households in the last 12 months. [217455]

The Financial Secretary to the Treasury (Jane Kennedy): A single-earner family with two children on earnings of £16,750 per year, which is half male average earnings, will pay no net tax in 2008-09 because tax credits and child benefit more than offset income tax and national insurance liabilities. In 1997-98, that family's net tax burden was 9.3 per cent. of gross income; in other words, they would have been £1,557 a year worse off.

Mr. Crabb: The Chancellor left 1 million people uncompensated even after he tried to clean up the mess following the abolition of the 10p tax band. Can the Minister confirm that the people in many of those households, who drive older, often larger cars and have children, will be precisely those hardest hit when his changes to vehicle excise duty are forced through? Why is it that every time the Chancellor fiddles with tax rates the working poor are the hardest hit?

Jane Kennedy: I completely disagree with the hon. Gentleman. He knows that my right hon. Friend the Chancellor will consider all these matters for the pre-Budget report. He should have a look at the transformation that low-income families have seen in their incomes and their share of the nation's wealth since 1997. It was a completely different experience when his party was in government.

John McFall (West Dunbartonshire) (Lab/Co-op): The Treasury Committee report on the 10p tax issue noted that the 13 May announcement ensured that fewer low-paid people will be paying income tax, and we described that as bringing simplicity, transparency and greater incentives to work. The Government must ensure that every effort is made not to return those people into the tax system. In that respect, the Committee recommended a poverty commission in which an analysis of the root causes of poverty would be made for the Government to consider so that we can make advances in slashing poverty and ensure that the 2020 abolition targets are achieved.

Jane Kennedy: My right hon. Friend knows that we welcomed his Committee's report, and we are considering all the recommendations that he made in detail. I hope that he accepts that we will make a full response in due course.

Sir Patrick Cormack (South Staffordshire) (Con): Does the right hon. Lady know how many low-income households will be affected among the 45 per cent. listed in *The Daily Telegraph* this morning who will, based on Treasury figures, suffer as a result of the vehicle excise duty hike?

Jane Kennedy: Clearly, low-income families who have motor vehicles will be among those affected, but I do not have exact figures for the hon. Gentleman today.

Mr. Brian Jenkins (Tamworth) (Lab): My hon. Friend will be aware that in recent years many low-income households have been those of pensioners, so may I on behalf of pensioners pass on my thanks to the Government not only for the winter fuel allowance and for pension credits, but for raising the threshold to £9,000—which is more than 87 per cent. higher than it was in 1997? Having used that route to raise those households out of poverty, can we please now look at non-child households, and consider using the same strategy with regard to their tax threshold?

Jane Kennedy: The tax burden for single-earner families without children on half of average male earnings—the figure that I used earlier—is still less than it was in 1997-98. Those families are £167 a year better off than they were. I am grateful to my hon. Friend for his comments about pensions, and I was pleased that this year's Budget was able to increase the full basic state pension by £3.40 a week to £90.70 a week, which is the biggest increase in the basic state pension since 2001.

Sir Peter Viggers (Gosport) (Con): Does the Financial Secretary realise that many people are baffled by the Government's policy towards low-income households? Did the Prime Minister intend to damage their interests in last year's Budget? How many of those families remain disadvantaged, and how many does she think live in Glasgow, East?

Mr. Speaker: Order. We will leave out references to Glasgow, East—I know the place well.

Jane Kennedy: Thank you, Mr. Speaker.

As a result of our reforms to the tax and benefit system since 1997, households are better off, on average, by £1,250 a year, and the poorest fifth of households are better off, on average, by £2,575 a year. Those figures may not feature in the headlines today, but they are important and make all the difference to families on low incomes.

Mr. Mark Hoban (Fareham) (Con): Some 1.1 million households will end up paying more tax this year simply because the Prime Minister, to use the words of the Treasury Committee report, wanted to pull a rabbit out of a hat in his last Budget. Under this Chancellor and the last one, is not the lesson of the 10p rate fiasco, the climbdown on capital gains tax reforms or the botched changes to non-dom rules that short-term political hits and fixes take priority for this Government over making the right decisions for the country's future?

Jane Kennedy: The short answer is no. I invite the hon. Gentleman to consider the comments of the International Monetary Fund on the economy in the UK, which were published in May and strongly endorse the approach that the Government have taken. I commend those comments to him.

Global Economy

5. **Mr. John Grogan** (Selby) (Lab): What discussions he plans to have with his international counterparts on the global economy in 2008. [217456]

The Chancellor of the Exchequer (Mr. Alistair Darling): I am in regular contact with my international counterparts and we discuss a number of wide-ranging issues.

Mr. Grogan: Given that many economic commentators believe that imprudent banking practice has contributed to the development of the credit crunch internationally, what discussions has my right hon. Friend had with his international counterparts about improving banking supervision on a global basis to complement the measures planned in this country?

Mr. Darling: My hon. Friend is quite right. If banks in the United States and elsewhere had been more aware of the extent of the risk that they had entered into, particularly in the sub-prime mortgage market, many of the problems we see today could have been avoided. We have had many such discussions, and there is now agreement that we need to do more to strengthen international supervision, especially of institutions that trade in many countries. At home, we will be introducing regulation this October. The legislation will set out a greater number of steps open to regulators to deal with situations as they arise in the future. We will introduce that legislation when the House resumes sitting, and I hope that it will get all-party support.

Dr. Vincent Cable (Twickenham) (LD): When the Chancellor has met his G7 counterparts from Japan and the United States, has he compared notes with them about the economic hazards of allowing large bubbles to develop in property markets? Ours is arguably even more extreme than that of the United States. What wisdom have they passed on to him from their experience of how to prevent the inevitable painful consequences of repossessions and negative equity and of how to manage them humanely and properly?

Mr. Darling: The hon. Gentleman is right to say that, across the world, there have been problems with credit, especially in relation to the housing market. I have said on many occasions that lenders need to understand the security on which they are lending and to ensure that someone taking out a loan can repay it. The position of the housing market in the United States is different from that in this country. The United States still has the problem that, in many parts of that country, there are larger numbers of houses that it is not possible to sell. As long as that problem endures, there will be problems in the United States economy.

More generally, there is widespread recognition that what is happening in the world is more profound than many people believed at the end of last year and even at the beginning of this year. That will have a profound effect on developed and developing countries alike. That is why it is necessary for us to take action where appropriate internationally, and why it will be increasingly necessary for us to take action here at home to help people through an undoubtedly difficult period.

Sir Peter Tapsell (Louth and Horncastle) (Con): Will the Chancellor explain to his international counterparts why, when Britain has proportionately a larger financial sector and a larger mortgage housing sector than almost any other country, the Prime Minister has been boasting for months that we are especially well placed to withstand the sub-prime mortgage crisis and the credit crunch? The opposite is the case, as is now clear to everyone.

Mr. Darling: I disagree. The UK economy has grown for well over 10 years. It is resilient—much more resilient than it was. The current period, no matter how difficult, is an awful lot better than the early 1990s, when more than 3 million people were out of work, interest rates and mortgage rates were much higher and we had higher levels of debt. We as a country are better placed now than we have been in the past.

As I just said to the hon. Member for Twickenham (Dr. Cable), a combination of the effect of the credit crunch and oil prices, which are as high as they have ever been, clearly means that all economies will be affected. That effect will be profound. We all need to be able to act together internationally—whether on oil prices, food prices or stabilising the financial markets. We will also need to continue to be vigilant here at home and to take action to help get our economy through an undoubtedly difficult period.

Mr. David Gauke (South-West Hertfordshire) (Con): On Tuesday, one set of the Chancellor's international counterparts, the EU Finance Ministers, backed proposals to launch disciplinary measures against the UK for breach of the EU's deficit ceiling of 3 per cent. of GDP. After his predecessor spent 10 years lecturing other countries, how does it feel to be a representative of a country and a Government who have the worst budget deficit of all the countries in the world, with three exceptions, and who are, in terms of public finances, the sick man of Europe?

Mr. Darling: The hon. Gentleman is talking nonsense. The UK economy is stronger than many other economies. Our economy has been growing strongly for more than 10 years. As I said earlier, our economy, along with every other economy in the world, will experience slower growth this year—there is no question about that. However, on our public finances, if the hon. Gentleman cares to examine our level of debt, he will realise that not only is it lower than it was when his party was in power, but that we are better placed than many other European countries. As I said when I was at the European Finance Ministers meeting on Tuesday, every country will be affected by the twin effects of the credit crunch and the high inflationary pressures that we are seeing through oil prices. We will all be affected—in Europe and every other part of the world.

Mr. Dennis Skinner (Bolsover) (Lab): Notwithstanding all the difficulties globally, the truth is that in 1992, which the Tories have just referred to, every single pit in Derbyshire was closed and the pit sites were derelict. After 11 years of a Labour Government, there are now 3,000 jobs on those pit sites. Tomorrow I will be opening two more factories on the Shirebrook pit site. Three weeks ago I opened junction 29A on the M1 into Markham pit yard to provide 5,000 jobs. Will my right hon. Friend tell his international counterparts that the Tories may have one story, but the real story is that despite all those pit closures, unemployment in Bolsover is now below the national average?

Mr. Darling: Perhaps the next meeting of ECOFIN Ministers ought to be held on the M1, so we can see for ourselves the difference that has been made. My hon. Friend makes an important point. The difference now is not only that we have large numbers of people in work, but that where people have lost jobs and firms have closed, the Government have taken steps to ensure that we get people back into work. If people go to the sites of the former pits, they will see, far from the dereliction and despair that we saw 15 or 20 years ago, new jobs and new opportunities. That is the difference between a Labour Government, who will help people to get through difficult times, and a Conservative Government, who left people to fend for themselves and suffer. We will not do that; we have a completely different approach.

Primary Schools

6. **Stephen Hesford** (Wirral, West) (Lab): What recent assessment he has made of the effects on the economy of expenditure on primary schools. [217457]

The Chief Secretary to the Treasury (Yvette Cooper): Investment per pupil has increased by some £2,500 a year to more than £6,000 a year. The proportion of children getting above key stage 2 level 4 is up from 63 to 80 per cent. in English and 62 to 77 per cent. in maths. The Leitch report showed that raising skills and education has a significant impact on improving the economy.

Stephen Hesford: I thank my right hon. Friend for that answer. My constituency shares those successes. Class sizes are down in Wirral, West, every school has been refurbished and key stage 2 results are up from 1997. As a result, over the past 10 years, more students have been going into further and higher education in my constituency. Despite the current downturn in economic circumstances, may I ask my right hon. Friend, who controls the purse strings, to affirm for me that we will continue the investment that we have put into our schools over 10 years, so that that progress can continue?

Yvette Cooper: My hon. Friend is right: in a competitive global economy, skills matter more and more. Therefore, it is vital that we have the skills and education base in this country, so that the economy can compete and we can grow in the long term. We will continue to do that, in contrast with previous Conservative Governments who, in the face of economic slowdown, always cut investment, particularly capital investment. We have increased capital investment in schools from less than £700 million in 1997 to £6.4 billion this year. That is an improvement in giving our children the high-quality facilities that they need.

Energy Costs

7. **Mr. David Heathcoat-Amory** (Wells) (Con): What recent assessment he has made of the effects on the economy of changes in energy costs. [217458]

The Chancellor of the Exchequer (Mr. Alistair Darling): The latest assessment of economic developments and prospects was published in the "Financial Statement and Budget Report".

Mr. Heathcoat-Amory: Will the Chancellor take a greater interest in the enormously increased targets for renewable energy, to which the Government are committed legally and by treaty law? Is he aware that if those commitments are met, they will impose huge extra costs on the taxpayer and the consumer? Is it wise to create fuel poverty and make British business uncompetitive in world markets through those commitments? Will the Chancellor do something about that now, because those commitments will endure for decades ahead?

Mr. Darling: One of the biggest threats that our economy and, as I said earlier, just about every other economy in the world faces is the high price of oil. I believe that that should act as an encouragement, a spur, to us to do more to generate our own electricity and to get our energy from non-carbon sources. That is important in terms not only of the environment but of security of supply. Self-evidently, a lot of the oil that we currently import comes from parts of the world that are not always politically stable. It is therefore necessary for us to do far more to generate renewable energy. As I understand it, that is also the policy of the right hon. Gentleman's party, although I accept that it is not his own personal preference and that he has a lot of concerns about that source of energy. For my part, however, I think that we need to do far more, not just here and in Europe, to obtain more renewable energy. I also believe that it is essential to replace our fleet of nuclear power stations.

Stewart Hosie (Dundee, East) (SNP): The Chancellor cannot be unaware of the damaging impact of rising fuel costs on the rural economy, particularly in relation to fuel oil and bottled gas for people who do not have mains electricity or gas. What plans does he have for the

introduction of social tariffs for low-income households, particularly, but not only, in rural areas, which use fuel oil and bottled gas and which have experienced extraordinary rises in costs over the past two years?

Mr. Darling: Of course I am well aware of the problems that people living in rural areas are facing because of high fuel prices. I am also aware of the particular problem that the hon. Gentleman has risen in relation to bottled gas. Although I am not in a position today to say that we can definitely do something about it, I understand the problem to which he refers and it is something that I will consider further.

Manufacturing Sector

8. **Tony Lloyd** (Manchester, Central) (Lab): What recent representations he has received from representatives of the manufacturing sector on the Government's economic policy. [217459]

The Chief Secretary to the Treasury (Yvette Cooper): We continue to receive representations and views from the manufacturing sector. Like every sector in the economy, manufacturing is being affected by rising oil prices and by the global credit crunch. However, recent reports from the Engineering Employers Federation show continued strength and resilience in the manufacturing sector.

Tony Lloyd: My right hon. Friend is absolutely right to refer to the EEF's recent report, which shows that manufacturing is now in a far better position in relation to economic pressures than it was under previous Conservative Governments, for example, when manufacturing bore the brunt of such problems. As she says, however, the credit crunch and rising energy costs will have an impact on manufacturing. Will she ensure that she sticks closely not only to the employers but to the trade unions in manufacturing, to ensure that the sector comes out of this time of economic pressure maintaining as many manufacturing jobs as possible?

Yvette Cooper: My hon. Friend makes an important point. We want to work closely with all those involved in manufacturing—employers, trade unions and others—to ensure that we can support people through what will be a tougher time for businesses as a result of the challenges from the world economy. Many areas of manufacturing are particularly affected by rising oil prices and rising commodity prices, for example. However, my hon. Friend is right to say that manufacturing productivity has grown by almost 50 per cent. since 1997. The manufacturing sector has strengthened, and that puts it in a considerably stronger position to withstand global pressures than it was in the early 1990s and the early 1980s, when we saw devastation across the manufacturing industry.

Dr. Brian Iddon (Bolton, South-East) (Lab): I am sure that we can all agree that the pharmaceutical sector is one of the most successful industrial sectors in this country. Has my right hon. Friend noticed, however, that the sector has lost 8,000 jobs in the past three years? The Association of the British Pharmaceutical Industry and the CBI have recently reported on that fact. Will she be having discussions with either of those organisations?

Yvette Cooper: We have regular meetings and discussions, and I think that I am due to meet representatives of the ABPI to discuss the pharmaceutical industry. That sector has invested £3.2 billion in research and development, and my hon. Friend is right to say that it is a world leader. It is important that we work with all our manufacturers to ensure that they get through the difficult period ahead.

Climate Change

11. **Nigel Griffiths** (Edinburgh, South) (Lab): What recent representations he has received on the effect on the economy of climate change. [217462]

The Exchequer Secretary to the Treasury (Angela Eagle): As shown by Lord Stern in his review of the economics of climate change, the benefits of strong and early action to tackle climate change far outweigh the economic costs of inaction. The Government welcome Tuesday's commitment by the G8 to the goal of achieving at least a 50 per cent. reduction in global emissions by 2050, and the recognition of the role of market mechanisms in helping to achieve emissions reductions in the most cost-effective manner.

Nigel Griffiths: Does my hon. Friend recognise that the Prime Minister's leadership in Japan, which secured an unprecedented target for the reduction of CO_2 emissions, is completely undermined by Conservative MPs back home who opposed the Bill proposed by my hon. Friend the Member for South Swindon (Anne Snelgrove) to help reduce carbon emissions here?

Angela Eagle: I agree with my hon. Friend that the communiqué agreed at the G8, to which all G8 countries have signed up, is an historic step forward in establishing a target of 50 per cent. reductions. I also agree that Conservative Members need to walk the walk as well as talk the green talk.

Growth and Public Borrowing Forecasts

12. **Michael Fabricant** (Lichfield) (Con): If he will publish UK growth and public borrowing forecasts before the 2008 annual meetings of the International Monetary Fund and the World Bank; and if he will make a statement. [217463]

The Chief Secretary to the Treasury (Yvette Cooper): The Chancellor will publish updated public borrowing forecasts in line with the code for fiscal stability in this autumn's pre-Budget report in the usual way.

Michael Fabricant: The right hon. Lady will be well aware that the European Union's Commissioner for Economic and Financial Affairs has already said that the deficit needs to be corrected by 2009-10. Does she accept that deadline—and, if so, how on earth is she going to achieve it?

Yvette Cooper: In fact, the IMF has supported our policy position in a strongly supportive document. The EU has different arrangements as it operates within the eurozone, which we do not, so we have different obligations on fiscal policy. We have chosen to use borrowing to support the economy through a difficult time. That is

the right thing to do and constrasts significantly with the continued mistakes made by the hon. Gentleman's party in the early '90s.

Fiona Mactaggart (Slough) (Lab): Is it true to say that present forecasts put Britain in a situation where we have lower net borrowing than we did throughout most of the '90s? What is my right hon. Friend's forecast for our performance in comparison with other European countries for the forthcoming period?

Yvette Cooper: My hon. Friend is right to say that there are significant contrasts, particularly in respect of historical periods. Between 1997 and 2007, average borrowing was 1.2 per cent. of gross domestic product; whereas between 1992 and 1997 it was 6 per cent.; and between 1979 and 1997, it was 3.4 per cent. of GDP. Borrowing has been significantly lower and continues to be substantially lower than at the peak of borrowing in 1992, which was 7.5 per cent—a substantially higher rate than it is today.

Gift Aid

13. **Mr. Andy Reed** (Loughborough) (Lab/Co-op): If he will bring forward proposals to improve the effectiveness of the gift aid scheme for voluntary organisations working in the area of community sport. [217464]

The Financial Secretary to the Treasury (Jane Kennedy): I hope that my hon. Friend will be reassured to know that Her Majesty's Revenue and Customs is continuing to work with the Central Council of Physical Recreation and with the Department for Culture, Media and Sport to improve take-up of the gift aid scheme by community amateur sports clubs. This year's Budget announced measures to reduce the burden on charities and clubs, including major reform to the auditing process, a comprehensive programme for bringing additional smaller charities into gift aid, a redesign of guidance, outreach to 5,000 new charities through the launch of targeted marketing tools and a number of other initiatives.

Mr. Reed: I thank the Minister for that reply and for the efforts that she and others are making to ensure that the community amateur sports clubs—CASC—scheme is widely taken up. I believe that 5,000 out of a potential 40,000 clubs have taken it up so far, bringing in about £41 million for sports clubs up and down the country. Is she aware, however, that gift aid on child subscriptions, for example, is the current campaign of the Central Council of Physical Recreation and that property-owning charities such as the National Trust can participate in it? At the moment, it appears that the administrative burden is the main blocking point, but if other charities can do it as part of HMRC, can we now extend the scheme to sports clubs, which would make an enormous impact in many of our most deprived communities in providing some of our best services for young people?

Jane Kennedy: My hon. Friend knows that a number of recommendations were brought forward, including those to which he has referred, and we have considered them very carefully. Some very complex consequences arise from some of those recommendations, including those raised by my hon. Friend, but I am looking closely at them and I will reach a decision in the very near future.

Mr. Philip Dunne (Ludlow) (Con): Is the Minister aware that the biggest threat to community leisure trusts throughout the country is her own Department, where officials in Her Majesty's Revenue and Customs have threatened to impose VAT on co-mingled services supplied by more than 100 trusts and are seeking to backdate such penalties for three years, which would jeopardise the viability of all those community sports facilities?

Jane Kennedy: I am aware of the discussions between HMRC and a number of clubs. It is only right for all organisations with a tax liability to face up to that responsibility; but, as the hon. Gentleman will know, HMRC is working closely with the clubs, and it is clearly neither its intention nor ours for such clubs to be put out of business.

Topical Questions

T1. [217476] **Stephen Hesford** (Wirral, West) (Lab): If he will make a statement on his departmental responsibilities.

The Chancellor of the Exchequer (Mr. Alistair Darling): The core purpose of the Treasury remains to ensure the stability of the economy, to promote growth and to manage the public finances.

Stephen Hesford: Of course we must recognise that the economic downturn is a worry for our constituents, but it is shared across the world. Siemens in Germany has made redundancy announcements, the Federal Reserve in America is having to make more provisions for its banking sector, and the Irish economy is stuttering. Does my right hon. Friend share my further worry that, while there is a downturn—*[Interruption.]*

Mr. Speaker: Order. Will the hon. Gentleman please have a seat? I must reiterate that these are topical questions, and the questions should be punchy. They should not be speeches. The Chancellor will try to reply to what the hon. Gentleman has said so far.

Mr. Darling: My hon. Friend is right. The slow-down in the world economy is affecting every single country—our own, and others in Europe and across the world. In a short time the Prime Minister will report on the outcome of the G8 summit that has taken place in Japan over the past few days.

In many key areas, whether they relate to financial stability, oil or world food prices, we need to act together. Britain has taken a lead in trying to encourage countries to take action, but it is necessary for us to take action at an international level as well as, of course, doing all that we can to ensure that our economy gets through what—as I said earlier—will be a very difficult period.

T2. [217477] **Mr. Andrew Mackay** (Bracknell) (Con): Why did the Prime Minister tell the Leader of the Opposition that the new road tax proposals would benefit the majority of motorists, when figures just published by the Treasury make clear that that was patently untrue?

Mr. Darling: What the Prime Minister said on many occasions was that the majority of motorists would either gain or be no worse off.

T3. [217480] **Ben Chapman** (Wirral, South) (Lab): At a time when families are indeed suffering economic difficulties, I welcome the Government's announcement of a scheme to provide personal advice on money matters in the north of England to the tune of £30 million, but can the Minister tell me how it is to be delivered? Will it be wholly internet-based, will it be provided through organisations such as the citizens advice bureaux, or will there be a combination of those arrangements? Will the Minister also tell me to what extent—*[Interruption.]*

The Economic Secretary to the Treasury (Kitty Ussher): I thank my hon. Friend for his kind words. The money guidance pathfinder, which will start early next year in the north of England—including his constituency—will offer free, impartial advice through a variety of organisations and channels, not just the web but the telephone, and also face to face.

Mr. Speaker: Order.

Mr. George Osborne (Tatton) (Con): May I press the Chancellor on the answer that he has just given my right hon. Friend the Member for Bracknell (Mr. Mackay)? He knows full well that the Prime Minister told my right hon. Friend the Leader of the Opposition last month

"If the right hon. Gentleman looks in detail at the proposal"

—on vehicle excise duty—

"he will see that the majority of drivers will benefit from it."—[*Official Report*, 4 June 2008; Vol. 476, c. 765.]

It is clear from the Treasury figures published yesterday that that is not the case. Will the Prime Minister be apologising to the House?

Mr. Darling: As I told the right hon. Member for Bracknell (Mr. Mackay) a few moments ago, I saw what the Prime Minister said at Question Time on 14 May. He said:

"the majority of motorists benefit or pay no more in vehicle excise duty as a result."—[*Official Report*, 14 May 2008; Vol. 475, c. 1380.]

That is what the Prime Minister said.

Mr. Osborne: May I press the Chancellor on this? On 4 June, the Prime Minister said that a majority of drivers would benefit from the VED changes. The Chancellor knows perfectly well that that is what the Prime Minister said. Is this not the substance of the issue? Nine million families face higher car taxes at a time when few can afford them. Poorer drivers will be penalised because the tax is retrospective and hits second-hand cars. Any pretence that it helps the environment has been demolished by Greenpeace, which says that it gives green taxes a bad name.

Everyone knows that the Labour party is sleepwalking into another 10p tax fiasco. Will the Chancellor perform the necessary U-turn, or do we have to wait for Heathcliff to come down from "Dithering Heights" before they abandon this disastrous plan to tax families already feeling the squeeze?

Mr. Darling: I noticed that the hon. Gentleman had been scribbling for the last 40 minutes, composing his question. The crux of the issue is how we encourage people to use less energy and motor manufacturers to produce more efficient cars. I see that as recently as yesterday the shadow Chancellor mentioned his commitment to raise the proportion of tax taken through green taxes. Less than 24 hours later, he seems to have lost interest in the matter.

T4. [217481] **Dr. Desmond Turner** (Brighton, Kemptown) (Lab): My right hon. Friend will undoubtedly agree that many of the economic ills from which the world is suffering at the moment are down to the lending policies of banks and other financial institutions, varying from the extreme foolhardiness that led to the sub-prime problems, to the current extreme caution on the part of banks and building societies, which is causing economic contraction in the UK. Has my right hon. Friend got any thoughts on what could be done by way of regulation to moderate those extremes?

Mr. Darling: My hon. Friend is right. As I said earlier, if some of the banks—especially some of those in the US—had had a better idea of the basis on which they were lending, and of the fact that some of the people to whom they were lending money were not in a position to repay it when interest rates increased, they would not be in their present difficulties. It is important for any institution, wherever it is—the US, here or anywhere else—to ensure that it knows what it is doing when it lends money. It is also important to ensure that the regulators have in place a regime that ensures that companies are properly focused on the risks to which they might be exposed. In this country, we are in discussions with lenders to try to ensure that the difficulties that some people face are dealt with properly. The general point that my hon. Friend makes about ensuring that institutions are properly alive to the risks to which they may be exposed is very important.

T5. [217482] **Mr. Peter Lilley** (Hitchin and Harpenden) (Con): The last time a massive increase in oil and commodity prices brought to an end a decade of growth, the countries that weathered the subsequent stagflation best were those that had used the period of growth to reduce their debt and taxes. Which of the legacies that the Chancellor inherited from his predecessor does he most regret—the fact that we have the highest deficit of any country except Bangladesh and Hungary, or that we have had the worst rise in taxes of any country in the developed world?

Mr. Darling: I am surprised that the right hon. Gentleman raises that matter, as when he was in the Cabinet we had two of the deepest recessions this country had ever seen in the last century. As I have said, our debt is lower than it was—certainly than when he was a member of the Government—and is lower than many other countries. Obviously, as we go through this period, it makes sense to ensure that we support the economy, and that is why borrowing has risen, but we are in a much better position than we were in the early 1990s. I am sure that he remembers that time well, because he was Secretary of State for Social Security at the time, and one of the big problems for the then Government was that more than 3 million people were out of work.

T6. [217483] **Nigel Griffiths** (Edinburgh, South) (Lab): I have a very topical question, Mr. Speaker. Will the Chancellor ensure that the money that he gives to Europe is withheld in respect of the expenses of Conservative MEPs until they adopt the same independent auditing that Labour MEPs have had for some time, and until the Leader of the Opposition insists that that is done now, not next year?

The Exchequer Secretary to the Treasury (Angela Eagle): I note the trouble that the Leader of the Opposition is having with his MEPs. I note also that for eight years Labour MEPs have had independently audited expenses that are published.

Several hon. Members *rose—*

Mr. Speaker: Order. May I say that I was distracted, but I would not expect a question like that again and certainly not a ministerial reply?

Sir Patrick Cormack (South Staffordshire) (Con): Would the Chancellor tell us whether the country would be in a better state had his predecessor modelled himself on Mr. Micawber rather than on Heathcliff?

Mr. Darling: As I have said on many occasions, the actions taken by the former Chancellor, who is now Prime Minister, over the past 10 years have meant that our economy has grown for more than 10 years. The hon. Gentleman could never have said that of the Government whom he supported. Our economy has grown and remains resilient. Although we are in a difficult time and are going through a pretty turbulent period, we are better placed to deal with that turbulence than this country ever was in the past.

Mr. Lindsay Hoyle (Chorley) (Lab): Are my Front-Bench colleagues aware that they are overseeing the economics of a madhouse? What I mean by that is that the tax office at Chorley, which was not meant to close, is now down for closure, whereas the tax office at Blackburn, which was down for closure, is now staying open, yet it costs more to operate. Is there something about these tax offices that means that Secretaries of State's tax offices remain open in Blackburn, St. Helens and Bolton yet a Back Bencher in Chorley loses his tax office, even though it costs less to operate and is purpose-built? What will the Minister say to that?

The Financial Secretary to the Treasury (Jane Kennedy): My hon. Friend makes his point forcefully, and my colleagues and I have heard it. I am sure that if he looks at all of the reforms that HMRC is introducing and appreciates that HMRC says that it needs 40 per cent. less office space than it has—

Mr. Hoyle: So that is why it has saved Blackburn, Bolton and St. Helens.

Jane Kennedy: I hear my hon. Friend's point.

I will make a final decision shortly on the consultation on all the proposals and representations that I have received. I understand that there will be an Adjournment debate next week when we will debate the future of offices in the north-west. My hon. Friend might wish to join us on that occasion.

Sir Nicholas Winterton (Macclesfield) (Con): Would the Government review the impact of the proposed VED changes on livestock farmers who need to tow livestock on a trailer? It is necessary to have a 4x4 in order to do that safely. Will the Government look exceptionally at the position of livestock farmers, not least those who operate in the hill country?

Angela Eagle: I note that some 4x4s are not in the higher VED bands. If the hon. Gentleman wants to see me, I am happy to listen to any representations that he wishes to make about the subject.

Mr. David Kidney (Stafford) (Lab): The Treasury has made a great announcement about law changes and more funding to support credit unions and defeat unscrupulous loan sharks. As part of promoting credit unions, I urge the Treasury to take more practical steps to raise the profile of the credit unions, to ensure that communities have access to their services and to ensure that if they are partnered with outlets other than the credit unions, those partners are trusted partners.

Kitty Ussher: I agree entirely with what my hon. Friend has just said. That is why I was delighted to announce recently that the Government will bring forward a legislative reform order precisely to empower credit unions and to give them greater ability to partner other organisations, to expand their membership and to grow.

Mr. David Heath (Somerton and Frome) (LD): Following on from the point made by the hon. Member for Chorley (Mr. Hoyle), how will it provide a better service for local businesses, how is it fair to loyal staff and how does it make any sense in environmental terms to close the tax offices in Frome, Wells, Yeovil, Bridgwater and Weston-super-Mare and to relocate their business in expensive and congested Bristol?

Jane Kennedy: It is no reflection whatsoever on the staff in the individual offices when offices are proposed for closure. I accept entirely that they are dedicated, loyal staff who have served Her Majesty's Inland Revenue or HMRC for a long time. They deserve credit for that, but HMRC is under an obligation that we have placed on it—and as the hon. Gentleman would acknowledge that his constituents would expect—to get the maximum benefit in return for the public expenditure and taxes that we commit to its services. It cannot be right that we should continue to maintain uneconomic offices.

Fiona Mactaggart (Slough) (Lab): The Dormant Bank and Building Society Accounts Bill completed its House of Lords stages on 26 February, but we still do not have a date for Second Reading in this House. Why is that?

Kitty Ussher: I understand that the Bill will return to the Commons immediately after we return from summer recess.

Mr. Graham Brady (Altrincham and Sale, West) (Con): Does it remain the Chancellor's intention to publish his factual report on the operation of the Barnett formula before the summer recess?

Mr. Darling: I hope to publish it as soon as I can.

G8 Summit

11.30 am

The Prime Minister (Mr. Gordon Brown): With permission, Mr. Speaker, I would like to make a statement on the G8 summit, which took place under the chairmanship of the Prime Minister of Japan between 7 and 9 July. The summit was unique not just for the range of issues discussed in three interlocking summits—the African outreach, G8 plus 5 and major economies summits—but for the large number of countries whose Presidents and Prime Ministers took part.

Let me first draw the House's attention to the unprecedented G8 statement on Zimbabwe. In the face of the deepening tragedy in Zimbabwe—the intimidation and deaths, the violation of human rights, the detention of political prisoners—the G8 made it clear that we do not accept the legitimacy of the Mugabe Government and that the UN Secretary-General should now appoint a special envoy both to report on the deterioration of human rights and to support regional mediation efforts to bring about change.

The G8 also called for the immediate resumption of humanitarian aid, which is essential to preventing further suffering and loss of life. We resolved that we would take further steps to take financial and other measures against those individuals responsible for the violence. As the House knows, we have followed that up immediately with a UN Security Council resolution, which is now being discussed in New York. We propose an international arms embargo on Zimbabwe, including a ban on all supplies of any arms, weapons, ammunition and military equipment. We list in the resolution 14 named members of the Mugabe inner cabal against whom travel and financial sanctions should be imposed by the whole international community. We have now set in train work to identify, in Africa, Asia, America and Europe, through a forensic assessment, both the physical assets and the bank accounts and finances of those 14 people. The UN resolution will also establish a committee to monitor the operation of those sanctions.

With worldwide sanctions and the worldwide arms embargo that we propose, our aim is that there will be no safe haven and no hiding place for the criminal cabal that surrounds the Mugabe regime. Now that the G8 has taken its decision, we propose that the UN put the full weight of the international community behind isolating an illegitimate Government.

At the heart of the summit's other considerations and conclusions were the triple shocks hurting the world economy: the doubling of oil prices, rising food prices and, because of the credit crunch, the rising cost of money. Those are three shocks that, it is now agreed, cannot be solved by traditional monetary policy means alone but require direct action that will tackle the sources of oil and food inflation and make for more stable commodity, agricultural and financial markets.

The summit also reflected a world that is changing fast, with a consensus about the new economic power in Asia; about the fact that oil, commodity and food prices represent global problems that require global solutions; that there is an economic as well as an environmental imperative to break our dependence on oil; and that we should act in Africa and on international development for moral reasons, but also because developing countries hold the key to addressing our food shortages and will be the ones most affected by climate change.

First, while the summit noted that there are many explanations for the doubling of oil prices in a year, and that the scale of change is now greater than the oil shock of the 1970s, the basic challenge, which cannot be resolved by one country or group of countries alone, is that oil demand exceeds oil supply now, and will in the future. Although Governments are taking action domestically—Britain with special winter payments, new help for low-income families and the current freeze on fuel duty—the G8 agreed that the global conditions for ensuring a more stable international energy market were, first, expanding nuclear power, with the International Energy Agency suggesting that we will need 1,000 new nuclear power stations over the next four decades; secondly, accelerating the expansion worldwide of renewables; thirdly, radical measures in each of our continents to improve energy efficiency; and fourthly, co-operation between oil producers and oil consumers to ensure greater understanding of the balance between supply and demand and then to ensure new investment in all sources of energy. The G8 supported the London summit that will be held later this year between producers and consumers.

Britain reported that, for our part, we are following up changes to the North sea licensing structure with a review of the current fiscal regime, with the aim of increasing recovery from new and existing oil fields. We will be discussing with Nigeria next week how the UK can work with the Nigerian authorities to address security problems in the Nigerian delta, which are costing 1 million barrels of oil a day. We are working with the Iraqi Government to build capacity in the oil sector there, and we are discussing with the Gulf states and others how sovereign wealth funds and oil revenues can be recycled into wider energy investments.

Global action to improve energy efficiency and to reduce the world's dependence on oil will help not only to reduce energy and fuel bills for households and industry in countries such as ours but to fight the battle against climate change. That is essential to the future prosperity and security of the wider world. For the first time, the G8 agreed not just to consider but to adopt as part of an international agreement a long-term goal of a cut of at least 50 per cent. in greenhouse gas emissions by 2050. Also for the first time, we agreed on the need to have interim goals and national plans to achieve them. I welcome the fact that the major economies group, which now includes China, India, Mexico, South Africa, Brazil, Australia, Indonesia and South Korea, as well as the G8, agreed to continue to work together in the UN to achieve an international climate agreement next year, and that the major emerging economies have agreed to adopt appropriate mitigation actions with a view to reducing their emissions below what is called "business as usual".

As a measure of our shared commitment to meet these challenging goals, the G8 also agreed to 25 recommendations on energy efficiency standards, including agreement that each country will put in place car and consumer goods standards—standards we said that, if implemented globally, could cut global oil consumption by 15 per cent. and energy-related carbon emissions by 20 per cent. That is the equivalent of all the emissions of the USA and Japan combined. As I

told the summit, these standards include Britain pressing in the European Union for an average fuel efficiency target of 100g of carbon dioxide per kilometre by 2020, and the Secretary of State for Transport is today publishing a consultation paper in support of this target. Britain will also work with other countries in the European Union on the scope for commercialising the production of electric plug-in and hybrid motor vehicles.

To make a reality of and to monitor higher energy efficiency standards, we are also setting up a new G8 energy forum to meet in the autumn to examine how we can globally adopt new standards and new technologies. This will feed into the next meeting of the consumers and producers dialogue in London, which was supported by the G8 and will happen before the end of the year. We will seek to make permanent these initiatives on energy by setting up an international partnership for energy efficiency co-operation as a high-level forum to accelerate the adoption of these new technologies, and for greater energy efficiency.

We also know that to adopt alternative energy sources Africa and developing countries must have greater access to funds, so it has been a British initiative to create what has been called the climate investment funds at the World Bank. We agreed measures at the G8 that will provide more than $120 billion in public and private finance for alternative energy and other environmental investments. This is $117 billion through the existing clean energy investment framework, and $6 billion of new funding through the new climate investment funds—a huge new global investment fund of more than $100 billion for tackling climate change and encouraging developing countries to move to alternatives to fossil fuels.

With rising food prices having an impact at home and abroad, particularly for the poorest, the need for co-ordinated global action is also clear, so the G8 agreed to invest more than $10 billion to meet the short-term humanitarian needs arising from famines, including increases in food aid, but we also agreed to improve food security and measures for agricultural productivity over the longer term.

One major element in reducing food prices, as well as generating wider global benefits, will be a successful outcome to the Doha trade round, where lowering trade-distorting subsidies and import restrictions could increase the global gross domestic product by as much as €120 billion a year by 2015. The Doha trade round is primarily a development round that will benefit the poorest countries most. But if we are to break the year-long deadlock in negotiations, the upcoming ministerial meeting of the World Trade Organisation on 21 July will be critical. It is a make-or-break meeting for a trade deal, and I discussed the importance of this at the summit with all its participants, including President Bush, the Presidents of Brazil and South Africa and the Prime Minister of India. We agreed that the biggest signal we could send that the present challenges must not be an excuse for a renewed bout of protectionism was signing that world trade deal.

I hope that all sections of this House will agree that all countries should show the resolution to achieve the breakthrough that we want and need. To support the deal, the G8 also reiterated a commitment to invest $4 billion in aid for trade to help the poorest countries to take advantage of new trading opportunities.

As part of action this year on the millennium development goals, the G8 also signed up to new action to meet goals on health, and reaffirmed commitments made at Gleneagles to provide $25 billion in aid to Africa, and $50 billion globally by 2010, as well as establishing universal access to treatment for AIDS. How the world achieves further major advances in the alleviation of poverty, disease and illiteracy is the subject of the UN millennium summit convened by the UN Secretary-General for 25 September. I call on all countries to do what is necessary to meet the promises that they made on the millennium development goals.

My aim at the summit was to turn generalised commitments that were not time-specific into concrete action and into delivery to address poverty, disease and illiteracy. We agreed that over the next five years we would deliver the commitment of $60 billion to tackle infectious diseases and strengthen health in Africa and developing countries. Some other countries will provide additional resources for health care systems, including our own.

We also agreed to help to fund in 36 African countries a target of 2.3 health workers per 1,000 people. That would mean in total an additional 1.5 million new doctors, nurses or health workers, including a major advance in the number of skilled midwives so that women no longer have to die when unaided during childbirth. The G8 also committed to finance 100 million bed nets by 2010 for the prevention of malaria—this could save 600,000 lives—while $1 billion of new funding for the education fast-track initiative will immediately help a further 10 million children to go to school.

During the summit, I had a number of key bilateral meetings with other leaders on millennium development goal issues, and on other issues as well. This included a meeting with the new President of Russia, when we agreed on co-ordinated international action on Iran and the middle east peace process. But I raised in detail all the major issues that exist between our two countries, our position on the Litvinenko case, the treatment of the British Council and the withdrawal of visas for BP employees.

The G8 also agreed that, in a world of global financial flows, it is essential that immediate action be taken to tackle the impact of financial instability. Action at home should be accompanied internationally by clearer standards for the valuation of assets, changes in the role and use of credit rating agencies and better management of liquidity. More generally, there was agreement on the need for concerted global action to reform the International Monetary Fund. There was agreement that the IMF should become a better early warning system for the world economy, and there was a wider agreement that the international institutions set up in the 1940s were now in need of fundamental reform to ensure that they were fit to meet the new challenges of the 21st century. Further work will be done over the coming year to produce proposals for their reform and renewal.

Just as on Zimbabwe, where we have seen the growth of an international coalition for change, there is growing agreement round the world—and real progress now—on the need for detailed collaborative actions on energy, climate change, trade and international development. I commend this statement to the House.

Mr. David Cameron (Witney) (Con): I thank the Prime Minister for his statement, and I am sure that I speak for the whole country when I say we are pleased to see that Heathcliff has come home.

There are four main issues that I want to ask about—the world economy, aid, climate change and Zimbabwe. First, on Zimbabwe, may I congratulate the Prime Minister on putting the issue at the top of the G8 agenda? Real progress was made on sanctions against the regime and on not recognising the legitimacy of the Government, and he is to be congratulated on the role that he played in that. The key is now to translate those words at the G8 into an effective UN resolution. Given what the Russian President has said—that a UN resolution has not actually been agreed—is the Prime Minister confident that the Security Council will pass a resolution that enforces an arms embargo and meaningful targeted sanctions against members of the regime? Specifically on sanctions, given that EU sanctions target 130 officials, can he tell us why the figure in the draft resolution is just 14?

The G8 also calls for the appointment of a UN envoy to Zimbabwe, which, again, is welcome. Will the Prime Minister press for the appointment to be accompanied by a UN commission to investigate human rights abuses in Zimbabwe? On Africa more widely, can the Prime Minister give us some further reassurance—he spoke about this—that the Gleneagles pledges are not being watered down? At Gleneagles, the commitment was to increase development aid by $50 billion by 2010, with $25 billion of that going to Africa. The latest communiqué has a rather tortuous phrase about being

"firmly committed to working to fulfil our commitments".

According to Oxfam, on current trends, rich countries could miss their 2010 promise by as much as $30 billion—money that could save 5 million lives. Given all that, is the Prime Minister really convinced that the Gleneagles pledges will be delivered?

Secondly, the Prime Minister mentioned the vital issue of access to HIV/AIDS treatment. Tony Blair said last year that the G8 was still committed to delivering

"universal access to HIV/AIDS treatment by 2010".—[*Official Report*, 11 June 2007; Vol. 461, c. 514.]

I asked Tony Blair repeatedly about interim targets to help to make sure that the 2010 commitment was kept, yet now, with just two years to go, the G8 says that it is

"working towards the goal of universal access".

How close to universal access to those vital treatments does the Prime Minister expect us to get in two years' time?

Thirdly, on climate change, the Prime Minister said that the G8 agreement represented major progress, and on the face of it, the 50 per cent. cut in emissions does look good, but when we look at the small print, is there not a series of problems with the goal that was set? First, the goal is for global emissions, not G8 emissions, yet there are no figures for the contributions that G8 countries should make. Next, the Prime Minister mentioned the declaration issued by the wider group of economies that met on Wednesday; is it not the case that that had no specific figures at all? Furthermore, while the 2050 goal is clearly 42 years away, there are no interim targets. Vitally, is it not the case—although there seems to be some uncertainty here—that the 2050 goal is not being measured against 1990 levels, as we have always discussed, but against current levels? Could he confirm that? Taken together, do not those points demonstrate that progress has been painfully slow?

The fourth issue is the world economy. As the Prime Minister said, one of the keys to improving standards of living is to break down barriers to trade, and the G8 said that it would continue to work, as a matter of urgency, on the Doha negotiations. Is it not the case that the greatest contribution that the EU could make is to reform the common agricultural policy? The Prime Minister told the Liaison Committee last week that he wanted to see the CAP change "fundamentally". Would that not have been much easier if the Government had not abandoned much of our rebate, without any guarantee of real CAP reform in return?

At a time when people face higher food prices, higher fuel bills and a credit crunch, what they need is a Government who are on their side and able to help. The Prime Minister talks a lot about global oil markets, and clearly those are important issues, but is there not something that he could do, in the UK, to help people who need a car to get to work? First, why does he not scrap his retrospective vehicle excise duty tax hike for next year? Will he at least admit that when he told me from the Dispatch Box that a majority of drivers would benefit, he was wrong? Will he now correct himself and apologise to the House for getting it wrong? Secondly, will he look at our proposal for a fair fuel stabiliser? *[Interruption.]* People want to know that the outcome of the G8 will be to help people in this country. Will the Prime Minister look at our proposal for a fair fuel stabiliser, so that when the price of oil rises, the Government share the pain with the motorist?

Is it not the case that when the Prime Minister looked at the situation in other G8 countries, he found that far from being the best prepared for global economic uncertainty, Britain is among the worst? France and the United States are cutting taxes to boost people's living standards. He cannot do that, as he has given us the biggest Budget deficit of not only the G8 countries but all the 55 large economies, apart from Hungary, Egypt and Pakistan. Is that not the true situation? Is that not why, despite all the difficulties people face, the Prime Minister is actually planning to put up taxes next year and the year after?

Of course people welcome the positive reports the Prime Minister has given on developments at the G8, but are they not entitled to something else? Is it not time that the Prime Minister, who for years boasted about an end to boom and bust and about prudence and stability, told us why as the difficult years come he put nothing aside during the good years to help people when they need it?

The Prime Minister: Let me start with Zimbabwe where I believe that, as on some of the other issues raised, there is common ground. It was a major breakthrough at the G8 that the Russians and other countries agreed we should impose sanctions on Zimbabwe and that a UN envoy should go to Zimbabwe. The Secretary-General was at the G8 and wants to do that immediately. It was a major breakthrough that people agreed that the sanctions should start with the major figures in the Mugabe regime. I do not deny that the European Union has a wider list, but internationally agreed sanctions right across the world to deal with

assets held by members of the Mugabe regime in Africa, and assets that we know are held in Asia and perhaps in parts of Europe outside the EU, will be a major prize.

I accept that the United Nations resolution goes further in two major respects, and detailed negotiations are taking place in New York at the moment, but I hope that the whole international community, having seen the statement of the G8 and the statement of the African Union about the illegitimacy of election process, will agree that they should take together the action we propose—sanctions, with the embargo that would happen on arms, and the envoy to Zimbabwe. It is a delicate situation: violence is being practised against members not just of the community in Zimbabwe but of the Opposition party which has a legitimate claim to having won elections to Parliament. It is important that we support the mediation efforts that are taking place, but it is also important that the whole weight of the international community is behind the efforts to secure transition in Zimbabwe. I believe that time is short for that, so it is important that the UN pass its resolution as soon as possible, and I hope that all countries and all continents will get behind it.

The second issue that the right hon. Gentleman raised was climate change. I have to disagree with him: it is major progress that the major countries, including America and the rest of the EU and Japan, have signed up to an international agreement that, if accepted, would mean a cut of 50 per cent. in carbon emissions by 2050. That did not happen a year ago and it has obviously not been possible for many years in our discussions on climate change. For it to happen at the summit is an important step forward.

I do not think the right hon. Gentleman properly appreciated that agreement that there would be a need for interim targets in 2020 and 2025 was also an important step forward. There was a suggestion that countries should provide their national plans to do so. We are not just putting forward proposals that there be targets set that have to be met by our children's generation, but that there are targets that have to be met by this generation as well.

The developing countries are now readier to sign up to mitigation efforts and to their own standards for meeting the climate change agenda. That will be part of the talks that are about to take place, including all the different summits in the run-up to Copenhagen, as well as a full discussion of climate change issues at the next G8 meeting with the major economies that I have just listed. What makes it possible for developing countries and emerging markets to sign up to targets has not yet been properly recognised as an outcome of the summit—the $150 billion or so being made available through the World Bank as part of public-private partnerships to enable those countries to invest in alternatives to coal-fired power stations and deforestation—so that they can invest long-term in sources of energy that are more environmentally efficient. I believe we have made major progress on the climate change agenda. The right hon. Gentleman raised this, and it is very important that we recognise that Europe is leading the debate; but we can lead the debate only as part of Europe, playing a full part as a member of the European Union, and I hope at some point that at least the sensible voices in the Conservative party will wake up to that.

On food prices, the right hon. Gentleman is absolutely right. We have put forward major changes to the common agricultural policy, which is up for review this year. It is part of the budget settlements of the last few years, and I hope that other members of the European community can be persuaded of the need for major reform of the common agricultural policy.

We need to act on famine now, which is why additional money is being provided by all G8 member countries to deal with the famines in Africa and elsewhere as a result of rising food prices. We need to invest in the equivalent of a green revolution in Africa to complement what happened in Asia, so that Africa ceases to be a net importer of food but, with a population mostly dependent on the land, starts to become a net exporter of food. That will be to their benefit by raising their earnings, and also to that of the rest of the world by reducing food shortages. More and more, the development agenda, the environmental agenda and the economic agenda are coming together and, as I have said to other countries that are looking at their development aid budgets at the moment, it would make no sense for them to cut development aid because it is needed to help Africa with both the agricultural agenda and the environmental agenda.

I disagree with the right hon. Gentleman when he says that we did not do enough on millennium development goals at the summit. It is true that there is legitimate debate among countries about the level of development aid—*[Interruption.]* The right hon. Gentleman said that countries were not meeting their commitments to the 2010 target. We in Britain are meeting our commitments, and it is right to tell other countries that they, too, should meet their commitments. That is why we try to turn the abstract promises of the past into concrete commitments—what was being said on health, malaria, education and agriculture and dealing with the problems of food.

I come now to the world economy. I hope the right hon. Gentleman has understood the message from the G8 summit: although we can do a great deal in our own countries—we have raised the winter fuel allowance and frozen fuel duty—we have responsibilities to the environmental agenda, as he used to recognise, which is why we are dealing with pollution from cars. There are global problems that require global solutions. Conservative blindness to the need for co-operation in the European Union means the Conservatives do not recognise the need for global action in the way we do. We will continue to work for global co-operation to deal with food, to deal with oil, to deal with commodities and to make for a smoother functioning global economy. I hope all parties will come to recognise that global co-operation and global leadership are now more necessary, not less relevant than before.

Mr. Nick Clegg (Sheffield, Hallam) (LD): I thank the Prime Minister for the advance notice of his statement.

If words could transform the world, the summit would be revolutionary. No one can disagree with the stirring rhetoric about the needs of the developing world, about Zimbabwe and about the urgency of the ongoing trade talks. However, G8 summit words count only if they are translated into action, which is why although of course I welcome the strong language on Zimbabwe and the initiative being taken in the United Nations, I wonder why the Prime Minister has not

[Mr. Nick Clegg]

taken more active steps in practice at home and abroad. For example, nearly three weeks ago I asked him to allow Zimbabwean asylum seekers to have the right to stay in the UK and to work to support themselves before they return home. He said he would think about it. What has he actually decided? What is he actually going to do?

Today, the Prime Minister said—stirringly—that

"our aim is that there will be no safe haven and no hiding place for the criminal cabal that surrounds...Mugabe".

Of course. Will he go further than the United Nations? As he knows, Zimbabweans cannot be prosecuted by the International Criminal Court at present because they are not signatories to it. However, if the UN Security Council were so to decide, the Prime Minister could tell Mugabe and his henchmen that if they did not give up power within the next six months or so, one step outside Zimbabwe would mean they would be detained and prosecuted by the International Criminal Court. Will the Prime Minister take that step?

I am equally concerned that the Prime Minister is not honouring with action at home the rhetoric on the sharp increase in household gas prices. The G8 has rightly expressed concern—a concern that is particularly acute in the UK, with predictions that household gas prices will increase by 40 per cent. by the winter. As I have asked the Prime Minister several times, why is he not doing what other EU countries have done to recoup the subsidy given to energy-generating companies through the emissions trading scheme to install smart meters and energy-efficient measures in our households, and give real meaningful help to the most vulnerable families struggling to pay their fuel bills? He says that one of the major conclusions of the G8 summit was "radical measures to improve energy efficiency". Taking steps to revolutionise the energy efficiency of our housing stock would do precisely that, but he seems to refuse to do it on the scale that is needed.

Finally, is it not true that the G8 is struggling to have any real influence over some of the world's major emerging powers? Much has changed since the 1980s, when the G8 was seen as the boardroom of the world where all the big decisions were taken and everyone else followed. Today, emerging powers such as China and India are a bit like large shareholders, demanding change that the board cannot deliver, and since today is the day for Tory jokes about Heathcliff, I hope that the Prime Minister will agree that the G8 should not die a death like Heathcliff—a man ranting and raving at a world he can no longer understand, control or change. *[Interruption.]* It is indeed. Does the Prime Minister agree that the G8 should expand to include India and China?

The Prime Minister: I am grateful for the right hon. Gentleman's remarks about Zimbabwe, and I shall deal with one of the issues that he has raised. We all agree about the need for sanctions, the need for a UN envoy and the need to report on the human rights situation so that the whole world can see what is happening in Zimbabwe. As the right hon. Gentleman acknowledges, Zimbabwe is not a signatory to the International Criminal Court, but under the sanctions proposals that we have put forward, anybody who tries to leave Zimbabwe will be denied travel access, and that will be clear in the resolution at the United Nations.

The right hon. Gentleman did raise with me the question of people seeking asylum from Zimbabwe, and I did say that we dealt on a case-by-case basis with the right to asylum, and that is still the policy. However, I can confirm that no one is being forced to return to Zimbabwe from the United Kingdom at this time—no one. I can confirm also that we are actively looking at what we can do to support in this country Zimbabweans who are failed asylum seekers, who cannot work and who are prevented from leaving the UK through no fault of their own. They are provided with accommodation and vouchers to ensure that they are not destitute, but we are looking at what we can do to support Zimbabweans in that situation, and we will report back to the House in due course. However, I repeat to the right hon. Gentleman that no one is being forced to return to Zimbabwe at the present time.

The right hon. Gentleman also raised the question of fuel efficiency. The G8 accepted 25 recommendations for greater energy efficiency, and I must say that probably the most controversial one relates to cars and the future of vehicles, with the promotion of electric technology, plug-in vehicles and hybrid cars. I believe that all countries—Japan, the European Union countries and America—can make huge progress on that immediately, and we are putting, I think, £100 million into research to encourage companies to move forward on the issue.

The right hon. Gentleman asked what we are doing to ensure that people have access to cheap energy efficiency measures, such as loft insulation. No Government have done more than this Government to tackle those problems. Three million people are about to benefit from the measures on loft insulation and on draughtproofing, and he seems to forget that we have also signed with the utility companies an agreement that they will provide £100 million next year and £150 million in future years to help low-income households to do exactly what he says should happen. So we have the winter allowance, we have the £150 million that will come from the utility companies, we have our own programme for fuel efficiency and we are doing everything we can to tackle fuel poverty. I accept that in difficult economic times, which every country in the world is experiencing, as we have explained, it is our responsibility to do everything we can to help people in this country.

The reason I think the right hon. Gentleman underestimates the importance of the G8 is that, for the first time, I see a recognition that; when facing an oil shock, food price rises and the credit crunch, we need joint international action to solve such global problems. There will have to be a major reform of the international institutions, the necessity for which we have been promoting for some time anyway—even before the financial shocks. Over the next few months, there will be increasingly co-ordinated action by, and collaboration between, the major economies to do what we can to reduce our dependence on oil, to stabilise the energy market, to deal with the problems of financial instability, to help with the difficulties of food prices and to keep the world economy moving forward. I hope that all parties in the House will support that.

Mr. David Winnick (Walsall, North) (Lab): No one would compare my right hon. Friend to Edgar in the novel, so that is some consolation. May I congratulate him on showing a photograph of someone—an Opposition party activist—who was murdered in Zimbabwe? It

should, I hope, have awakened in the other G8 leaders further interest in that country's tyranny, but would it not be totally irresponsible if any member of the Security Council decided to veto the proposed British resolution on sanctions and on the embargo? One hopes that that will not happen, but it would be deplorable if it did.

The Prime Minister: I am grateful to my hon. Friend, who has taken a huge interest in these matters over time. The major advance is that the whole membership of the G8 supports the need for sanctions. I accept that the UN resolution is more detailed, because it not only asks for the UN envoy to be appointed under specific circumstances, but names 14 individuals, demands that the UN monitor the sanctions over a period—this will affect the whole international community, not just the G8—and calls for an arms embargo. I urge every United Nations member country to support the resolution. There cannot be change in Zimbabwe without the G8 sending the strongest possible message that the international community supports such change, and I hope that United Nations members—even those that in the past have not supported such action on Zimbabwe—will realise that in terms of humanitarian aid, this is an emergency, that a criminal cabal is running a country without legitimacy, and that the people of that country need relief from the miseries to which they are subjected.

Sir Malcolm Rifkind (Kensington and Chelsea) (Con): The Prime Minister stated that in his meeting with President Medvedev, he addressed the subjects of Litvinenko, the British Council and TNK-BP, but he did not share with the House the President's response. Will the Prime Minister confirm that when, in fact, he received a very negative response from President Medvedev to each of those three issues, he reminded the President that he had said that the improvement of the rule of law in Russia would be one of the priorities of his presidency? And did the Prime Minister think to suggest to the President that the rule of law means not just that the people obey the law, but that the Government of Russia should, too? The process might start with the three matters to which the Prime Minister referred.

The Prime Minister: I had a very full discussion with President Medvedev about those issues. The meeting ran substantially over time, because of the detailed discussion of the issues that the right hon. Gentleman raises. I reminded the President that the British Council was operating within the rule of law and that it was completely unfair to deal with the British Council as the Russians did. I hope that its full position will be restored as soon as possible. On BP, I made it absolutely clear that the visa decision was not a commercial issue, but an issue for the Administration themselves, and that whatever were the difficulties with the commercial relationship between two Russian companies, the Russian Government had a duty to look at the visas. I made it clear also that the Litvinenko issue would not be closed. We have justice to do on the part of someone who was murdered on British soil, and the current position is not acceptable.

Mr. Peter Hain (Neath) (Lab): I congratulate the Prime Minister on the strong and principled leadership that he showed at the G8 summit, and on Zimbabwe I welcome the sanctions measures that he announced. However, will he consider three additional measures: first, to return home the ruling clique's sons, daughters and other relatives who are being expensively educated abroad; secondly, to ban all Air Zimbabwe flights to the European Union, including Britain, and internationally; and thirdly, to discuss with the South African Government their continued supply of electricity, which enables Mugabe and his ruling clique to escape the universal and persistent cuts that are imposed on almost everybody else? Finally, as a fellow anti-apartheid activist of decades ago, my right hon. Friend will recall that exactly the same arguments were used against sanctions on South Africa as are now being used against sanctions on Mugabe. They were wrong then and they are wrong now.

The Prime Minister: I am grateful to my right hon. Friend, who has a long-standing interest and suffered a great deal from his involvement in anti-apartheid campaigns over many years. He is absolutely right that many things must be considered, and he mentioned the supply of electricity and energy from South Africa to Zimbabwe, but I must say that the starting point is to have the whole international community imposing sanctions. It is all very well for one country or one continent to take action, but it works successfully only when we have the whole international community behind what we are doing so that the regime is genuinely isolated from the whole international community.

We have now started work in the United Kingdom to identify assets in other countries of Africa, where we know they exist, in Asia, where we believe that the regime's members have assets stocked away, and, of course, in America and Europe. We are doing a forensic assessment to identify the physical assets, the bank accounts and the financial holdings of those 14 main people, who are part of the Mugabe cabal. That is the first step, and it is my hope that we will have the whole international community behind us so that the full pressure is felt on the Zimbabwean Administration.

Mr. Michael Howard (Folkestone and Hythe) (Con): Both the Prime Minister and my right hon. Friend the Leader of the Opposition have emphasised the importance of the Doha round. Will the Prime Minister take this opportunity to express his support for Commissioner Mandelson against the attacks made on him by the President of France? Does the Prime Minister agree with me that the tragic irony of the situation is that the root cause of Commissioner Mandelson's difficulties lies in the disastrous decision taken by Tony Blair to renew the common agricultural policy for a further 10 years—a decision that has made it impossible for the European Union to make the constructive contribution to the Doha round that we would all like to see?

The Prime Minister: I am sure that the European Trade Commissioner will be delighted at the support given him by the former Leader of the Opposition; if I may do so, I shall convey the right hon. and learned Gentleman's support directly to him. The right hon. and learned Gentleman may have noted the comments of the President of France only yesterday in Japan. He said that he, too, would support a deal that was against the protectionist sentiments that were flowing around the world and he called on other countries, including Argentina and Brazil, to play their part in making a trade deal possible.

[The Prime Minister]

The European Union is making concessions on tariffs and subsidies, and the American Government are also making concessions on subsidies. It is important that the whole world should see that changes are also being made in the industrialising and emerging-market countries of the world. That formed part of my discussions with President Lula. A deal is available. Obviously, Europe and America have to contribute to it; so, too, do all the other parts of the world, which have to make it possible for trade to be opened up, not just in agriculture but in manufacturing goods and services. I believe that in the next few days we will see whether that deal is possible. We will do everything to make it happen.

Andrew Mackinlay (Thurrock) (Lab): Is the Prime Minister aware that at the very moment when he was meeting the President of Russia for his welcome but delicate discussions to rebuild bilateral relations, without making concessions, MI5 officers were scurrying around London, talking and spinning to the media to do everything to undermine the Prime Minister's initiative? Is he not aware that things are out of control as regards our security and intelligence services, particularly MI5? The situation is worse than that during the Wilson period. There is no parliamentary oversight of the services' conduct, whom they speak to and where they meet them. It is time that some control was brought by this place on their conduct, which ultimately undermines his policies and initiatives.

The Prime Minister: I do not agree with what my hon. Friend says, but he will be pleased to know that, as part of the opening up of the debate about our security services, there will next week be a debate on those very issues of our security. That has been made possible by the Government. We are making changes in the Intelligence and Security Committee so that it is more responsible to the House of Commons. My hon. Friend will have the chance to debate and examine the national security strategy that is put forward. There is more transparency than ever before in how we can examine and scrutinise the working of our security services.

Pete Wishart (Perth and North Perthshire) (SNP): Although I welcome the new extra package of aid for Africa in what seems a renewed commitment on the Gleneagles agreement, I remind the Prime Minister that less than 20 per cent. of what was agreed in Perthshire has made its way through. How will we catch up, given that only two years are left in the Gleneagles arrangement, and when can Africa expect the money?

The Prime Minister: Ten million more children will receive education as a result of a decision made only this week. That means that since 2000, when we set the millennium development goal, 44 million children will have received education and another 10 million will in the next year. That is us making progress towards meeting the goals set at Gleneagles. Take the provision of malaria nets: 100 million malaria nets have been promised, and they will save tens of thousands of lives as a result of our decision.

Take health as a whole. I was asked by the Leader of the Opposition, and probably did not reply in detail, about the issue of HIV/AIDS. The very fact that we have agreed a timetable for $60 million to be spent over five years means that money will go directly this year, next year and the year after to HIV/AIDS and the alleviation of other diseases—from polio, to tuberculosis, to pneumococcus and other diseases that need to be treated. We are trying to turn promises at Gleneagles that were made sometimes more generally, without being time-specific, into concrete actions. I must say that that is possible only because we are part of a United Kingdom that has weight around the world in pushing the proposals and getting agreement from the big nations. It could not happen under the Scottish National party.

John Battle (Leeds, West) (Lab): My right hon. Friend has long championed the millennium development goals as a means of tackling poverty internationally. As a result, our country is recognised as a world leader on committing aid. I congratulate him on persuading other European leaders to do their bit to honour their Gleneagles commitments. I ask him to ensure that the millennium development goals are not jettisoned as we try to tackle the current fuel and food crisis. What we need now—perhaps more than ever—is the longer-term strategic thinking that he has spelled out this morning.

The Prime Minister: I am grateful to my right hon. Friend, who was taking a huge interest in these matters long before he was a Member of Parliament and who has taken the same interest for all the time that he has been one. I congratulate him on the proposals that he has put forward to us over time on meeting the millennium development targets.

My right hon. Friend is absolutely right. The easiest thing in the world at the moment would be for countries faced with their own economic difficulties to cut the aid and support that they give the poorest countries, but that would be short-sighted and the wrong decision to take. Why? Because there is not only a moral obligation on our part to honour the commitments that we have made, but we will not solve our problems over food, energy, climate change and economic development unless we can involve the poorest countries—the developing countries and the emerging markets. That is why it is right to give $10 billion to support agriculture in Africa. That is why it is right also to give $100 billion in public-private money to fund energy-intensive and energy-efficient developments in the poorest countries. That is why it is also right that $60 billion is committed over five years to make sure that the health commitments that we have made are properly honoured. I will continue to argue that this is the time for us to build a stronger relationship with the developing countries, not to weaken our commitments to them.

Sir Peter Tapsell (Louth and Horncastle) (Con): Bearing in mind the fact that Japan has already banned the futures market in rice and that India has banned the export of rice, did the Prime Minister make any suggestions to other members of the G8 about steps that could be taken to curb the speculative manipulation of world food markets in ways that could threaten the social stability of many of the poorest countries?

The Prime Minister: The hon. Gentleman makes a very important point about the operation of markets in food. The fact is that 26 countries have placed bans on exports of food. Therefore they are making it impossible

for other countries that may be able to and should have access to food to deal with famine to have that support. I think that the hon. Gentleman would agree that only 7 per cent. of rice is traded internationally. The biggest problem is not speculation, but production. It is important to recognise that we must get countries in different parts of the world that have either cut back production of these basic staples or are simply producing for themselves, to think of themselves as exporters for the future. That is why it is important to stimulate what some people call the green revolution a second time—but this time not only in Asia, but right across the world.

Tony Lloyd (Manchester, Central) (Lab): My right hon. Friend referred to his discussion with President Medvedev about Iran. Was he able to impress on the Russian President that Russia's interest in making sure that Iran does not develop nuclear weapons is just as big as everybody else's? Was my right hon. Friend able to get a commitment from President Medvedev that Russia would use its undoubted influence with Iran, which we need it to apply, to make sure that Iran does not take the road to nuclear weapons and that Russia will play its part in bringing Iran to the table?

The Prime Minister: I am grateful to my hon. Friend, who is an expert on this issue, as he is on many foreign policy issues. He knows that an offer has been made to Iran that it abandons its nuclear weapon ambitions and is instead given the guarantee of civil nuclear power. He also knows that that is part of an international offer that Russia is very much at the centre of and supports. Our discussions at the G8 on Iran included Russia promising that it would stick with us in this effort. First, we must try to get Iran to agree to the new offer that has been made, and then, if Iran is not prepared to take up that offer, we will have to consider further sanctions, I hope with Russian support.

Russia has made the offer that we have also made, and which has now come from the Foreign Minister of Saudi Arabia as well, that there should be a uranium enrichment bank that is held outside the countries that would benefit from it—that is, the nuclear powers making uranium available on terms that would mean that there was security of supply. Iran could be one of the first countries to benefit from that. That is very much a real proposal that is gaining ground throughout the world. I hope that as part of our discussions with Iran and other countries, the idea of an internationally recognised and validated uranium bond or bank can help us to solve these very difficult problems about avoiding nuclear proliferation.

Alistair Burt (North-East Bedfordshire) (Con): May I reinforce the sentiment not only in this House but among many of our constituents about the need to see an urgent end to the Doha round? World conditions are making that even more imperative. If the ministerial meeting on 21 July is not a success, what is the Government's fall-back position? Does it include considering whether the EU might take unilateral action to reduce its trade barriers in order to break the deadlock?

The Prime Minister: The hon. Gentleman is right that the EU can do things; it has already offered unilaterally to remove many of its restrictions on trade with Africa. As he will agree, the importance of a world trade agreement is that every continent of the world is involved—that is the prize. It would not be enough for the EU to take action and for America not to reduce its agricultural subsidies, and it would certainly be of no great benefit to the poorest countries of the world if some of the major continents were not involved. He is absolutely right that we must move forward with an attempt to get an agreement on 21 July. I believe that the director general of the World Trade Organisation is about to produce additional proposals for that. We will give him the support that we can in getting an agreement.

As I say, not only Europe and America but the developing countries and emerging markets must play a part in making this deal possible. I talked to President Lula, Prime Minister Singh and President Mbeki, all of whom have a major part to play in making this possible. I am convinced that these major world leaders want this deal to happen; we must now get through the remaining difficulties that have been the bottleneck to negotiations succeeding over the past year. I think that that is possible, and all our efforts over the next few days will be towards making it possible.

Kate Hoey (Vauxhall) (Lab): The Prime Minister should know that all of us in Parliament and outside Parliament who have campaigned on Zimbabwe for many years know that the seismic change in international attitudes to Zimbabwe, particularly the unanimous decision that it is an illegitimate regime, would not have happened without the personal dedication and commitment that he has given, not only at the G8 but over the past six months or so. I think that all Zimbabweans in this country will want to thank him. Does he agree that it would be absolutely shocking if something happened that allowed Mugabe still to attend the Beijing Olympics?

The Prime Minister: I am grateful to my hon. Friend, who has taken a long-term interest in the difficulties that are faced by all races in Zimbabwe as a result of the actions of the Mugabe regime. We are determined to move forward with sanctions, and it is very important that we get the support of the rest of the international community. I want to persuade other countries that this is now the right thing to do, and all our efforts in New York are about achieving that end. We must remember that this is a very important change, with an international envoy, international sanctions and an international arms embargo, and we are negotiating the details today and tomorrow.

Mr. Peter Lilley (Hitchin and Harpenden) (Con): I wholeheartedly welcome the Prime Minister's statement, in the context of energy security and climate change, that the challenge cannot be resolved by one country or group of countries acting alone. Does that mean that having abandoned unilateralism in defence he is now abandoning unilateralism in climate change, and that the Climate Change Bill will be amended so that it spells out what we are prepared to do, which, according to the Bill's own cost assessment, involves a programme of more than £200 billion, but that that is not unilaterally binding on this country and becomes legally binding only if sufficient other countries sign up to similar commitments?

The Prime Minister: I agree with the right hon. Gentleman: this is an international problem that requires an international solution. We are 1 per cent. of the world's population, and we need other countries to

[The Prime Minister]

work with us, not only the G8 countries but the whole of the rest of the world. I see a determination on the part of developing countries and emerging markets also to be part of a new agreement at Copenhagen, and I hope that we can work to achieve that.

I hope that the right hon. Gentleman will also acknowledge that we need to make decisions in this country so that we can play our part in reducing our dependence on oil. That requires us to make a decision on nuclear power, which I hope all the Opposition parties will now support. It also requires us to make difficult decisions on wind power, on which we have not previously had the wholehearted support of Opposition parties. If we are to reduce our dependence on fossil fuels, we will need to expand both nuclear power and renewables, and I hope that we can still build a consensus in this country on the need to do that.

Colin Challen (Morley and Rothwell) (Lab): In contrast to the backward, little England approach to climate change that we have just heard, may I urge my right hon. Friend to embrace the ideas that have been endorsed by President Sarkozy, Chancellor Merkel, Prime Minister Singh, and more lately by Lord Stern and Professor Ross Garnaut, who is advising the Australian Prime Minister—namely, that we should converge our carbon emissions on a per capita basis, which would provide us with the metric that we can use as a base mark to measure our concrete commitments?

The Prime Minister: Those are all issues that are part of the negotiations. I know that my hon. Friend is an expert on these matters and was part of a study that the Commonwealth undertook into these issues, and I look forward to hearing what he has to say further on that. The fact is that we have an opportunity over the next few months to get a worldwide agreement on cutting carbon emissions by at least 50 per cent.—it could be higher than that for the European Union and the United Kingdom. We have the chance to get an interim target, and I believe that we also have the chance to get the developing countries and emerging markets to accept commitments that are binding for the future. That must be the primary goal, and I believe that we can get agreement around the kind of discussion that we had yesterday in Japan.

Mr. Andrew Mackay (Bracknell) (Con): Returning to the Prime Minister's G8 discussions on measures that will help people to cope in the current economic climate, will he now answer a question posed earlier by the Leader of the Opposition and do so by apologising to the House for stating very clearly at Question Time on 4 June that the majority of motorists would benefit from the road tax proposals, particularly bearing in mind his own Treasury's figures, which have just been published?

The Prime Minister: I have spoken to the House on this matter on a number of occasions. I have made it absolutely clear, first, that our policy on tackling pollution used to have the support of the Opposition parties, and secondly, that our policy is fair to people who have the least polluting cars as well as trying to take action against polluting. When I made the comments that I did on 4 June, the Leader of the Opposition said:

"He says that next year, half of all motorists will be better off or no worse off; that is what he has just said."—[*Official Report*, 4 June 2008; Vol. 476, c. 765.]

Mr. Elliot Morley (Scunthorpe) (Lab): I congratulate the Prime Minister on the real progress that has been made on climate change, although there are clearly details to be decided between now and the UN summit in Copenhagen in 2009. He will have seen the outcome of the GLOBE International legislators' conference in Tokyo, which was presented directly to the Japanese Prime Minister and involved the participation of Members on both sides of this House in a very valuable way. Two of the contributions at that forum came from Barack Obama and John McCain, who gave very strong support to real changes in the American position on climate change. Has that position been noted by the leaders of the G8 plus 5, and has it had an influence on them?

The Prime Minister: The G8 itself has said that we look forward to a situation where there can be, under an international agreement, a 50 per cent. cut in carbon emissions by 2050. Equally, we note that John McCain has made a commitment that is similar, and indeed goes beyond that, as has Barack Obama. We look forward to next year's Copenhagen negotiations knowing that there is a growing degree of support for an international agreement that will contain a very big cut in carbon emissions but also support for developing countries and emerging markets so that they too can play their part in reducing carbon emissions in the longer term.

Mr. David Heathcoat-Amory (Wells) (Con): Further to the Prime Minister's comments about the importance of the Doha trade round, does he recognise that the protectionist tendency still runs strongly in France and other European countries? That conflicts with and compromises the British position, which is agreed by Members of all parties, for open trade and the reduction of trade barriers for the benefit of the poorest countries. Will he ensure, therefore, that the British Government are represented directly, at a high ministerial level, in future Doha trade negotiations, and that we offer to participate in liberal trading measures with poorer countries regardless of the attitude of protectionist countries in Europe?

The Prime Minister: We do that already, but as I have said before, the key thing is to get a world trade deal. It is to everybody's advantage, particularly those in developing countries, that there are not just bilateral agreements, but that everyone plays their part in making world trade move more freely. I referred to the comments of the President of France a few minutes ago. He urged people to move from their protectionist sentiments, and he called on Argentina and Brazil to make possible a world trade deal. There is a common European position, which is being put at the ministerial gathering on 21 July.

Business of the House

12.31 pm

The Leader of the House of Commons (Ms Harriet Harman): The business for next week will be as follows:

MONDAY 14 JULY—Second Reading of the Employment Bill [*Lords*].

TUESDAY 15 JULY—Consideration of Lords amendments to the National Insurance Contributions Bill, followed by consideration of Lords amendments to the Health and Social Care Bill, followed by a motion to approve the draft Terrorism Act 2000 (Proscribed Organisations) (Amendment) (No.2) Order 2008.

WEDNESDAY 16 JULY—Opposition day [18th allotted day]. There will be a debate on fuel duty followed by a debate on trade unions and the Warwick agreement. Both debates will arise on an Opposition motion followed by, if necessary, consideration of Lords amendments.

THURSDAY 17 JULY—Motion to approve a statutory instrument relating to freedom of information. The House will be asked to approve resolutions relating to the Intelligence and Security Committee, followed by a general debate on the Intelligence and Security Committee annual report 2006-07.

The provisional business for the week commencing 21 July will include:

MONDAY 21 JULY— Consideration of Lords amendments to the Housing and Regeneration Bill.

TUESDAY 22 JULY— Proceedings will start at 11.30 am. Motion on the summer recess Adjournment, followed by consideration of Lords amendments to the Crossrail Bill. The House will not adjourn until the Speaker has signified Royal Assent.

Mrs. Theresa May (Maidenhead) (Con): I thank the Leader of the House for the business statement that she has just given.

I note that the right hon. and learned Lady has just announced that the business for next Monday has been changed. Last week, in business questions, she announced that next Monday's business would be the remaining stages of the Human Fertilisation and Embryology Bill. We first learnt of a change to next Monday's business at 11.25 this morning. On 12 May, the Bill was described by the Health Secretary on Second Reading, in *Hansard* at column 1065, as "a flagship Government Bill". It will now not be debated in this House until October. Can we have an explanation from the right hon. and learned Lady as to why that Bill was pulled from next week's business at the last possible moment, and will she give an absolute commitment that the decision had nothing whatsoever to do with the forthcoming Glasgow, East by-election?

During Prime Minister's questions yesterday, my right hon. Friend the Member for Richmond, Yorks (Mr. Hague) offered the Leader of the House cross-party support to enable the Government to pass legislation to raise deposit protection levels from £35,000 to £50,000 before the recess. She said that she would consult her colleagues on that matter. Are the Government now willing to introduce that legislation before the recess?

As Leader of the House, the right hon. and learned Lady has a responsibility to ensure that Ministers give correct information in this House. Last month, when desperately trying to defend his changes to vehicle excise duty, the Prime Minister claimed that

"the majority of drivers will benefit".—[*Official Report*, 4 June 2008; Vol. 476, c. 765.]

Now we know that fewer than 20 per cent. of drivers will benefit, which is hardly a majority, and that 9 million drivers will be worse off. The Prime Minister just refused to accept his mistake, when given an opportunity to do so by my right hon. Friend the Member for Bracknell (Mr. Mackay). The right hon. and learned Lady's responsibility is to ensure that Ministers give correct information to this House, so will she ensure that the Prime Minister comes to the House next week, apologises and corrects his statement?

Ann Abraham's much-delayed report on the collapse of Equitable Life is due out next week. It is expected to criticise the Government's failure to regulate the insurer correctly and to recommend that policyholders should be compensated. Many Members have constituents who have been caught up in this matter, so when the report is published, will the Chancellor of the Exchequer make a statement to the House on how he intends to respond to it?

Two weeks ago in business questions, I asked the Leader of the House for a debate on the property market. In response, demonstrating her profound knowledge of the housing market, she said that we had already had a debate on eco-towns. The chief executive of Savills has warned that house prices could plummet by as much as 25 per cent. over the next two years. Barratt Homes reports today that house sales have dropped by 43 per cent. in the first six months of this year, and it is cutting 1,200 jobs. Given the concern of millions of home owners, when will she make Government time available for a debate on the housing market?

On another aspect of the economy, the Prime Minister often boasts about his party's record on getting young people into jobs, but today's OECD report concludes that the proportion of 16 to 24-year-olds without a job is higher than when Labour came into power. Clearly the Government's flagship new deal has failed, and yet again, the Prime Minister has shown that he is out of touch. Can we have a debate on youth employment?

Yesterday, the Prime Minister likened himself to Heathcliff. I imagine that most people would be disturbed by this comparison—as indeed it seems was Andrew McCarthy of the Brontë parsonage museum in Yorkshire, who explained that

"Heathcliff is a man prone to domestic violence, kidnapping, possibly murder and digging up his dead lover. He is moody, and unkind to animals."

Can the Prime Minister make a statement explaining which of those characteristics is most like him?

Finally, we already know that the country has lost confidence in the Prime Minister, but now it seems the Leader of the House has as well. Apparently, she has been meeting Back-Bench MPs to test her popularity should she stand in any forthcoming leadership contest. Can she tell the House what it is about the Prime Minister's performance that has led her to kick-start her leadership—

Madam Deputy Speaker (Sylvia Heal): Order. The right hon. Lady knows that her concluding remarks are not about the business of next week.

Ms Harman: At least the right hon. Lady was concluding, Madam Deputy Speaker. That is the most important thing.

[Ms Harman]

The right hon. Lady asked about the business for next week, particularly Monday. She will know that last Thursday, I announced the business for this week and the provisional business for the week following. Today, I am announcing the business for next week. I would have thought that she would welcome the Second Reading of the Employment Bill, which is an important measure that toughens up enforcement of the national minimum wage. She asked me whether there could be a debate on youth employment, and on Monday, there can be such a debate as part of the Second Reading of that Bill.

Of course the Human Fertilisation and Embryology Bill remains a flagship Government Bill, but in the last full week before the House rises for the summer recess, difficult decisions have to be taken about what business is included. All the way through debates on the Human Fertilisation and Embryology Bill, hon. Members have sought to protect time for debate, especially as it involves free votes and the tabling of amendments, so as much time as possible needs to be found for it and the other issues that the Government are committed to. It would therefore be good to look for a date in the autumn when there is no other business such as oral statements, which we are committed to make before the House rises.

The right hon. Lady asked about savings protection, which was raised with me at Prime Minister's questions yesterday and could have been raised in questions to the Chancellor of the Exchequer this morning. If Conservative Members were so concerned about the subject, they could have chosen it for an Opposition day debate next week.

The right hon. Lady mentioned vehicle excise duty, which was the subject of questions to the Chancellor this morning, and the Opposition have chosen to debate it next Wednesday. I therefore suggest that she raise any questions or concerns about fuel duty then.

The right hon. Lady asked for correct information in answers to parliamentary questions. I agree absolutely: we must be sure that information is correct, and that is our policy. As I understand the matter in question, I believe that it involves an estimate of something that will be in next year's Finance Bill.

The right hon. Lady mentioned the Abraham report on Equitable Life, which has yet to be published. Let us see what it says and then we can consider how to deal with it. She asked about house prices and the housing market. Again, if Conservative Members felt strongly that they needed to discuss the matter in the House, they could have selected it for an Opposition day debate. The subject was also raised in oral questions.

Mr. Gordon Prentice (Pendle) (Lab): May I ask about nuclear decommissioning? Tomorrow, the Nuclear Decommissioning Authority will make a recommendation to Ministers about which company will clean up Sellafield. However, only a few minutes ago, I got a copy of the Public Accounts Committee report, which points to the spiralling costs of decommissioning—up by 41 per cent. between 2005 and 2007. In view of the public money that will be spent on the programme, surely we need an urgent debate on the matter in the House.

Ms Harman: There are Department for Environment, Food and Rural Affairs questions next week. The Government will respond to the Public Accounts Committee's conclusions and recommendations in due course. As my hon. Friend says, those issues are important.

Simon Hughes (North Southwark and Bermondsey) (LD): First, let me revert to Monday's business. From the outside, the removal of consideration of the Human Fertilisation and Embryology Bill looks like the Government losing control of their business management. May we have an assurance that, if a range of amendments is to be tabled—many have already been tabled—we can have two days for the final stages immediately after the break so that we can do justice to the issues and so that it does not appear as though the Government are trying to drive through their agenda? After all, there is a free, unwhipped vote on most aspects of the Bill.

When the Leader of the House announced that there was a space on Monday, I was surprised to hear that it would be filled by Second Reading of the Employment Bill, which had its First Reading only in June. The Dormant Bank and Building Society Accounts Bill, which came to us from the House of Lords in February, has yet to receive its Second Reading. As the Leader of the House knows, its purpose is to release money to support young people throughout the country. I would have thought that that was a priority, especially at the moment. Will she please explain why the measure has not appeared? Will she seriously consider ways in which to get it back on the Order Paper so that we can debate it and it can make progress? I am sure that colleagues from all parties could suggest many ways in which to use the money, not only next year or the subsequent year, but this summer. We should make some progress on that.

On a related issue, the Leader of the House made a helpful comment last week in response to my concern that we should debate youth opportunity and youth safety before the break. We have had another week in which a youngster in Southwark has died as a result of stabbing. A completely innocent 14-year-old, David Idowu, died on Sunday. His parents were grieving with the community yesterday. The Leader of the House said:

> "I shall ensure that the House has the opportunity that it clearly wants to focus on these issues."—[*Official Report*, 3 July 2008; Vol. 478, c. 1027.]

Out there in our communities, many people are talking about the issue. May we have an opportunity for the Government and colleagues of all parties to share their thinking so that families who are worried, whether justifiably or not, that their streets and their youngsters are less safe can have some assurance that the subject is at the top of the political agenda?

Housing is clearly the other great national worry. The Leader of the House announced that the Housing and Regeneration Bill comes back a week on Monday. May we have an opportunity, if necessary, for the Government to table, with cross-party agreement, amendments that would do more than provide extra money to build only 1,100 extra homes? We are short not of 1,100 but of tens of thousands of homes for people at the bottom end of the income scale. May we have a serious proposal to allow empty housing to begin to be used and the private and public sectors to work together and with housing associations and the voluntary sector?

Last week, the Leader of the House commended the Members Estimate Committee report to hon. Members. So did the Prime Minister, the leader of the Conservative party and the leader of the Liberal Democrats, yet the House voted against it, immediately resulting, unsurprisingly, in external criticism by the Committee on Standards in Public Life. Every Liberal Democrat Member voted for the report. What will the Leader of the House do to try to ensure that she and the House recover from a big own goal last Thursday afternoon?

Ms Harman: The hon. Gentleman asked about the Human Fertilisation and Embryology Bill. He is right that the House is even more jealous of the time available to discuss amendments, especially Back-Bench amendments, to a Bill that is subject to a free vote. I cannot guarantee two days of debate on the Floor of the House for the remaining stages, but I will try to ensure that the day is not carved up by one or more oral statements, each taking an hour.

Mr. Peter Bone (Wellingborough) (Con): You don't know.

Ms Harman: What I do know is the commitments that we have for the coming week and for various oral statements that need to be made before the House rises. I will look to ensure that we have a full day's debate rather than one that oral statements cut into.

The hon. Gentleman mentioned the Dormant Bank and Building Society Accounts Bill. He is right that it is important that money is available from dormant bank accounts for youth activities so that young people are engaged in productive and interesting activities rather than out on the streets becoming vulnerable to gangs or joining them. The Bill is important and I understand that my right hon. Friend the Secretary of State for Children, Schools and Families has provided for money to start to be spent on youth activities in anticipation of the measure's introduction. Local authorities and voluntary organisations throughout the country can start putting their plans together and bidding for money in anticipation of the Bill, which will receive Second Reading after the summer recess.

The hon. Gentleman raised the tragic case of his constituent, David Idowu. I am sure that the whole House shares the hon. Gentleman's concerns, and we send our condolences to David Idowu's family. It is a great tragedy that that young man lost his life at 14. Before the House rises, we hope to consider the Green Paper on policing, which is germane to many such issues. The hon. Gentleman knows that we had a topical debate in Government time on knife crime last month. We do look for opportunities not only to debate the issue in the House, which we did last month, but to bring forward practical measures that will make a difference.

The hon. Gentleman referred to the Housing and Regeneration Bill; I provisionally announced consideration of Lords amendments for Monday 21 July. He will know that we have been doing a range of things to improve the situation on housing, not just through building more social housing, but through investment by the Housing Corporation, so that it can buy up empty homes, and ensuring that help is there for first-time buyers, not only because of the availability of homes bought up by the Housing Corporation through shared equity, but through the changes in stamp duty. I hope that he will agree that one of the most important things is to have new availability of both brownfield and existing housing sites, so that we can develop more homes. I hope that he and other Liberal Democrat Members will work with us to ensure that we have a greater supply of housing. That is very important indeed.

The hon. Gentleman referred to the business of the House last Thursday. The House did not reject the Members Estimate Committee; rather, amendments were tabled. Both the propositions that were put before the House last Thursday included stronger provision of audit, that 25 per cent. of every—

Simon Hughes: Not the amendment.

Ms Harman: Yes, the amendment, too. Both propositions included saying that 25 per cent. of Members would be audited every year and that every Member would be audited at least once every Parliament. I had a discussion with the Comptroller and Auditor General yesterday. We can look to ensuring that we build on the implementation of the decision that the House made last Thursday.

Sir George Young (North-West Hampshire) (Con): The Leader of the House will know that the Modernisation Committee published its report today on regional Select Committees. Highly controversial recommendations were carried by the casting vote of the Chairman, who is a member of the Government. Does she agree that, by convention, changes to Select Committees have been made by agreement among all parts of the House and that it would be quite wrong for the Government to use their majority to force on the House changes in how it holds them to account? Will any votes on that report therefore be on a free vote?

Ms Harman: We undertook in "The Governance of Britain" to provide greater accountability for organisations such as strategic health authorities, the Highways Agency and, above all, regional development agencies, which spend a great deal of public money and have an important role to play in the regions of England, but which are not sufficiently accountable. Because of our concern about that lack of accountability, we made it clear in "The Governance of Britain" White Paper that we would bring forward proposals for regional accountability to Committees of the House. That was the Government's position.

We also decided to put the issue through the Modernisation Committee, in order that there could be a thorough and comprehensive evidence-taking session before Members of the House. I should like to thank all those who came and gave evidence to the Modernisation Committee, including those from regional development agencies, strategic health authorities, the Highways Agency and regional arts agencies, as well as regional Ministers and members of the Liaison Committee. We had some very important evidence-gathering sessions.

Then the Modernisation Committee made a decision, as the right hon. Gentleman said. Although the Committee was agreed that—*[Interruption.]* Sorry; I am going on too long on that. It was agreed that there was a problem, but it was not agreed what the solution was. We have decided what the Committee's report should be, and that will come to the House for further debate.

Mr. Ian Cawsey (Brigg and Goole) (Lab): Given the interest in every hon. Member's constituency in who will be awarded the contract for the successor to the Post Office card account, will my right hon. and learned Friend ensure that a statement is made on the issue before the recess? If she wants to send all hon. Members off in good cheer, may I suggest that it need only be a short statement saying that the contract will stay with the Post Office?

Ms Harman: This is not something that I can comment on in answers to questions about the business statement. As my hon. Friend will know, the Post Office card account contract is subject to public procurement rules, but the Post Office has put in a strong bid.

John Bercow (Buckingham) (Con): Can we please have a topical debate next week on speech, language and communication services for children and young people? Given that the ability to communicate is the key life skill of all our children, but that at present hundreds of thousands of them struggle to do so, does the Leader of the House accept that such a debate would be hugely appreciated by those of us who have worked on an entirely non-partisan basis with professionals and the voluntary sector alike, supported by the Government, to chart a route to improved provision in the future?

Ms Harman: I congratulate the hon. Gentleman on his excellent report, which was published yesterday. The issue is one of concern to hon. Members in all parts of the House, so I will look for an opportunity for possibly a short debate before the House rises.

Kate Hoey (Vauxhall) (Lab): Will the Leader of the House arrange for the Secretary of State for Work and Pensions to come to the House next week and explain why, despite no decision having been made on the Post Office card account, as my hon. Friend the Member for Brigg and Goole (Mr. Cawsey) said, letters are being sent to pensioners and others in receipt in benefits saying that the POCA will no longer exist and asking them to move to a bank account? That happened before, so why is the Secretary of State allowing it to happen again? Will the Leader of the House ensure that a statement is made next week?

Ms Harman: I will ask the Secretary of State for Work and Pensions to write to my hon. Friend and place a copy of the letter in the Library.

Dr. Julian Lewis (New Forest, East) (Con): That fine newspaper of record, *The Sunday Telegraph*, found plenty of space to attack me last week over the freedom of information matter concerning the publication of Members' home addresses, but curiously found no space at all to record the fact that the House had unanimously passed the resolution that those addresses should not be disclosed. I am sure that that had nothing to do with the fact that one of the paper's reporters initiated the dangerous campaign to publish the addresses. Can the Leader of the House therefore spell out, in words of one syllable, what the significance will be of the statutory instrument that is scheduled for debate on 17 July? Can she give particular attention to the possibility that MPs will need some guidance to be sent to electoral registration officers, so that they can be accorded the right of anonymous registration? Otherwise, the effect of the Standing Order will be vitiated.

Ms Harman: The hon. Gentleman has done more than anybody to ensure that there can be proper, open debate in this House without Members looking over their shoulders because their addresses have been put on the House of Commons website. We are grateful to him for his work. However, I am sure that he will agree that it is unlikely in the extreme that I could be in a conspiracy with *The Sunday Telegraph* against him in that respect. Indeed, I would be happy to be in a conspiracy with him against *The Sunday Telegraph* on the issue. We will bring forward a statutory instrument under the Freedom of Information Act 2000 that will provide that the House authorities are not required to disclose Members' addresses or any information that could lead to the identification of their addresses. That statutory instrument will be restricted to the House authorities. The hon. Gentleman also raised an important point about the publication of addresses in respect of nomination, standing for election and electoral registration, which is a separate issue, but one that we need to look at, too.

Mr. Siôn Simon (Birmingham, Erdington) (Lab): Will the Leader of the House start talks on a new kind of Opposition day, on which the House can scrutinise the abuse and misapplication by Tory, Liberal Democrat and nationalist councils throughout the country of Labour Government legislation? That could include, for example, the cynical abuse and misapplication of progressive single status legislation by the Tory-Liberal council in Birmingham in order to cut the pay of low-paid workers and clobber the pensions of low-paid council employees.

Ms Harman: My hon. Friend makes a very good point. Perhaps he can speak more about that matter in the Opposition day debate next Wednesday.

Sir Nicholas Winterton (Macclesfield) (Con): Referring to the question put by my right hon. Friend the Member for North-West Hampshire (Sir George Young), will the Leader of the House, who also chairs the Modernisation Committee, consult on the recommendations that were passed on the strength of her vote and in spite of the votes of the Conservative and Liberal Democrat members of the Committee? A huge sum of money—more than £2.25 million—is involved in the implementation of that decision. Apparently, we can find that amount quite easily, even though many other desirable projects cannot be resourced. Will she consult other parties in the House prior to our having a debate on the matter? I believe that it needs further consideration, because the majority of the evidence was against the recommendations—which, when all is said and done, are also Government policy.

Ms Harman: The hon. Gentleman and I listened to the evidence that was put before the Modernisation Committee. He formed one view after listening to the evidence, and I formed another. If there is no agreement in a Committee, the matter has to be decided on a vote, and we all voted. The Government could simply have brought the proposals straight to the House, without taking them through the Modernisation Committee. However, I believe that it was right to take them through the Committee for proper scrutiny of the evidence. In the end, there was no agreement in the Committee, but the matter will come to the House to be decided on.

Ms Angela C. Smith (Sheffield, Hillsborough) (Lab): Folk in South Yorkshire will never forget that they suffered the loss of a quarter of their local economy, involving hundreds of thousands of jobs, and suffered catastrophic reductions in investment and skills when the Conservatives were last in power. May we have a debate on the importance of the investment in skills? Despite the present economic downturn, such investment will be critical in securing our long-term economic growth.

Ms Harman: My hon. Friend will know that, in the draft legislative programme, we have more provision for improving people's skills, for more apprenticeships and for raising the education leaving age to 18. She is right to say that the most important thing, not only for individual opportunity but for the strength of the economy, is investment in the skills of our people. That is why the Conservatives' suggestion that we did not mend the roof while the sun was shining is so ridiculous. Our sustained investment in education and skills is what has put our economy in the best possible position to weather the difficult economic storms that are coming to us internationally.

Mr. Don Foster (Bath) (LD): The Leader of the House will be well aware of the problems that binge drinking causes to local communities, to the police and to the health service. Is she also aware that voluntary measures taken by pubs and clubs to reduce cheap drink offers such as happy hours and two-for-one offers have now hit the buffers because they have run up against competition legislation? Is she equally aware that her own licensing Minister has now cast doubt on whether the Government intend to take action to introduce minimum pricing, so as to reduce the amount of ridiculously cheap booze on offer in our supermarkets and off-licences? May we have a debate on booze Britain, so that we can hear the Government's plans for tackling this serious problem in all our communities?

Ms Harman: These are issues not only for licensing but for supermarkets and off-licences, for the Health Department and for the Home Office. Perhaps the hon. Gentleman will find an opportunity before the House rises for the recess to raise these important issues, either at Health questions or at Home Office questions, which will be held next week.

Albert Owen (Ynys Môn) (Lab): The massive hike in domestic electricity prices and mains gas utility bills has caused grave hardship to many families and households. My right hon. and learned Friend might be aware that many of those who are not connected to mains gas have experienced even greater hardship, through the increases in the price of alternative fuels such as oil and liquefied petroleum gas. May we have a debate on extending the gas mains to make it viable for those people to be connected? Many of those properties lie just a few hundred yards from a gas main. This would help to alleviate fuel poverty and give people greater choice. We should also look at the differentials between the price of mains and non-mains electricity and gas.

Ms Harman: I will raise my hon. Friend's important point with the Secretary of State for Wales and the Secretary of State for Business, Enterprise and Regulatory Reform. He might also like to raise the issue in Westminster Hall, because I imagine that a number of other Members are in the same situation.

Mr. Ian Liddell-Grainger (Bridgwater) (Con): The Secretary of State for Environment, Food and Rural Affairs recently made a statement in the House on bovine TB. There is now great uncertainty throughout the United Kingdom about where we go from here. The Secretary of State announced that we needed to spend more time and money on researching a vaccine and ways in which a vaccine could be administered. There was not time to question him to the degree required, in order to find out exactly where we were going. May we therefore have a debate in Government time to discuss this important issue? Thousands of badgers, thousands of cattle and hundreds of thousands of people are going to be affected by this decision for years to come, yet we still have no exact guidelines on where we are going.

Ms Harman: On Monday, following extensive consultation and scientific evidence, the Secretary of State for Environment, Food and Rural Affairs set out his decision and the basis for that decision. Hon. Members were able to ask him questions, but if there are further questions on the important issue of vaccination, perhaps the hon. Gentleman would like to try to catch the Speaker's eye at DEFRA questions on 17 July.

Ms Celia Barlow (Hove) (Lab): Will the Leader of the House find time for us to discuss the implementation and planning of controlled parking zones in our cities? In my constituency, a self-admittedly flawed consultation by the Tory local authority has led to flawed implementation and misery for my constituents, who cannot park anywhere near their homes. May we have a debate on how guidance can be given to local authorities so that this does not happen again?

Ms Harman: My hon. Friend makes an important point on behalf of her constituents. Being able to park is important for parents ferrying children around, for people going about their work and, particularly, for disabled people. I will ask my right hon. Friend the Secretary of State for Communities and Local Government to write to my hon. Friend and place a copy of the letter in the House of Commons Library.

Mark Hunter (Cheadle) (LD): Will the Leader of the House please consider finding time for an urgent debate on the latest manifestation of rip-off Britain, particularly the practices of companies, such as BT, which choose to charge their customers a premium if they decide not to use the company's preferred method of payment? Does she agree that that is sharp practice on a grand scale and that it deserves the condemnation of Members on both sides of the House?

Ms Harman: That is possibly a matter that I could draw to the attention of my right hon. Friend the Secretary of State for Business, Enterprise and Regulatory Reform and ask him to write to the hon. Gentleman. It might also be a subject for a debate on the Adjournment of the House.

Kelvin Hopkins (Luton, North) (Lab): My right hon. and learned Friend might recall that earlier in the year I raised the question of Network Rail track maintenance and the serious problems that occurred over Christmas.

[Kelvin Hopkins]

Clearly, there are serious ongoing track maintenance problems, in management, in how the work is undertaken and relating to costs. That is exemplified by what has been happening on Thameslink. Last night, there was a track failure and trains were not going through the centre of London. This morning, there was a power failure and trains were delayed. At weekends, the trains do not run through central London; we frequently have a five-day railway rather than a seven-day railway. Could we have a full debate on precisely what we do about track maintenance and the way in which Network Rail undertakes it, and consider in particular what used to happen under British Rail, when it was done infinitely better and much more cheaply?

Ms Harman: Perhaps my hon. Friend could put on record during the pre-recess Adjournment debate the concerns that he is championing on behalf of his constituents. There is a great deal of concern about this matter, and those responsible for track maintenance could then take the opportunity to listen to what other hon. Members have to say about it.

Philip Davies (Shipley) (Con): May we have a debate on the Lord Chief Justice's politically correct comments on sharia law, particularly in relation to today's comments from the Centre for Islamic Pluralism? It states:

"For non-Muslim authorities to propose the introduction of Sharia as a legal standard for Muslims in any non-Muslim land is not only absurdly patronising and discriminatory, but also violates the canons of traditional Sharia law. Sharia law has always held that Muslims emigrating to non-Muslim lands are obliged to accept the laws of customs of their new homes."

The Lord Chief Justice's comments have done an awful lot of damage to community cohesion and to the principle of integration in this country. May we have a debate so that we can undo the damage that his comments have done?

Ms Harman: If the hon. Gentleman wants to raise that matter further, he should look to Ministry of Justice oral questions, which take place next Tuesday.

Dr. Alan Whitehead (Southampton, Test) (Lab): Will my right hon. and learned Friend find time for a debate on safeguarding the future of commercial vehicle production in the UK, with specific reference to the emergence of option appraisals on downgrading or terminating the production of transit vehicles at the Ford Southampton plant, which is widely acknowledged to be one of the most efficient vehicle production plants in Europe?

Ms Harman: Motor manufacturing in Britain, including of transit vehicles, is very important, so I will ask my right hon. Friend the Secretary of State for Business, Enterprise and Regulatory Reform to seek a meeting with my hon. Friend to discuss how best to take the matter forward.

Mr. Graham Stuart (Beverley and Holderness) (Con): May we have a debate in Government time on the postcode lottery that operates on health care spending? Last year, residents of the East Riding of Yorkshire had nearly £200 less spent on their health care than the residents of neighbouring Hull. Why is it that those who live in remote, sparsely populated rural areas do not get a fair share of funding, whether it be on social care, transport or education as well as health?

Ms Harman: We had a debate on health last week, so the hon. Gentleman had an opportunity to raise those points then. There will also be Health questions on 22 July before the House rises for the recess. The hon. Gentleman will know that his constituents, like those of all MPs, have benefited from a large increase in resources made available to the national health service. I hope that his constituents—those using the health service and those providing it—will have an opportunity to participate in the consultation on how we improve the quality of care in all constituencies on the occasion of the 60th anniversary of the NHS.

Pete Wishart (Perth and North Perthshire) (SNP): One piece of business that we are all looking forward to is the debate on Lords amendments to the Counter-Terrorism Bill, especially after the monstering that the 42-day proposal received from the former head of MI5, Dame Manningham-Buller. Given the chorus of disapproval of these proposals and the fact that we know that, contrary to what the Government have said, the public are overwhelmingly—by two thirds—opposed to them, is it going to take a Government defeat before these daft and dangerous proposals are withdrawn?

Ms Harman: The Government's responsibility is to ensure that everyone is safe from terrorism and that civil liberties are protected. We have set forth our views on how the Counter-Terrorism Bill will do just that. Of course, we also introduced the Human Rights Act 1998, which provides a backstop for guarantees on human rights. We have put our views forward in this House and they are now being considered in the other place. No doubt Ministers, Government Back Benchers and others will make their arguments as the Bill passes through there.

Mr. Peter Bone (Wellingborough) (Con): May I congratulate the Leader of the House on her superb performance as acting Prime Minister yesterday and, indeed, on the previous occasion when she did the same? With the Prime Minister under such great pressure and now apparently comparing himself to fictitious characters, will the Leader of the House tell us who would stand in as Prime Minister if he were temporarily incapacitated? Would it be her?

Ms Harman: The Prime Minister is not temporarily incapacitated and he is running the country. That is the position.

Mr. Tobias Ellwood (Bournemouth, East) (Con): Will the Leader of the House join me in congratulating Bournemouth borough council on securing an air festival from 28 to 31 August this summer, which will include displays by the Red Arrows? As the website says, it is

"by the sea and completely free!"

It will certainly be a boost to British domestic tourism. On that note, however, is the Leader of the House aware of the report issued today by the Select Committee on Culture, Media and Sport, which is very critical of the

Government's involvement in and support for British tourism? Indeed, the press release says that the Government are

"failing to give the necessary support to UK tourism".

I ask for an urgent debate and, indeed, a statement from the Government on what they intend to do to support this important—the fifth largest—industry in Britain.

Ms Harman: The tourism industry is indeed important, not just for those who come from abroad but for those who take their holidays in this country. The hon. Gentleman will know of a number of initiatives that the Government have taken on seaside towns and tourism in the rest of the country. We are considering the Select Committee report and we will respond to it in due course.

Mr. Philip Hollobone (Kettering) (Con): In these economically challenging times when many families are facing straitened circumstances, may we have a statement from the Department for Children, Schools and Families on why families in receipt of working tax credit are not able to claim free school meals for their children, while many other benefit recipients are able to?

Ms Harman: If the hon. Gentleman wants to raise that issue, he could do so when we next consider legislation dealing with benefits or children. We want to make sure that we provide as much support for low-income families as possible, which is why we introduced the tax credit system. Unfortunately, the hon. Gentleman's party is committed to abolishing it. We also introduced the national minimum wage, which again Conservative Members voted against. He can rest assured that we are looking to do all we can to support low-income families. One of the most important considerations is ensuring that the economy remains as stable as possible so that we maintain high levels of employment and people can go out to work and earn their living.

BILL PRESENTED

Safety of Medicines (Evaluation)

Dr. Ian Gibson, supported by Mr. Mike Hancock and Mr. David Amess, presented a Bill to make provision about the evaluation of methods of testing the safety of medicines; and for connected purposes: And the same was read the First time; and ordered to be read a Second time on Friday 17 October, and to be printed [Bill 131].

Orders of the Day

Regulatory Enforcement and Sanctions Bill [*Lords*]

As amended in the Public Bill Committee, considered.

Clause 28

Enforcement action

1.17 pm

Lorely Burt (Solihull) (LD): I beg to move amendment No. 1, page 13, line 26, leave out 'direct' and insert 'advise in writing'.

Madam Deputy Speaker (Sylvia Heal): With this it will be convenient to discuss the following amendments:

No. 2, page 13, line 28, leave out 'directed' and insert 'advised'.

No. 3, page 13, line 33, leave out paragraph (*b*).

No. 4, in schedule 4, page 48, line 23, leave out 'directs' and insert 'advises'.

No. 5, page 48, line 28, leave out 'direction' and insert 'advice'.

No. 6, page 48, line 29, leave out from 'direction' to direction)' in line 30 and insert 'advice'.

No. 7, page 48, line 37, leave out 'a direction' and insert 'the advice'.

No. 8, page 49, line 2, leave out 'direct' and insert 'advise'.

No. 9, page 49, line 27, leave out 'making a determination' and insert 'giving advice'.

Lorely Burt: The concerns we put forward in both groups of amendments revolve around democratic rights and what I believe are the rights of companies to recourse in law. The first group deals with clause 28. In essence, the amendments would remove the blanket power of primary authorities to prevent local authorities from taking the enforcement action it sees as necessary to protect the people it serves.

The substitution of the word "direct" for the word "advise" makes a subtle shift in the relationship between the primary authority and the enforcing authority. It ensures that the relationship between the two is not simply one of master and servant, but rather of two organisations working in co-operation. After all, local authorities are at the sharp end of so many of the services that we as citizens need to live our lives. It is their enforcement activities that protect us from out-of-date food, dangerously unhygienic restaurants, buying faulty or counterfeit goods or work activities that pose a serious risk to employees or the public. Local authorities are democratically run by elected representatives, so it is not for anyone or anything to dictate any action that the authority does not consider to be in the best interests of the citizens it serves.

One could say that the Government do that to local government all the time and that the autonomy of the local authority has been eroded to the point where it often feels that it is the instrument of an increasing controlling and centralised Government. Perhaps that

[Lorely Burt]

is true, but when local authorities are at the sharp end and see actions taking place in their patch and on their watch that affect their electorates, I believe that they should have the ability to advise any primary authority that they really do not want to stand back and do nothing.

The amendments will remove the blanket power of primary authorities to prevent other local authorities from taking enforcement action in their own areas, while ensuring that enforcing authorities will be made aware of any view on the part of the primary authority that the proposed action is inappropriate.

Mr. Mark Prisk (Hertford and Stortford) (Con): I am sorry to interrupt the hon. Lady's flow. I share many of her worries. Does she agree that there is a danger that the public—consumers—will be confused by the involvement of two democratically elected authorities, one of which can overrule the other? Should we not consider that danger, as well as the question of accountability?

Lorely Burt: The hon. Gentleman has made an excellent point. Local people expect their own enforcing authorities to be responsible for matters that affect them. As it stands, clause 28 allows one local authority, acting as a primary authority in relation to a particular business, to tell another local authority that it cannot take enforcement action against that business because it considers that the business is acting in accordance with advice given to it by the primary authority. If the council that wishes to prosecute disagrees either with the advice from the primary authority or with the view that the business has followed it properly, its only recourse is to ask the local better regulation office to reconsider the matter. If the LBRO supports the primary authority, that is the end of the matter.

Enforcement action may mean a prosecution, or the issuing of a notice requiring the business to make some improvement or halt some practice. The important point is that the business has a right of appeal against such notices to a court. Whether the action is a prosecution or a notice, the principle is the same. At present a court makes the final decision, but under the clause as it stands the court's role is removed.

Mr. Peter Bone (Wellingborough) (Con): The hon. Lady is making a series of powerful points. I shall certainly support her amendments, and I hope to make some points myself on Third Reading.

Is the clause not a smokescreen? We are told that it will save money, but in fact the enforcing authorities will be judge and jury, and there will be no right of appeal.

Lorely Burt: I agree. Let me give an example that I cited in Committee. Coventry council prosecuted Tesco for selling out-of-date food, and the supermarket was fined £133,000. The procedures agreed between the primary authority and Tesco were perfectly good, but they were not being implemented properly by a local store. However well run a primary authority may be, is it really best placed to say whether a business in a certain area is following exactly the advice that it has been given, or is the local authority that inspected the store best placed to do that? Equally, does the LBRO—a small, unelected and untried quango—really know better than a local authority what poses a risk to people in the area?

The amendment would give the primary authority an opportunity to advise the prosecuting authority that it does not agree with the action that it is taking, and that advice would be disclosable if the matter came to court. A business that was prosecuted or appealed against an enforcement notice would be able to produce that advice in support of its case.

Local authorities do not take enforcement action against businesses without serious thought, and a local authority that has been advised that the primary authority believes that the action should not proceed will clearly consider the matter again very carefully before allowing it to proceed. The amendment retains the provisions that prevent the authority from acting without consulting the primary authority. However, I believe that if, after consideration, a council decides to take action, it should be for a court to determine whether that action is right, not an unaccountable quango—and not another local authority which will not have to answer to the voters of say, Wolverhampton if it fails to protect them.

Defending clause 28 in Committee, the Minister said:

"Neither LBRO nor the primary authority can give a once-and-for-all answer about the legality of a particular approach. Rightly, that decision must lie with the courts."—[*Official Report, Regulatory Enforcement and Sanctions Public Bill Committee*, 19 June 2008; c. 124.]

I agree with that sentiment, but the clause as it stands will deny a court the chance to rule on the proposed action if the primary authority and the LBRO veto it.

Mr. Prisk: I commend the hon. Lady on her perseverance. I think I am right in saying that she tabled similar amendments in Committee, but just missed the deadline. We now have an important opportunity for us to consider the points that she has raised, several of which she expressed extremely well.

It should be borne in mind that the principles behind the amendment are supported by the Local Authorities Co-ordinators of Regulatory Services, the principal local government body responsible for raising the quality of local regulations. It is curious that, at this stage, LACORS has serious reservations about the operation of the Bill and, in particular, the clauses that the hon. Lady seeks to amend.

I share the hon. Lady's concerns about the potential for this power of direction to undermine the authority of an enforcing council which itself—as she said—has a democratic mandate. How can we understand what that might mean in practice? Let me put it rather more simply. I have no doubt that if, for example, Solihull council were to direct Wolverhampton's local authority, and the elected members of that authority felt that their ability to enforce as they saw fit was being undermined, they would understandably and rightly protest. Indeed, I suspect that they might protest to their Member of Parliament, who sits opposite me as I speak.

In view of that, can the Minister—not least as a member of the Government, but also, obviously, as the elected representative of a large proportion of the city of Wolverhampton—explain to us, and potentially to his constituents, why he feels that his local authority

should be so directed by Solihull council or, indeed, by any other local authority? It appears that he does not wish to respond now, but perhaps he will do so at the end of the debate. He is obviously keeping his powder dry until that stage. It is important for us to hear his response, because it will mean the same to all of us as Members of Parliament, who will often be the recipients of complaints and anxieties expressed by constituents.

To an extent our discussion in Committee about the potential for conflict and confusion between local authorities is reflected in the amendments, although they are different from the amendments that we discussed then. A power of direction does, of course, have benefits, notably in improving the consistency and quality of regulation. That is important to businesses of all sizes—small, medium or large. However, given the Government's record of centralising rather than localising power, it is vital for the Minister to state clearly why he believes that the proposed power is appropriate—whether it is exercised in Wolverhampton or elsewhere—and why he considers that he can justify interference in what are, after all, the powers of a directly elected council.

As I implied in my earlier intervention, I am concerned about the confidence that consumers will have in the system. Clearly good trading standards will rely largely on consumers' being confident, willing and able to complain, register and seek redress. There is potential for confusion, not least if someone who has complained to a local authority then finds that the action it proposed has been overridden by a different local authority from another part of the country. There is a danger that consumers may be confused and, if they subsequently make complaints or seek redress, they may lack confidence in what they are told because it could be overridden elsewhere. We need to explore through these amendments whether that potential for confusion could undermine public confidence. I hope that the Minister will be able to respond positively.

1.30 pm

Mr. Bone: My hon. Friend the Member for Hertford and Stortford (Mr. Prisk) has raised several points that the Minister may wish to dodge. I congratulate the hon. Member for Solihull (Lorely Burt) on the way in which she moved her amendments, which I certainly support. If the Government do not accept them and the hon. Lady presses them, I shall certainly vote for them.

The impact assessment for the Bill mentions the costs of this measure. It says that the total cost to local government would be £13.6 million, and the total benefits would be £14.2 million, leaving a net annual benefit of £0.6 million. Those figures are based on the Government's assumptions, and we know how they always hopelessly underestimate the costs and overestimate the benefits. However, the impact assessment also says that there will be a one-off cost of £2 million, so the Bill will cost local authorities £1.4 million in the first year, even if we believe the Government's figures. I see no additional funding to help local authorities pay for that.

Mr. Prisk: My hon. Friend makes an important point. In Committee—my hon. Friend may not be aware of this as he did not have the opportunity of being a member—it was revealed that Hertfordshire county council had reckoned that the Bill could mean it needed a further 12 officers, which would potentially treble its financial commitment. Does my hon. Friend share my worry that the Bill has greater hidden costs than the regulatory impact assessment suggests?

Mr. Bone: I was very disappointed not to be on the Committee, having spoken extensively on Second Reading. Obviously, so many colleagues wanted to be on the Committee that I was ruled out, but that is one reason why I hope to speak on Third Reading. We know that the Government's figures are Mickey Mouse figures, whereas the council's figures are probably correct. If they are multiplied by the number of local authorities, we see that the Bill will mean huge costs for very little benefit.

I agree with my hon. Friend and the hon. Lady about the confusion that the Bill may cause. I have tried to get my head round the details about prime authorities; what happens when more than one local authority is involved; the significance of whether a company is big or small; and when one local authority's rules apply as opposed to another's. I cannot think of anything more confusing, but the Bill is supposed to reduce regulation and improve clarity.

The Minister must surely acknowledge that the Bill will centralise power. The Government will be able to tell the strangely named LBRO what to do and it will then tell the regulators and the local authorities what to do, despite the wishes of elected councillors. When I was a councillor many years ago, the great advantage of local democracy was that we made local decisions for our local area. Decisions we made in Southend were different from those made in Birmingham. It is suggested that if the Government at the centre direct the regulation and remove the right of local authorities to carry out enforcement, that will somehow improve clarity for local businesses. The Minister will have to square the circle and explain that to people.

Councillors in my area have expressed great concern about the Bill. The Minister may, of course, accept the amendments, which would improve the situation.

Mr. Philip Hollobone (Kettering) (Con): My hon. Friend will know that in Northamptonshire local authorities are doing their best to slim down the regulatory burden on local residents and businesses. Indeed, his borough council and my borough council already co-operate with regard to legal enforcement. Well-run local authorities are already trying to slim down the regulatory burden and the last thing they want is another Government quango to tell them how to do that.

Mr. Bone: As hon. Members will know, my hon. Friend is a serving member of Kettering borough council, and he is right to say that his council and Wellingborough council—and Northamptonshire council—have worked hard to improve regulation and make it easier to understand. Indeed, my council is rated as excellent by the Government for its performance.

My area is already facing the problem of massive expansion and now these quangos are being forced on us. But when those quangos make a decision the Government overrule them, as they have done on the strategic gaps. This is another piece of the jigsaw that the Government are trying to impose on local government, with the spin that it will save money for businesses and make matters clearer. In fact, it will cost businesses

[Mr. Bone]

money. The Government admit that it will cost local authorities money, and it will impose centralised control in every way. It is an appalling measure and should be rejected.

The Minister for Employment Relations and Postal Affairs (Mr. Pat McFadden): It is important to remind ourselves of one of the central purposes of the Bill, which is to ensure consistency in regulatory enforcement. This goes back to the Hampton report of a few years ago, which identified a significant problem of inconsistency of enforcement around the country. That is where the idea of the primary authority/enforcement authority relationship comes from.

We are not starting from a perfect situation in which inconsistencies do not exist. For example, we heard the case of a manufacturer for a multi-site business which cleared a new product line with its primary authority, under the voluntary system that operates at present, before dispatching the product to the retailer. Despite that, a different local authority believed that the product violated regulations and threatened the store with prosecution. The manufacturer claims that the incident cost them £25,000 in wasted stock. That is what can happen when we do not have clear rules that ensure consistency.

Mr. Prisk: The Minister rightly points out the need for consistency for multi-site businesses, but the consumer argument—raised by several hon. Members today and in Committee—is that the fact that there are two systems, one in which primary authorities operate for multi-site businesses and another in which they do not, has the potential for confusion among consumers, and for those who own single-site smaller businesses. I understand the point about consistency for big business, and I welcome that, but we also need consistency for small businesses and, most importantly, for consumers. Why is that not properly reflected in the Bill?

Mr. McFadden: I am not sure how one would have a primary authority/enforcement authority relationship for a business that was not a multi-site business. That is a problem in logic. The primary authority/enforcement authority relationship applies to multi-site businesses—that is what it is for—so the two issues the hon. Gentleman raises are not directly comparable. Of course, it is not just for big businesses. We talked about a mythical black country car dealership, which might be a medium-sized business, operating across two or three local authority areas that might well benefit from the arrangements set out in the Bill.

Mr. Prisk: On that point, what would happen if McFadden motors—I seem to recall that that was the mythical business that we considered—was a single-site business rather than the huge multinational that the Minister clearly anticipated that it might have been in Committee? My point is about the consumers' point of view. Understandably, we want to ensure that big business is regulated consistently. The worry is that in creating two systems, there will be potential for consumer confusion. How can the proprietor of McFadden motors ensure that his consumers get consistent advice?

Mr. McFadden: The LBRO will be responsible for giving advice to local authorities. We hope that they will have regard to that when enforcing regulations. Parts of the Bill offer benefits for a consumer who is carrying out a transaction with a business that operates only in the local authority area. Part 2, which we are discussing, is specifically about the primary authority and enforcement authority situation.

Let me turn properly to the amendments moved by the hon. Member for Solihull (Lorely Burt). I echo the comments of the hon. Member for Hertford and Stortford (Mr. Prisk) and commend the hon. Lady on her persistence in pursuing some of the points. However, I am afraid that I shall not be able to accept them on behalf of the Government today. Let me set out why.

The amendments would remove the powers that the Bill creates for the primary authority or the LBRO to give directions that an enforcement action should not go ahead and substitutes for them an advice-giving power. I understand that that is about protecting local authorities' discretion to pursue enforcement actions should they choose to do so.

Let me say how we want the primary authority scheme to operate. I referred to the importance of consistency, and businesses have asked us to provide access to a scheme that will provide more dependable advice that they can rely on and that will provide a quicker resolution of disputes between authorities, which will give greater certainty and clarity not just for them but for their customers, too. That is why we are looking for the right balance between that and local authorities' freedom to act.

The Government start from the principle that when a business and a local authority have gone to the trouble of establishing a primary authority for regulation there should be a presumption that the advice given by one professional in one part of the country should be respected by other professionals across the country unless, of course, there are good reasons. There are some safeguards. The amendment, however, would not provide that as it would remove the primary authority's ability to intervene decisively in how a business was treated.

The hon. Member for Hertford and Stortford referred to the potential for confusion. I believe that the amendments would result in more confusion than the Bill as it stands because they would give far greater freedom for an enforcement authority to ignore the advice of a primary authority than under the relationship that we are trying to construct.

Mr. Bone: The Minister is trying to explain the incomprehensible. If a primary authority makes the wrong decision, which will then be enforced in other local authority areas, how will that benefit business?

Mr. McFadden: If an enforcement authority believes that the advice given by the primary authority is wrong it can appeal to the LBRO as set out in the Bill and the LBRO could rule on the situation. The amendments, if we accepted them, would put the informal home authority relationships that exist in some cases on to a statutory footing. Under the current schemes, local authorities are informally encouraged to contact the local authority with which the business has a partnership before taking serious action. The difficulty is that under the existing schemes, the consistency that we seek is not delivered.

Businesses are finding inconsistent advice around the country. We are not convinced that simply putting that advisory relationship on to a statutory footing would be the best means of tackling that inconsistency.

Lorely Burt: I am listening very carefully to the points that the Minister is making. Does he agree that the Bill will make sufficient provision so that when the enforcing authority strongly opposes the overall agreement of the primary authority, some sort of partnership arrangements could consider what the enforcing authority has to say and, on occasion, an exemption could be given by the primary authority to the enforcing authority?

1.45 pm

Mr. McFadden: It is certainly important that there should be an ongoing dialogue and that enforcing authorities can reflect their experience on the ground to the primary authority. I agree with the hon. Lady about that. She asked about exemptions, and if she will bear with me I shall come to them in a second.

The approach taken in the amendments would remove the primary authority's right to give a decisive view on whether the enforcing authority should be able to proceed with an enforcement action. For that reason, we are not minded to accept them today. However, exceptions, situations where the enforcing authority does not have time and urgent situations are covered in clause 29, which states that the requirement need not apply

"where the enforcement action is required urgently to avoid a significant risk of serious harm to human health or the environment...or the financial interests of consumers"

or where the application of clause 28, which the hon. Lady is trying to amend, "would be wholly disproportionate". Built into the Bill is the understanding that there are situations in which an enforcement action will have to take place and the urgency or seriousness of a situation might mean that checking with the primary authority is not possible. If there is a difficulty, the LBRO is there to act as arbitrator and to consider objections by enforcing authorities. That is set out in schedule 4, which the hon. Lady also wants to amend.

This is not about every enforcement action but whether an enforcement action is consistent with the advice issued by the primary authority. I can see that the hon. Member for Hertford and Stortford is eager to rise to his feet again, so I shall give way to him.

Mr. Prisk: The Minister is very generous. It is important that when we legislate, the record is made clear. I understand the exemptions that the Minister cited—

"serious harm to human health or the environment...or the financial interests of consumers"—

but the critical question concerns a situation in which the interests of a local authority mean they want to use strong powers against a miscreant, such as someone in the licensed trade, and that is the clear will of that town, but those actions would go against the national guidance and the decision is overruled because of the primary authority's decision. Does the Minister understand that there will be a sense in that area that the inhabitants' democratic wishes will be undermined? I understand the factual arguments, all of which have merit, but the point is that there is a danger that there will be a deficit in the democratic process and people will feel that the system is ignoring their local concerns.

Mr. McFadden: Schedule 4 sets out what can happen in a situation when there is a disagreement between an enforcing authority and a primary authority. An appeal could be made to the LBRO, which would then rule on the situation.

I wish finally to—

Mr. Bone: Will the Minister give way, if he is about to finish?

Mr. McFadden: Well, I have not finished, but okay.

Mr. Bone: I just want the Minister to acknowledge that this is a centralising measure. Whichever way we look at it, it takes power away from local authorities. Whether that power moves up to the quango or all the way up to Whitehall, it is centralised. The Minister might think that there are benefits to it, but will he please confirm that it is a centralising measure?

Mr. McFadden: It is a consistency measure. That is how I would characterise it.

Costs were another substantive issue raised in the debate, but hon. Members did not mention the fact that the capacity for the recovery of costs from businesses for the primary authority relationship is built into the Bill. We covered that in Committee when we discussed the submission that we received from Hertfordshire county council. Interestingly, despite the fact that it is in the Bill, businesses have still sought it in our discussions with them. They value the consistency that will be brought about by the changes that we are making. It is important to bear that in mind when considering the amendments and how the Bill as a whole will operate.

If the hon. Member for Solihull presses the amendment, the Government will not be able to accept it. I hope that she will withdraw it on the basis of my comments.

Lorely Burt: I am grateful to all the hon. Members who have spoken for helping to re-air the important matters raised by this group of amendments. I listened carefully to the Minister's points, and some of his reassurances have gone a long way to making me feel more comfortable about the elements of the Bill that I mentioned. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 40

FIXED MONETARY PENALTIES: PROCEDURE

Lorely Burt: I beg to move amendment No. 10, page 18, line 16, at end insert

'may require the regulator to withdraw the notice and pursue the matter as a criminal offence under the relevant provisions,'.

Madam Deputy Speaker: With this it will be convenient to discuss the following amendments: No. 11, in clause 43, page 20, line 24, at end insert

'and may require the regulator to withdraw the notice and pursue the matter as a criminal offence under the relevant provisions,'.

No. 12, in clause 47, page 23, line 24, at end insert

'and may by notice require the regulator to withdraw the notice and pursue the matter as a criminal offence under the relevant provisions,'.

Lorely Burt: The amendments would defend an important principle for business. Amendment No. 10 would give businesses the option of electing for criminal trial rather than having a fixed monetary penalty imposed upon them. Amendment No. 11 would do the same in respect of discretionary requirements and amendment No. 12 would strengthen the existing right of appeal against a stop notice by similar recourse to a court.

I would be worried if companies could use amendment No. 12 as a loophole to delay the imposition of a stop notice, but the wording of clause 54(3) is that a stop notice "may", and only may, be suspended pending appeal. I assume from that that if a claim were seen as a delaying tactic, the stop notice would not be suspended, in which case the amendment is needed. I would not wish to press an amendment that could be used as a delaying loophole, however, and I seek guidance from the Minister on that point.

I do not envisage that the proposed power would be exercised often. However, it should be in the Bill in case a company feels that it has been wrongly treated and its reputation is at stake. We could make the analogy of an old lady who is accused of stealing a loaf of bread. One could argue that it is a trivial matter and that she should pay the fine or accept the warning and get on with her life, but the size of the offence is not what is important to the old lady. What is important is her reputation. A company's reputation can be just as important.

Mr. Prisk: The hon. Lady is making an excellent point. It is important to bear in mind that the term "regulated person" in the Bill has a wider connotation than just a business, including someone who is self-employed. It potentially covers a wider group than just the corporate world. I am sure that all Members, particularly those who were unable to be part of the Committee, would wish to know that. Does she agree about that wider resonance, which makes her example very good?

Lorely Burt: I am grateful to the hon. Gentleman for that intervention, and I certainly agree. Perhaps the Minister will wish to elaborate on that.

Mr. Bone: Just before the hon. Lady finishes, I wish to add to the point about the reality of what will happen in business. I have run both a plc and a family business, and I know what will happen if the regulator says to a family business, "You've got to pay this amount of money." Even though the owner of the business knows that they are in the right, they will pay that money rather than go to court. It will therefore be much easier for the regulator to dish out fines. That will be a real hardship for small businesses.

Lorely Burt: The hon. Gentleman makes a very good point. As well as the question about the relative value of a summary fine to a small and a large business, concern has been raised about whether certain organisations that are reluctant to put their house in order might regard a summary fine as par for the course, just as some might collect parking fines. We must trust the operation of the Bill and trust the enforcement authorities to ensure that any penalties that they issue are proportionate to the size of the business.

Reputation is hugely important, whether for a small local business or a large corporation. It can be translated into direct business, and for that reason I shall seek a Division on amendment No. 10 and, depending on the Minister's advice, on amendment No. 12.

Mr. Prisk: I begin, again, by commending the hon. Member for Solihull (Lorely Burt) for tabling the amendments. They relate to part 3 of the Bill and the ability of regulators—plural in this case, not a single regulator—to apply civil sanctions, which in plain English means fines for the most part, instead of seeking redress through the criminal justice system. We strongly support the amendments.

We recognise that if they are managed carefully, there is a good argument for civil sanctions when businesses transgress. A fine can sometimes be more appropriate than seeking prosecution for a criminal offence. However, there were serious concerns when the Government originally proposed to allow the revenue from those fines to remain with the regulator concerned. I am pleased to say that the Bill was amended in Committee so that instead of money remaining with the regulator, which could create an undue inducement, it will go to the general Consolidated Fund. The amendments address a different, but related and important, concern that was discussed briefly in Committee.

2 pm

I turn to the proposals for fixed monetary penalties. I should point out that there are also discretionary penalties in the Bill, but here we are looking at the fixed monetary penalties. The proposals do not allow for an accused person or business—I make that distinction carefully—to defend themselves prior to appeal. Nor do they require a regulator to prove to an independent party that the accused is indeed guilty. In short, the regulator, as the Bill stands, can investigate the issue, prosecute the matter and pass sentence through the civil process, and an accused business can only then appeal to clear its name—to put it in the jargon.

In business, as the hon. Member for Solihull rightly highlighted, reputation is vital. That is especially the case in the modern era—in what we might describe as a more socially and environmentally responsible age. Consumers are very much aware that they can withdraw their custom or sell their shares, and that if a fine has been issued that catches the public eye, it can have an immediate impact on the operation and, indeed, the success or otherwise of that business.

As the Bill stands, a notice to fine can be issued. Of course, in this day and age of 24-hour, instant media, there will then be the public assumption of guilt. We are all familiar with those instances where an announcement is made about a particular situation with a company, and perhaps three months later, after a long and tedious process, it is found that the allegation was not quite accurate or true, or that somebody else was at fault. By then, however, it is not a headline—it is on page 37, in "Corrections". Nevertheless, the damage has been done. We can all think of different instances. Perhaps an oil company has had an allegation against it about a dangerous leak. Here, I am not thinking merely of oilfields but, in the context of this Bill, the contaminant in the fuel at a petrol filling station possibly leaking into the local water system. We can all think of food hygiene examples.

A business whose very trade survives on its reputation as an establishment of high quality could be severely damaged if a fine were submitted and guilt was assumed from that fine.

Mr. Bone: My hon. Friend is making an extremely important point. Would he like to indicate the scale of the problem? In the supporting documentation, it is estimated that 14,600 of these notices will be issued each year. The small print says that 7,300 are likely to be wrong and withdrawn at the end of the process. That is a pretty hopeless point to start from.

Mr. Prisk: I am very grateful to my hon. Friend, who has rightly highlighted the scale of the problem and the fact that the Government anticipate at this point—before the legislation has become law—that roughly half those fines or sanctions will be mis-proven, so the damage will be considerable. We all know how quickly consumers can make the assumption that something is awry.

It would be unfair of me to rake over the coals of Northern Rock with Ministers for too long, but we can immediately see that in cases where concern is expressed through the national media, people will naturally fear for themselves and act promptly. In these days of 24-hour news and 15-minute news cycles, the potential problem in the first year—some 14,000 fines or sanctions being issued and half being rescinded later—poses a serious danger.

Of course, all that is the reason why businesses of whatever size are concerned. Indeed, I understand that the CBI supports these amendments. It argues in some of its submissions that

"businesses should not face the risk of unsubstantiated damage to their reputation until, and unless, proven guilty".

For some businesses, the risk of loss of reputation is therefore worse than opting for criminal proceedings, in which accusations must be proven and the standard of evidence is significantly higher. Clearly, many businesses will prefer to stick with the civil process, but the point of the amendments, as the hon. Lady said earlier, is to allow a minority who might prefer to use the criminal justice system to opt for that. They might choose to do so because they wish, quite naturally, to have the accusation proven against them rather than assumed, or because they believe that the higher standard of evidence is important. I therefore believe that these amendments would strengthen, rather than weaken, the principles behind the Bill.

It is not only the CBI that has expressed a wish to see these amendments tabled. The British Retail Consortium, for example, has throughout the Bill's passage expressed serious worries about the whole of part 3 and particularly about the sanctions, which it believes are "unacceptable" as they stand. Turning to the smallest of businesses, the Forum of Private Business, for example, has said in submissions to this House that as drafted, these sanctions are "a deal-breaker."

Given all that and the information provided by the hon. Member for Solihull, these are important improvements to the Bill. Given, too, that these civil sanctions are being introduced so that regulators have a choice, should not the regulated also have a choice as to which system is appropriate?

Mr. Bone: It is a great pleasure to follow my hon. Friend the Member for Hertford and Stortford (Mr. Prisk), who made a number of powerful points that I would have made. I want to look at a practical instance but before doing so, I should perhaps declare that I am a member of the Institute of Chartered Accountants and a director of a small company; I refer the House to my entry in the Register of Members' Interests.

In reality, if someone has a problem with a regulator, in most cases they will try to sort it out and reach a conclusion. Sometimes, the regulator is being stubborn and stupid and does not understand the business. Some of these comments refer to the Government. I do not know how they can come up with these measures—it seems that they do not understand business, particularly small businesses, at all. What would happen next if there were such a problem? The regulator would come and see me, for example, and if we could not sort it out, we would eventually go to court. Things would be unlikely to go that far, because I would work very hard to avoid that, as would the regulator.

However, what will happen if the Bill goes through unamended? At the moment, regulators have four types of enforcement procedures: warning letters, statutory notices, formal cautions and prosecutions. They will be extended to include fixed monetary penalties, variable monetary penalties, enforcement undertakings, discretionary notices and stop notices. In other words, we are extending enormously the powers of regulators to interfere with businesses.

A regulator will be able to come along and say, "Mr. Bone, you are not doing this right, and we are going to fine you." As a small business, I would say, "Actually, I am doing it right". However, I would not be able to afford the time, let alone the cost involved, to appeal, get involved or argue against the regulator, so I would simply pay up. That is what will happen. Throughout the country, hundreds if not thousands of busybodies will interfere with businesses that are running properly and successfully, because they know that they can impose a fine rather than proceeding to a prosecution, which they would not dare to do because they know that they would lose.

Mr. Prisk: My hon. Friend is absolutely right. It is perhaps worth drawing the House's attention to schedule 5, which lists the regulators involved. He might be as shocked as I was when I first discovered this to learn that a minimum of 26 different regulators are involved, and more than 140 different pieces of legislation. Does he share my concern that this, while understandable in a minor context, is an enormous change in the balance of how these sanctions will work?

Mr. Bone: My hon. Friend makes an extremely important point, and it is clear that that is exactly what will happen.

These regulators are saying that the Government want us to hire more people to go out into businesses and intervene, saying, "You're not doing that quite right—here is a fine; here is a sanction." That will do enormous damage to small businesses. The signal that the Government are sending out is that they do not care about small business. The Bill is great for big businesses, which can look after themselves. Things will be clearer for them, but small businesses are the engine and driving

[Mr. Bone]

force of our economy and they will be terribly disappointed. They will not do anything about it, of course: I am afraid that the truth is that they will pay up and just say, "Here we go again. This Labour Government are interfering and imposing more penalties on us."

I am sure that the problem that I am describing is an unintended consequence, but the least that the Minister could do now is to recognise that the hon. Member for Solihull (Lorely Burt) is making a fair and reasonable argument, and accept the amendments. If he does not do so, I urge her to press them to a Division.

Mr. McFadden: The previous group of amendments touched on the question of consistency, which is one of the Bill's major concerns. I do not know whether the hon. Member for Solihull (Lorely Burt) intended it, but the current group of amendments touches on the Bill's other main concern—inflexibility in the current system.

In my remarks on the first group of amendments, I referred to the Hampton report. I shall now refer to the Macrory report, which was about the inflexibility of a one-club-fits-all approach to regulatory enforcement and proposed that regulators should have a greater variety of enforcement options. That proposal has been supported by many business voices, including the British Chambers of Commerce. That organisation represents the views of many small businesses in this country, and it said that variable monetary penalties should be available to regulators as part of a mixed system, as a variable line would allow the regulator to operate flexibly and proportionately. In addition, the Institute of Directors welcomed the proposition that a wider range of penalties would mean less use of criminal sanctions and less time and money spent on court procedures. The Bill's regulatory impact assessment estimates that the savings to be made from fewer court appearances could amount to £88 million.

Mr. Bone: I rolled around with laughter when I saw that. Do the Government really think that the Bill will lead to £88 million of savings? That is cloud cuckoo land.

Mr. McFadden: That may be the hon. Gentleman's opinion, but the purpose of the Bill is to prevent, by means of a more proportionate and variable system of regulatory enforcement, the very businesses that he is worried about from being dragged through the courts continually.

Lorely Burt: No one objects to having a wider range of sanctions or wants companies to be dragged through the courts unwillingly. However, the point is that, on the rare occasion when a company elects to go for court action, it should have the right to be able to defend its reputation in that way.

Mr. McFadden: The amendments focus on that precise point. I said in Committee that the new sanctions are an alternative to criminal prosecution. Before determining whether to pursue a prosecution or impose a sanction, the regulator will have to undertake a thorough and rigorous investigation, at the end of which a determination of whether a person has committed an offence will be made. The regulator would then decide the most appropriate course of action.

Mr. Prisk: We understand that the regulator will have that choice, and rightly so. The point is that the accused—the regulated—should also be able to make a choice. No one disputes that there needs to be a range of tools in the regulator's tool box, but we believe that the person being regulated should have similar options. As it stands, the Bill does not make that available to them. Why not?

2.15 pm

Mr. McFadden: The hon. Gentleman has made that point several times. If he will allow me to make a little progress, I shall deal with the question of who should choose which road we go down in this sort of situation.

The Macrory report found that criminal prosecution should be reserved for those cases that really merit it. We believe that the choice between civil and criminal sanctions should remain at the discretion of the regulator. The Bill contains a number of important safeguards in that respect. Before a regulator can impose a fixed monetary penalty of the kind discussed by the hon. Member for Wellingborough (Mr. Bone), or a discretionary requirement, it will have to be satisfied beyond reasonable doubt that a criminal offence has been committed. The regulator must then serve a notice of intent and allow the business to make representations and organise a defence.

The hon. Member for Hertford and Stortford (Mr. Prisk) noted that, as was discussed at length in Committee, the proposed sanctions can be appealed to an impartial, independent and expert tribunal. That gives business an important safeguard against a regulator who applies a penalty incorrectly.

The hon. Member for Solihull raised the issue of a business's reputation. It is part of the core of her argument, and I understand that we do not want businesses to suffer reputational damage unnecessarily. I agree with the hon. Member for Hertford and Stortford that that is increasingly important in the business world, and for very good reason. However, I draw the attention of the hon. Member for Solihull to clause 65, which requires the regulators

"to publish the cases in which the civil sanction has been imposed".

Clause 65(3) specifically exempts from that requirement those cases that have been overturned on appeal. That means that, when a tribunal finds in a business's favour, a mechanism will be in place to ensure that that business's reputation does not suffer harm.

Mr. Prisk: The Minister is courteous, but has still not answered the point. All of what he has described is fine, but it comes after the event—that is, after an allegation has been made, the fine issued and the sanction imposed. The regulated business still does not have the option to have its day in court. That is the point at issue: we are well aware that there will be opportunities to seek redress after the event, but that may be too late for some businesses. Why is a provision giving regulated businesses the option to go to court not included in the Bill?

Mr. McFadden: The hon. Gentleman has asked about that issue several times. As I say, the variable penalties are an alternative to criminal prosecution. A business faced with a penalty might spin out the process to see

what happened and then appeal at the end of the process for a different type of judgment altogether. There is a power of appeal to an independent tribunal, which safeguards the rights of the business; that is very important. However, under the Bill, it is the regulator who should make the judgment about which road to go down.

Mr. Bone: Will the hon. Gentleman give way?

Mr. McFadden: I will in a moment. I want to come on to the point that the hon. Member for Solihull made about stop notices. The amendment could have serious consequences resulting from the withdrawal of a stop notice served by a regulator. Such notices would be imposed only in strictly controlled circumstances, where there is a significant risk of serious harm to human health, the environment, the financial interest of consumers and so on. If there had been serious environmental damage, it would not be appropriate for a business to be able to opt for a prosecution instead, as the serious harm specified in the stop notice could then continue or even grow. That illustrates why the choice for which the hon. Member for Hertford and Stortford is arguing could be damaging to the public interest and consumer interest.

Mr. Siôn Simon (Birmingham, Erdington) (Lab): I did not serve on the Committee and I have not followed these matters as closely as Opposition Front Benchers, but I have a general interest in the subject. Surely it is not terribly unusual, counter-intuitive or unreasonable for the regulator to lead and guide the process of deciding what the route the sanction procedure will take, given that the issues concerned must be controversial, or things would not have reached that point.

Mr. McFadden: My hon. Friend is absolutely right. The issue arose in Committee, where my hon. Friend the Member for Glasgow, North (Ann McKechin), said that

"prosecutions should be taken if they are in the public interest"—[*Official Report, Regulatory Enforcement and Sanctions Public Bill Committee*, 17 June 2008; c. 71.]

Allowing a person to choose whether or not they are prosecuted would go against that understanding.

Mr. Bone *rose—*

Mr. McFadden: I shall give way one more time.

Mr. Bone: The Minister has been exceptionally gracious, and has entered into the debate, but we now see the division between the two sides of the House. The Government's view is that the regulator is the important organisation, and has the right to impose from the centre a decision to apply a sanction or hold a trial. There is no reference to the reputation of the business. If the case goes to court, and the business has an independent hearing before the judiciary, the business is clearly stating, for everyone to see, that it does not believe that what the regulator says is right. In 50 per cent. of cases—or more, if one believes what one reads in Government documents—it will win. This is just a matter of justice. A by-election is being fought this week on the issue of justice. Is not the provision yet another example of draconian centralisation by the Government?

Mr. McFadden: The hon. Gentleman tempts me to go into the reasons for the by-election, but I will resist the temptation. My hon. Friend the Member for Birmingham, Erdington (Mr. Simon) is correct: it is not appropriate for a regulator to make the judgment. There is a power of appeal to an independent tribunal. That is an important safeguard for the reputation of a business that is wrongly accused. On that note—

Mr. Prisk *rose—*

Mr. McFadden: I wish to come to a conclusion. On that note, we hope that the hon. Member for Solihull will withdraw the amendment.

Lorely Burt: I have listened carefully to the points that the Minister made. Regrettably, I feel just as strongly—probably more strongly—about the issue of justice that is involved as I did when we started the debate, so with the greatest of respect, I will not withdraw the amendment.

Question put, That the amendment be made:—

The House divided: Ayes 119, Noes 218.

Division No. 262] **[2.23 pm**

AYES

Afriyie, Adam	Gibb, Mr. Nick
Ainsworth, Mr. Peter	Gidley, Sandra
Alexander, Danny	Goldsworthy, Julia
Amess, Mr. David	Gray, Mr. James
Atkinson, Mr. Peter	Greening, Justine
Bacon, Mr. Richard	Hancock, Mr. Mike
Baker, Norman	Harvey, Nick
Barker, Gregory	Hayes, Mr. John
Benyon, Mr. Richard	Heath, Mr. David
Bercow, John	Heathcoat-Amory, rh Mr. David
Beresford, Sir Paul	Herbert, Nick
Bone, Mr. Peter	Hollobone, Mr. Philip
Bottomley, Peter	Holmes, Paul
Brady, Mr. Graham	Horam, Mr. John
Brake, Tom	Howarth, David
Brokenshire, James	Howell, John
Browning, Angela	Hunter, Mark
Bruce, rh Malcolm	Hurd, Mr. Nick
Burns, Mr. Simon	Keetch, Mr. Paul
Burstow, Mr. Paul	Knight, rh Mr. Greg
Burt, Alistair	Lait, Mrs. Jacqui
Burt, Lorely	Lamb, Norman
Butterfill, Sir John	Lancaster, Mr. Mark
Campbell, rh Sir Menzies	Laws, Mr. David
Clark, Greg	Letwin, rh Mr. Oliver
Clarke, rh Mr. Kenneth	Lewis, Dr. Julian
Clifton-Brown, Mr. Geoffrey	Liddell-Grainger, Mr. Ian
Cormack, Sir Patrick	Lilley, rh Mr. Peter
Cox, Mr. Geoffrey	Loughton, Tim
Crabb, Mr. Stephen	Luff, Peter
Davies, Mr. Dai	Mackay, rh Mr. Andrew
Davies, Philip	Main, Anne
Duddridge, James	Malins, Mr. Humfrey
Duncan Smith, rh Mr. Iain	May, rh Mrs. Theresa
Dunne, Mr. Philip	Miller, Mrs. Maria
Ellwood, Mr. Tobias	Mitchell, Mr. Andrew
Fallon, Mr. Michael	Moore, Mr. Michael
Foster, Mr. Don	Moss, Mr. Malcolm
Garnier, Mr. Edward	

Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
Öpik, Lembit
Ottaway, Richard
Paterson, Mr. Owen
Penrose, John
Price, Adam
Prisk, Mr. Mark
Rifkind, rh Sir Malcolm
Robertson, Mr. Laurence
Rosindell, Andrew
Ruffley, Mr. David
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Smith, Sir Robert
Soames, Mr. Nicholas
Spicer, Sir Michael
Stanley, rh Sir John
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Syms, Mr. Robert
Thurso, John
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Viggers, Sir Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Watkinson, Angela
Whittingdale, Mr. John
Wiggin, Bill
Willetts, Mr. David
Williams, Stephen
Willott, Jenny
Wilshire, Mr. David
Winterton, Ann
Young, rh Sir George

Tellers for the Ayes:
John Hemming and Bob Russell

NOES

Ainger, Nick
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Atkins, Charlotte
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Bell, Sir Stuart
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, rh Mr. Nicholas
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byrne, Mr. Liam
Campbell, Mr. Alan
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clarke, rh Mr. Charles
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Cooper, rh Yvette
Cousins, Jim
Creagh, Mary
Cunningham, Mr. Jim
Curtis-Thomas, Mrs. Claire
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Foster, Mr. Michael *(Worcester)*
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Healey, John
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoey, Kate
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
Jackson, Glenda
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Martyn
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kilfoyle, Mr. Peter
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McFadden, Mr. Pat
McGovern, Mr. Jim
McIsaac, Shona
McNulty, rh Mr. Tony
Meale, Mr. Alan
Michael, rh Alun
Miliband, rh Edward
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Mullin, Mr. Chris
Munn, Meg
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Olner, Mr. Bill
Owen, Albert
Palmer, Dr. Nick
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Reed, Mr. Andy
Reed, Mr. Jamie
Riordan, Mrs. Linda
Rooney, Mr. Terry
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sharma, Mr. Virendra
Shaw, Jonathan
Sheridan, Jim
Simon, Mr. Siôn
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Snelgrove, Anne
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Sutcliffe, Mr. Gerry
Taylor, Ms Dari
Thornberry, Emily
Timms, rh Mr. Stephen
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Twigg, Derek
Ussher, Kitty
Vis, Dr. Rudi
Walley, Joan
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, Mrs. Betty
Wills, Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Wright, David
Wright, Dr. Tony

Tellers for the Noes:
Mr. Bob Blizzard and Steve McCabe

Question accordingly negatived.

Order for Third Reading read.

2.35 pm

Mr. McFadden: I beg to move, That the Bill be now read the Third time.

As I noted throughout our discussions on Second Reading and in Committee, the Bill seeks to equip regulators with the right tools and duties to address the many different circumstances in which they are expected to enforce regulation in practice.

In our debate this afternoon on the amendments, we debated two major issues that the Bill is intended to address: inconsistency and inflexibility in the regulatory system. The five principles of good regulation feature prominently in the Bill: consistency, transparency, targeting, proportionality and regulators' accountability.

The background to the Bill is that in 2005 Philip Hampton reported to the Government on the burdens that arise from the enforcement of regulations. His report made it clear that better regulation is a matter not purely of policy making and legislation or of making policy better in the first instance, but of ensuring the right framework for the enforcement and upholding of regulations. This requires a system that provides effective enforcement by front-line professionals and the flexible use of sanctions to deal with non-compliance in ways appropriate to each case. Introducing the Bill on Second Reading in the other place, my colleague Lord Jones of Birmingham paid tribute to the expertise that stakeholders had brought to the Bill's development, and I echo his comments. Local authorities and their representatives, the national regulators and business all contributed to its development.

The Hampton report set out a vision of a regulatory enforcement system in which honest businesses, doing their best to comply with the law, and regulators, seeking to protect the public as effectively as possible, move from a traditional adversarial relationship and work together to secure compliance with regulations intended to protect all our interests.

I believe that the Bill has, for the most part, been developed in the same spirit, and we are grateful for the input of business regulators, local authorities and all who helped to guide the process. I thank the hon. Members for Hertford and Stortford (Mr. Prisk), and for Solihull (Lorely Burt) and other hon. Members for their contributions, courtesy and understanding in Committee. The hon. Member for Hertford and Stortford probed and pressed, with some skill and some courtesy, for which I am grateful.

The debate addressed a number of important issues and offered us the chance to consider the safeguards that are rightly attached to many of the Bill's powers. Its tone reflected the fact that before arriving here the Bill benefited from close and detailed scrutiny in the other place, where a number of amendments were made. Those included additional protections on how the local better regulation office would work in practice with local authorities, additional safeguards on the use of the alternative regulatory sanctions set out in part 3 and some refinements of part 4 in respect of how regulators would work, ensuring that there should be no unintended consequences.

I am grateful for all the work put in by Members on both sides of the House. The Bill is intended to improve how regulation works in our economy, in the interests of the regulated and, most of all, of the public. It is in all our interests for us to have a system in which business can thrive and grow and for the public to be confident that the regulations that the House considers and passes are enforced properly and proportionately in practice. That is what the Bill is intended to ensure, and I commend it to the House.

2.40 pm

Mr. Prisk: I am grateful to the Minister for his opening remarks, which I should like to reciprocate by thanking him for the courteous and patient way in which he approached our discussions in Committee.

It is in vogue in the Government to compare oneself with a fictitious literary character; on that note, I suggest that the Minister has performed with the patience and courtesy of Mr. Bennet from "Pride and Prejudice" to his rather awkward and occasionally annoying offspring. I shall save the Minister the blushes that would be involved in suggesting which particular member of his family he might wish to compare me to.

I should also like to thank my right hon. Friend the Member for Hitchin and Harpenden (Mr. Lilley) and my hon. Friends the Members for St. Albans (Anne Main) and for Mid-Bedfordshire (Mrs. Dorries), who were of great support to me in Committee. I particularly thank my hon. Friend the Member for Billericay (Mr. Baron) for his patient guidance and help.

As the Minister said, this Bill is not the Government's first attempt to tackle regulation. In both 2001 and 2005, attempts were made to turn the regulatory tide. Sadly, neither made any real impression on the volume or complexity of the law, and meanwhile the burden on business has grown. It is important to remember that context when we consider the aims and outcomes of the Bill and the deliberations that we have had to date. I shall not attempt to rehearse the arguments debated on Second Reading—nor would you allow me to, Mr. Deputy Speaker, and rightly so. Let me just say that we Conservatives endorse the principles of risk-based regulation, but we believe that this measure is too narrow and, all too often, far too complex. As our economy faces a serious downturn, we need to be bolder in freeing enterprise from needless red tape.

Deliberation on the Bill began, of course, in the other place, and right from the start it was clear that there were serious deficiencies. For example, a new super-local-regulator was to be established, but there was to have been little effective oversight. I am pleased to say that my noble Friends tabled substantial amendments that would improve the scrutiny and operation of the local better regulation office. The insertion of provisions for a formal three-year review in clause 17, and for consultation in clauses 9 and 10, are all the direct result of that scrutiny.

Equally, the original Bill permitted regulators the ability not only to issue civil fines—we debated that on Report—but to keep the money from those fines. There was a danger that that new source of revenue could encourage regulators to become the worst sort of target-led traffic wardens—fine first, and ask questions later. As the Minister said when we debated the matter in Committee, the danger of that would have been its undermining of the risk-based approach to regulation that lies at the heart of the legislation's original aims. Thankfully, that danger has been averted; instead, the moneys will be

[Mr. Prisk]

deposited into the general consolidated fund, thus removing any incentive for regulators to use fines inappropriately. I have no doubt that that sensible compromise will be even more welcome in a rather cash-strapped Treasury.

Looking back, I estimate that there have been at least a dozen important amendments to the Bill during its passage through Parliament. I hope that the Government Whips will note that all this took place without the need for heavy-handed so-called programme motions. Scrutiny is often more effective when not held on a short leash.

However, the Bill is far from perfect. I remain sceptical about the capability of the LBRO to change single-handedly the performance of the worst local regulators. Change management, as the Minister will know, is about the leadership and culture of an organisation, but the Bill fails to address either. The precedent in clause 7—the power for an unaccountable body to turn guidelines into directions—is one that we thoroughly debated at various stages of the Bill's passage. Conservative Members remain concerned, and we would expect the whole matter to be included explicitly in the three-year review that the Government conceded earlier. There are real dangers surrounding this precedent. It is the first time, as far as I am aware, that an unaccountable body that is not directly accountable to this House has the ability to turn its guidelines into directions. Despite the Minister's assurances, I suspect that it will not be long before we find before the House similar measures and requests from other quangos for pretty similar powers.

Part 2 establishes primary authorities for multi-site businesses. That could be good news for larger firms such as Tesco, but it has the potential, as my hon. Friend the Member for Wellingborough (Mr. Bone) said in his comments on Report, to leave small single-site firms behind. In Committee, the Minister gave me clear assurances that small businesses will not be disadvantaged. I intend to hold him to his word, and to that end I will contact small business organisations to ask them to help me to monitor this whole process among their members. I am sure that the Minister will agree that it is vital that small businesses trade on a fair and level playing field.

Equally, I remain concerned about the potential for confusion among consumers about how complaints and enforcement action will be handled. Indeed, we heard strong evidence in Committee about the potential for bureaucracy, not least from Hertfordshire county council, which fears that it could need another 12 officers. That is just one local authority of nearly 500, so hon. Members will realise the potential cost to council tax payers, or, if the money is recouped by business, as the Minister suggested earlier, the unwelcome costs to businesses that they may not have anticipated in full.

Then there is the power to charge businesses. During our discussions on the first day in Committee, I asked the Minister who would determine those charges and who would judge whether they were reasonable. I am pleased to say that yesterday I received the Minister's reply by letter, which I think has been copied to all members of the Committee.

Mr. McFadden *indicated assent.*

Mr. Prisk: The Minister confirms that. In his letter, he says that each primary authority would set the charges and the LBRO would provide oversight. I welcome that clarification, although I can see the potential for delay before such directions may be forthcoming.

In Committee, the Minister also promised to answer my questions about the budgets for first tier tribunals handling the appeals, especially in their first year. Again, he did not have the answer, which came in his letter yesterday; I think that hon. Members who have not had the chance to see it will be interested. He said that each regulatory regime, or first tier tribunal, involved would expect a cost in the region of £100,000. Could he confirm, now or again through correspondence, how many different regulatory regimes the Government anticipate, and therefore the total cost? There will be several different regulatory regimes, but his letter does not tell us how many, so it is unclear whether we are talking about 26—I doubt that, but it would mean costs of £2.6 million—or only two or three.

Part 3 was highly controversial when first published because, as we said earlier, it extends the power to fine people to not only one regulator but more than 26. I say that because 26 are named, and then it refers to "local fisheries committees". It is unclear whether that means there are 432 or 29. Not only are a notable number of regulators involved, but the fines and sanctions that will be applied will involve 140 other pieces of legislation, each of which are listed in the Bill. The powers granted will allow those regulators to be the investigator, the judge and the jury.

Thankfully, the Bill has been significantly amended. There will be, as the Minister has highlighted, an independent appeals process, but as we discussed, that process will occur only after the event. There will be no independent hearing, therefore, in which an accusation will be tested, and in which the guilt will have to be proven before the event. The Minister has given the House quite extensive assurances, both in the debates on amendments Nos. 10 and 12 on Report, and in Committee, that the system will be fair and open. I take him at his word. I simply say to him that we will hold him and any of his successors to that, so that the Government ensure that those promises are fulfilled.

We want to monitor closely how the process evolves. As we learned from the excellent identification by my hon. Friend the Member for Wellingborough, some 14,000 sanctions could be involved, half of which the Government expect could be rescinded. This is not a minor matter, but an important one. I recognise the benefits of a streamlined, civil system of sanctions, but we must not lose sight of fairness. I suspect that many small businesses will just pay up, because they do not have either the time or resources to fight. The danger is that we will then see a real sense of injustice, which can undermine the system and the economy.

The origin of the Bill was, rightly, in seeking to improve the quality and consistency of regulation and its implementation. Those are good principles, but what is at stake is whether the Bill will achieve them. The process in this House and the other place has improved the Bill, but it remains far from perfect. That is why we have sought to set out our reservations carefully, cautiously and perhaps at greater length than some on the Government Benches may have liked. Equally, no one should forget that this Bill is the third attempt by the Government to

tackle regulation. Both of their two previous attempts have failed. After 11 years in office, and more than 35,000 new regulations, Ministers must understand that neither business nor consumers will tolerate a third failure.

2.52 pm

Lorely Burt: I shall be brief; we have had extensive discussion this afternoon. I extend my thanks to everyone who worked so constructively in Committee, and to the various bodies that have been so kind as to give me advice. I particularly single out Local Authorities Co-ordinators of Regulatory Services and the CBI.

Although this is not the most nerve-tinglingly exciting Bill that I have ever worked on, it is hugely important for business in its constant struggle to meet the demands of regulation and to make money, especially in these difficult financial times when business needs to concentrate on defending existing business share on top of growing new business. For everyone's sake, I hope that the establishment of local better regulation offices will not only smooth the passage of regulatory compliance for business, but will be carried out in a spirit of helpfulness, with the sharing of best practice, to make business better placed to meet regulatory requirements and to become more efficient and better able to tackle the challenges of today's tough business world.

I hope that the formulation of the primary authority will help resolve business frustration about any local enforcement inconsistencies that might be experienced in operating from more than one local authority area.

Mr. Bone: I am slightly worried about that point and the Tesco argument. If Tesco finds a primary authority that whizzes through all it wants, it could impose all that in Wellingborough against my local authority's wishes. The Government seem to be in league with huge businesses.

Lorely Burt: I am grateful for the hon. Gentleman's intervention and I share his concerns. The Bill contains sanctions, which are available to the local better regulation office and the company that is being regulated. We must trust that they will be effective. The Tesco example, to which the hon. Gentleman alluded, is the position whereby an organisation, which is being regulated from elsewhere, does not comply with not only the organisation's overall requirements but local requirements. That is why I felt that it was important to ensure that the local enforcing authority can react strongly and quickly when such circumstances arise.

The primary authority must be mindful of and sensitive to the fact that local authorities serve local people, and I hope that any conflicts that arise between the primary authority and the enforcing authority can be resolved sensitively. After all, customers are customers, wherever they reside.

The faster, more automatic system and the wider range of penalties that we have discussed today should make for speedier resolution of breaches of regulation. However, it is to be hoped that that does not give the green light to less scrupulous companies to disregard a regulation's intention and delay putting their house in order by simply paying up specific statutory fines again and again. I am sure that the local enforcement authority and the lead authority will work together to ensure that that does not happen. We must safeguard those companies, which the hon. Member for Hertford and Stortford (Mr. Prisk) mentioned, that seek to comply with regulations and work within the rules honestly. They ask only for a level playing field, which regulation at its best can offer.

Reputation is a factor to which I wish the Government had seen fit to pay more regard. The option to elect for criminal proceedings would have given comfort—not as something that a company would envisage needing to do, but as a fall-back if it felt strongly that an injustice had been done.

Mr. McFadden: I do not want to rerun our debate, but does the hon. Lady acknowledge that a criminal prosecution, even if the business won the case, could also result in damage to reputation?

Lorely Burt: The Minister makes an interesting point, but I gave an example earlier of an old lady whose name is cleared and who is vindicated. I believe that companies should have that right, not after they receive the fine or other penalty, but before that damage is done. Once a fine is imposed, reputation is lost, even if the decision is overturned on appeal.

As I said, regulation can help business as well as the consumer by creating a level playing field. However, I am sure that everyone involved—businesses, consumers and the Government—would wish to see less regulation. The Government have committed to reducing the regulatory burden on business by 25 per cent. by 2010. We are now halfway through the time allocated, yet even having picked the low-hanging fruit, the Government have managed only 6 per cent. so far. It is to be hoped that the local better regulation offices will work extra hard in conjunction with the primary and the local enforcement authorities to help to mitigate the effects of the huge burden of regulation on British business today.

Several hon. Members *rose—*

Mr. Deputy Speaker (Sir Michael Lord): Order. Before I call the last speaker, I have to report an error in the numbers reported as having voted yesterday in deferred Division No. 258, on the draft Northern Ireland (Sentences) Act 1998 (Specified Organisations) Order 2008. The numbers voting Aye were 298, rather than 285. The number for the Noes was not affected and remains at 118. The Clerk will arrange for the record to be corrected.

3 pm

Mr. Bone: It is a great pleasure to follow the hon. Member for Solihull (Lorely Burt), who throughout today's debate set out reasoned arguments that I was very surprised the Government did not accept. I am also delighted to follow my hon. Friend the Member for Hertford and Stortford (Mr. Prisk), who has led so well for Her Majesty's Opposition. I notice that he entered the realm of fictitious characters, but I think he chose the wrong one for the Minister. A much more appropriate character would be Jim Hacker, whom I will mention later. I must declare my interest in the Register of Members' Interests and the fact that I am a director of a small family company and a fellow of the Institute of Chartered Accountants in England and Wales.

[Mr. Peter Bone]

The Bill is not a minor measure; it is a major shift to centralisation by the Government. As my hon. Friend mentioned, 27 regulators are affected by the Bill, excluding local authorities which are all affected. It would be helpful to read out the list of regulators. They are the British Hallmarking Council, the Charity Commission for England and Wales—one can imagine the potential impact on local authorities—the Coal Authority, the Competition Commission, the Countryside Council for Wales, the Environment Agency, the Financial Services Authority and the Food Standards Agency, which raises another issue. If one of the regulators has a prime authority in one particular area, that could be very damaging.

The list continues: the Football Licensing Authority, the Forestry Commissioners, the Gambling Commission, the Gangmasters Licensing Authority and the Health and Safety Executive, which is an extraordinary regulator to be included in the list. I say that because the Government, through the local business regulatory office, will be controlling what the regulator does, as we will see later. That will be extremely damaging to the Health and Safety Executive, whose independence I would have thought ought to be most important.

The list continues: the Hearing Aid Council, the Historic Buildings and Monuments Commission for England, or English Heritage for short, the Housing Corporation, the Human Fertilisation and Embryology Authority, the Human Tissue Authority, the Information Commissioner, local fisheries committees, Natural England, the Office of Communications, the Office of Fair Trading, the Office of Rail Regulation, the Pensions Regulator, the Security Industry Authority and the Statistics Board.

That is an extraordinary list, but why pick those and not other regulators? The Government did not comment on that at all in the debate on Second Reading, to which I both listened and contributed. Unfortunately, I was not allowed to be a member of the Public Bill Committee, which I regret, as there was competition to serve on it. Third Reading is therefore my only opportunity to comment on the Bill as a Back Bencher.

Mr. David Drew (Stroud) (Lab/Co-op): As someone who was allowed to serve on the Committee, given my special knowledge of this area, may I ask the hon. Gentleman whether he was a little surprised by his party's decision not to force Divisions on Second Reading or—I do not know; perhaps he will comment on this—Third Reading?

Mr. Bone: That is a very useful and helpful comment, because it brings me to something I was going to say later in my speech. Unfortunately, there has been a lack of intervention by Labour Back Benchers to show support for the Minister. In fact, I think that the number was zero on Second Reading and zero on Report, but never mind.

I have many concerns about the Bill, and I hope to outline them in the next hour or two. I also hope that the House will divide at the end of the debate, because this is a serious matter. Amendments have been tabled but they were not accepted, so a Division would be most welcome and I shall certainly vote against the measure. There is no opportunity for the Minister to say anything at the end of the debate, so I will vote against the measure if a Division is called.

Let us get back to the Bill. It aims to reduce the regulatory burden on business by setting up a super-regulator. I should like to refer to the very helpful impact assessment produced by the Department for Business, Enterprise and Regulatory Reform in May 2008. I believe it is the second version—obviously, the Government got it wrong the first time—and it is signed by a Minister. Unfortunately, the signature is a squiggle and we are not told who the Minister is. I wonder whether it is the Minister for Employment Relations and Postal Affairs—

Mr. McFadden *indicated assent.*

Mr. Bone: Aha! We are talking about the regulation of business, and one of the annoying things that happens is that businesses receive documents from the Government, from regulators and from local authorities, sometimes undated, always without the name of the sender, and signed with a squiggle. And that is exactly what we have got from the Government today, on the very provision that they are using to try to reduce regulation. I guess that this is because the Minister does not really want to be associated with a Bill that is actually indefensible.

The Bill will set up what the Government call—let me get this right—the local better regulation office. My goodness me! Could they not have thought of a better title than that? Perhaps something like the department of administrative affairs, or, more accurately, the "Yes Minister" department would have been a much better title, and people would have understood what we were trying to do in the House today. The Government are trying to reduce regulation, red tape and costs to business by setting up a super-regulatory department. We are going to create regulators and bureaucrats to regulate and administer other bureaucrats. This is straight out of "Yes Minister".

The Government might say, "Oh, this is only a small thing. Don't worry about it." However, the new office will have a staff of 25 and a budget of £4.5 million. That is fewer than one regulator for every regulator that the Government want to regulate; and £4.5 million a year for a staff of 25 works out at £180,000 per person. That sounds like a pretty good salary for those involved. Unfortunately, the Minister was unable to tell us what the chief executive of this new organisation was to be paid.

I am absolutely assured of one thing: if this new department goes ahead—if this "Yes Ministry" is established—the first thing it will look at will not be better regulation but expanding its empire, taking on more people and costing more money. That is what Government Departments do.

Mr. Hollobone: My hon. Friend is absolutely right. The point was made earlier that, according to the Government's own estimate, the cost to local government would not be recovered for at least four or five years, even if this measure is brought in. Every time we set up a regulator, he or she has to produce a piece of paper and someone at the other end of the system has to receive that piece of paper. My hon. Friend is right to say that, rather than reducing the regulatory burden, the Bill will increase it.

Mr. Bone: As usual, my hon. Friend is absolutely right. I do not think the Government could possibly deny that their estimate of the costs and numbers will be wrong. I would like to know of any Government estimate of costs and numbers that has ever been right when they are setting up a new department.

The hon. Member for Solihull referred to this new department earlier as a super-quango. The Government control it, it is funded by the taxpayer, and it will impose its views on 27 regulators and local authorities and tell them how to regulate what they are regulating. The first thing that shows this to be total nonsense is the fact that local authorities know how to regulate in their areas. Their locally elected councillors will be thrown out by their electorate if they do not do their job properly, but there are no such safeguards for this centralised quango or this "Yes Ministry". We cannot get rid of them in the same way as we can get rid of local councillors. What will happen is that decisions will be forced on a local government area by a prime authority, which will not be the local authority area affected, and the councillors will get the blame for it. They will be thrown out, but it will really be the Government's fault.

The Bill significantly increases Whitehall's control of regulation and local government. That is the Bill's intention. The Minister was, in Jim Hacker style, not quite courageous enough to admit that it amounts to centralisation, but he used a rather similar word. In fact, nobody could really argue that the Bill was not about centralisation. It is a striking example of the Prime Minister's obsessive macro and micro-management of the country. He wants to be able to go into every nook and cranny.

What my local authority in Wellingborough wants to enforce may be different from what an authority in Brecon and Radnorshire or Glasgow wants to do. I rejoice in that. I rejoice in the localism of my local authority knowing how to regulate locally. I do not want everything to be standard. I do not want Tesco to build everywhere because they have found some primary authority that will allow it to do that.

What worries me most about this super-regulation and this new department of administrative affairs is the cost. I have with me a document that was not freely available with the explanatory notes, but was very helpfully provided by my research assistant, Mr. Richard Britton. This impact assessment lists all the costs and alleged savings. It has a Minister's signature on it, so we must assume that it has gone through the Government and been approved. There are many figures about savings. It states:

"The evidence regarding the cost of administering existing partnerships is not consistent; much relates to experiences with the small number of firms with the largest national presence."

I am not sure exactly what that is supposed to mean. A large firm will have a large national presence, but a small firm will not by virtue of the fact that it is a small firm.

What of the costs relating to local authorities, which are perhaps the most affected by the changes? They will lose control; their decision making will be removed. If we follow the chain back through the prime authority and through the regulator, we get back to Whitehall overruling local government affairs. Somehow or other, this was supposed to save money. On page 21, the impact assessment states that the total local authority costs are £13.6 million, while the benefits are said to be £14.2 million, with a net annual benefit of £0.5 million. I do not think that the arithmetic quite works there, but that is what it says. It then adds in very small print that there is a one-off cost of £1.9 million, so this is not revenue-neutral to local government. Even if we believe the Alice in Wonderland figures produced by the Government, this is going to cost local government money. Time and again, councillors tell me that the Government take away their powers and force them to do things without funding them for doing so. That is exactly what we have before us today.

The Government have helpfully given us a figure for the overall cost. I am not sure how they arrived at it, but it is an extraordinary amount: £42 million. That sounds an awfully large cost to me, with a risk of little or no return. Most of the benefits are artificial. The Government talk of savings in lawyers' fees for businesses, but that is merely an aspiration, while the costs are plain to see.

Let us consider the National Audit Office. For every £1 that the NAO spends, it saves £8. If we are to believe the Mickey Mouse figures in the impact assessment, the return on the Bill might be just over what is spent. If the Government were really keen on reducing regulation and cutting costs, they could get rid of certain elements. They could get rid of regional government at a stroke, saving £230 million a year for businesses. Local authorities would welcome that as well, because the costs of consulting regional government would also go. If the Government really want to help local authorities out, why not abolish the Standards Board for England? That could be done overnight. No one would miss the board, and its abolition would save £12 million. That is a great deal more than the half a million a year that the Government reckon they will save each year, if the one-off cost is ignored.

This is a centralising measure that could only please someone like Jim Hacker. We are creating a huge department, which will expand. The Government say that the cost in the first year will be £73 million. If we add a quarter to cover their miscalculation, the figure becomes £100 million. The office will start out with 25 staff. That figure sounds as if it was plucked out of the sky. We will see an ever-growing super-quango which will impose more and more regulations on regulators, and the regulators will impose more and more fines on businesses. The Government have doubled the number of sanctions that regulators can use against businesses, which will not improve anything for business or for regulators.

There is a wonderful and damning statement in the impact assessment. Paragraph 152 on page 50 states:

"Since the publication in 2005 of the Hampton Review, which looked at the scope for reducing the administrative burdens caused by regulators' inspection and enforcement activities, the Government has been introducing new tools to deliver the better regulation agenda."

In practice, that is absolute rubbish. I know from my experience of running companies that what they want the Government to do is butt out and not to be involved. Businessmen say, "Leave us to do our own thing. We know how to run businesses; we know how to employ people; we know how to invest profits. What we don't want is an enormous number of forms and teams of regulators coming in to check what we're doing."

This super-regulatory office will increase the number of staff. If there are 27 regulators and each takes on another 100 people to go around investigating and

[Mr. Bone]

imposing the sanctions that the Government tell them they must now impose rather than going to court, that represents a huge amount of lost income for business. The Minister may not see where the loss of income arises, but I know from experience that before a VAT inspection, one spend hours and hours getting everything right. If the VAT inspector turns up—I remember an occasion when he did not bother to do so because it was raining heavily, and we had done all the work for him—he goes through all the paperwork and if he then says, "You've done something wrong", it can be sorted out with him.

Occasionally, there is an argument of substance. In one instance, a company—I was not involved; it was a different company—felt very strongly that it was not prepared to accept the regulator's guidance and took the case to court. It won the case and there was no damage done to its reputation. Under this procedure, companies will be fined, their reputation will be damaged and it will be reported on the front page of the *Evening Telegraph*, or the equivalent local paper. The Government admit in this document that half the fixed penalty notices will be lost, which suggests that they think the regulators will hand them out willy-nilly. The damage done to business, in the loss of time when the regulators visit and in the actual costs imposed, will be extraordinary.

I wish to draw the House's attention to the stunning example in the impact assessment, to which the Minister did not refer. I know it is not the done thing to show a graph in the House, but I shall try to describe this wonderful graph. It has a red line and a green line. The red line is supposed to be the savings and the green line is the cost. These are the Government's own figures, and one can clearly see that for more than two years the green line is above the—

Mr. Deputy Speaker: Order. The hon. Gentleman should take his own advice. It is very difficult for the *Official Report* otherwise.

Mr. Bone: It was just such a clear example showing that, despite all the assurances we have heard from the Minister, this measure will, between now and the next general election, cost local authorities and businesses money. That is not what I say: it is here in the report.

At the next election, my right hon. Friend the Member for Witney (Mr. Cameron) will become Prime Minister and we will have to reform all these regulations. It is "Yes Minister" at its worst. The Government are drawing power to the centre and producing more and more bureaucrats. In an economic crisis, when the economy is crying out for leadership, what is the Government's big idea? It is to create a department for administrative affairs with more administrators administering other administrators, and it will cost £73 million. The Minister is the new Jim Hacker, and if the House divides on Third Reading, I shall oppose this Bill.

Question put and agreed to.

Bill accordingly read the Third time, and passed, with amendments.

Isle of Man

Motion made, and Question proposed, That this House do now adjourn.—*[Liz Blackman.]*

3.22 pm

Andrew Rosindell (Romford) (Con): I speak this afternoon as the chairman of the British-Isle of Man all-party parliamentary group. I am proud to be closely associated with the Isle of Man. With the support of Members of both Houses of all political persuasions, we have a truly cross-party association that works to cherish, foster and strengthen the relationship between the Parliaments and peoples of the Isle of Man and the United Kingdom of Great Britain and Northern Ireland.

The Isle of Man is a truly unique place, set in the heart of the Irish sea, equidistant between the United Kingdom and Ireland, with England to the east, Scotland to the north, Wales to the south and Northern Ireland and the Irish Republic to the west. There is nowhere more central to the British Isles than the Isle of Man.

As a British Crown dependency, the Isle of Man has Her Majesty the Queen as its Head of State. In that role, Her Majesty also holds the title of Lord of Mann. She is represented on the island by a lieutenant-governor, currently Vice-Admiral Sir Paul Haddacks KCB. The Isle of Man is proud of its allegiance to the Crown and its close association with the UK. Indeed, the flag of the three legs of Mann will often fly alongside the Union Jack, demonstrating the Manx people's loyalty to the Queen and their pride in having such a close association with Britain and all the British people on the other side of the water.

Quite rightly, the people of the Isle of Man are also fiercely determined to retain their rights and freedoms and have done so for longer than most nations in the world today. The Government of the Isle of Man is led by a Chief Minister, currently the hon. Tony Brown MHK—Member of the House of Keys—who previously served as a Speaker of the House of Keys, a role now dutifully performed by the hon. Steve Rodan SHK.

The Isle of Man is a mature and responsible democracy with a distinct cultural and political identity. It is a self-governing Crown dependency that has its own Parliament and Government and makes its own laws. The Parliament, or Tynwald, comprises the House of Keys and the Legislative Council. It was founded more than 1,000 years ago by the island's Viking ancestors and is the oldest continuous Parliament in the world. It is characterised by strong public and political scrutiny in a system that is largely independent of political parties with an exceptional level of opportunity for citizens to interact with their elected representatives.

On Monday this week, 7 July 2008, the people of the Isle of Man celebrated their national day, Tynwald day, at St. John's village in the west of the island where the annual ceremony of the Tynwald midsummer court was held. It is a legal requirement established by the island's 9th century rulers. The Tynwald ceremony is one of great pageantry and splendour and was attended this year by Her Royal Highness the Princess Royal accompanied by an honour guard from the Royal Air Force. The Royal Air Force college band provided the military music.

Tynwald court, together with the island's senior public office holders, assembles on Tynwald hill—a four-tiered mound in the centre of St. John's, reputed to be constructed from sods of earth from every parish of the island. The open-air sitting at Tynwald hill dates back more than 10 centuries and during the ceremony the Deemsters—the Isle of Man's high court judges—promulgate Acts of Tynwald by proclaiming to the people in English and Manx Gaelic the titles of new laws that have been passed during the year. It is also an opportunity for island residents to exercise their ancient right to present a petition for redress of grievance at the foot of Tynwald hill and for the swearing in of the island's four coroners.

In 2003, Her Majesty the Queen presided as Lord of Mann at the midsummer court of Tynwald. That was an occasion that I was immensely proud to attend at the personal invitation of the President of the Tynwald, the hon. Noel Quayle Cringle MLC—Member of the Legislative Council. In 2005, I was again privileged to be invited to attend Tynwald day, but that time in my capacity as chairman of the all-party group.

Aside from the formal proceedings, Tynwald day is a public holiday in the Isle of Man and has long been an occasion for the Manx people to gather and meet friends and family at St. John's. A traditional fair is held, along with a variety of family entertainment, including Celtic dancing and music, sideshows, a military band and a fireworks finale.

The aim of the all-party group is:

"To promote and foster good relations and co-operation between the Isle of Man and the United Kingdom."

I am sure that the Minister will shortly confirm that Her Majesty's Government share the same objective. The Isle of Man Government have successfully promoted economic competitiveness and international responsibility in supporting the interests of the island's people.

The island is a land of opportunity, where the Manx Government strive to create the right environment for the Manx people and businesses to reach their full potential. The Isle of Man is also a nation where people value their quality of life, the beautiful countryside, its suitability for family life and a safe environment. Its innovative and entrepreneurial spirit is encapsulated in the island's branding initiative, "Freedom to Flourish".

The Isle of Man has a diverse and successful economy, currently in its 25th consecutive year of growth and expanding at an estimated rate of 8 per cent. The per capita national income is now 13 per cent. above that of the United Kingdom and more than 25 per cent. higher than the average of the 15 leading European nations—no mean feat for a small island, and one that our own Government could certainly learn from.

The successes of the island's economy have allowed continued and substantial investment in public services, including capital investment in recent years in a new acute care hospital, improving local schools and two new water treatment plants. Health and welfare services are based on the UK model, but with significant local enhancements.

The Isle of Man is famous not only for the Tynwald but for the annual TT races, the Manx cat and of course Manx kippers, which I am pleased to say are sold on the fish stalls of Romford market.

I commend the Isle of Man for its involvement within the Commonwealth of Nations, through its active participation in the Commonwealth Parliamentary Association. I hope that one day, the Chief Minister of the Isle of Man, along with the Heads of Government of all the other Crown dependencies—Jersey, Guernsey, Alderney and Sark—and of the British overseas territories will be afforded greater recognition within the Commonwealth by being allowed to represent their countries officially at Heads of Government meetings. Small countries and territories should always be given a voice and be able to speak up strongly to defend their rights, freedoms, traditions and common interests. I hope that the Government will begin by allowing the Isle of Man and all the Crown dependencies and overseas territories the opportunity to lay a wreath on Remembrance Sunday every year in Whitehall, and to have their flags displayed at the trooping of the colour, the Queen's official birthday parade. Currently, their flags are not flown, which is unfair, and the time has come to change that rule.

Freedom is cherished by each and every Manx person, and as a UK parliamentarian, I believe passionately in defending their freedoms. The bond between the UK and the Isle of Man goes substantially deeper than merely sharing the same telephone country code. It is a product of many historical twists and turns over the centuries that form the basis of the very special relationship that we enjoy today. It is a bond composed of deeply entrenched shared values and culture, the will for democracy and a passion for freedom, backed up by a robust legal system.

Given our geographical and historical proximity, a strong business culture is also shared by the UK and the Isle of Man, which in recent years has succeeded in becoming a gateway to the City of London in ways that are highly beneficial to both. Of course, the Isle of Man is not a member of the European Union [*Interruption.*]

There is also a constant flow of tourists across the Irish sea in both directions, and many people from Britain use the excellent financial services industry that the Isle of Man offers. There is a tie through citizenship, as Manx people are also British citizens, and through currency, because the Isle of Man pound is aligned to British sterling. Although the Manx language is still used today, there is of course a shared and common usage of the English language.

Our military ties with the Isle of Man are also very close indeed. The United Kingdom is responsible for the island's defences, and I pay tribute to the many Manx men and women who have proudly served both Queen and country in the British armed forces over many years, and who continue to do so today.

All the things that I have spoken of in this debate—the special relationship, the shared heritage, and the close links between the Isle of Man and the United Kingdom of Great Britain and Northern Ireland—have helped to strengthen the exceptionally strong bond between the peoples on both sides of the Irish sea. It is, I believe, an unbreakable bond and one to be treasured. The national motto of the Isle of Man, referring to the three legs of Mann, is:

"Whithersoever you throw it, it will stand".

To many, this represents the stability and robustness of the Manx character. I hope that, whithersoever the Isle

[Andrew Rosindell]

of Man stands, it will be standing shoulder to shoulder with the United Kingdom as a part of our great British family, together in our shared and beloved British Isles, and that together, the United Kingdom and the Isle of Man will continue to flourish under the Crown for a further thousand years to come.

3.36 pm

The Minister of State, Ministry of Justice (Mr. Michael Wills): I congratulate the hon. Member for Romford (Andrew Rosindell) on securing this debate. He has long been known for his championing of the virtues of Essex, and it is good to hear him championing those of the Isle of Man in this way. He paid tribute to its long and varied history, and it is indeed true that the island has had an extraordinary rich last 1,000 years or so. It is, as the House knows, one of the UK's Crown dependencies, along with the bailiwicks of Jersey and Guernsey, all of which came under the British Crown by different routes.

The Isle of Man had a particularly interesting history, as I am sure the hon. Gentleman is aware. It first came under the English Crown in the 14th century. In 1405, the island was granted to Sir John Stanley—a relation, I assume, of the current Member of this House by that name—and from then until 1765 it was ruled by the Earls of Derby and, later, the Dukes of Atholl or Lords of Mann. Acts of Parliament were then passed in 1765 and 1825, and the rights of the Lords of Mann reverted to the Crown. For a long time, the island was governed largely from London.

Since then, the Isle of Man's constitution has evolved to become a parliamentary democracy, as the hon. Gentleman outlined. The Isle of Man introduced a system of ministerial government just over 20 years ago. There are no political parties on the island, however, and the Head of Government on the island is the Chief Minister. The Tynwald, whose day we celebrate in this debate, was actually founded more than 1,000 years ago by Viking ancestors and is generally considered to be the world's oldest continuous legislative assembly—something that I think we can all celebrate.

The Isle of Man is precious to this country, and the hon. Gentleman set out cogently and eloquently the reasons why. This is not just a matter of historical links. As he said, the island has proved itself remarkably resilient, flexible and entrepreneurial in responding to the challenges of the modern economy. I have been in this job, which involves responsibility for the Crown dependencies, for about a year now, but I previously occupied a ministerial position in which I was responsible for the island. I visited it in that capacity, and I remember being extremely impressed by the way in which a film industry had been developed there. It is not an obvious place to develop such an industry, but with a great deal of ingenuity, creativity and hard work, a basis was developed for film crews to film in what is actually a very beautiful island. That is just one indication of how entrepreneurial and flexible the Isle of Man is as an economy.

Of course, the Isle of Man has the advantage of being a highly competitive, low-tax jurisdiction, although it has recently developed growth areas in e-commerce as well as in the film industry, aerospace manufacturing, international shipping, and the space and satellite business. The traditional tourism sector, which is based in part on the TT motorcycle races, is still important. I am sure that the hon. Gentleman will correct me if I am wrong, but I believe that the Isle of Man became one of the UK's first areas of mass tourism after the war. People were becoming wealthier and recovering from the travails of war, and the Isle of Man was one of the first places that they went to for their annual holiday. That tourism remains very important.

Value added tax is another important source of income. The 1979 agreement between the Governments of the UK and the Isle of Man set out a framework for the relations in respect of customs, excise and VAT matters. By virtue of the agreement, the island is brought within the fiscal territory of the EU, and as a result has to comply with EU legislation governing customs and indirect taxation. It must also align almost all of its tax and duty rates with those of the UK.

The agreement also provides for a unique indirect tax—mainly VAT—revenue sharing arrangement, under which the revenue of the two jurisdictions is pooled and shared according to an agreed formula. Formerly, that was on the basis of the relative populations of the two jurisdictions, as a proxy for consumption. However, following a joint review, it is based now on relative changes in national income—the so-called GNP growth model. Either party can review the terms of the agreement, or even end it, provided that they give a specified period of notice.

As an offshore finance centre, the Isle of Man has engaged vigorously with various inquiries into such centres, including those conducted by the Treasury Committee. They have examined the extent to which offshore centres are important to worldwide financial markets and are committed to meeting international standards on co-operation and transparency. There is still some progress to be made in those areas, but the Isle of Man was commended by the OECD in October 2007 for its leading role in that organisation's initiative to improve transparency and openness in tax matters and so eliminate harmful tax practices. The way in which the island and its Government have engaged with that agenda deserves tribute. That approach is very much in everyone's interest, but that is especially true for the Isle of Man because, unless jurisdictions engage with the agenda of transparency and openness, their own competitiveness will be damaged in the medium and long term.

The OECD campaign to eliminate harmful tax practices relies on the automatic exchange of information to prevent cross-border tax evasion. That is achieved through the negotiation of tax information exchange agreements. To date, the Isle of Man has negotiated agreements with the US, the Netherlands, Denmark, the Faroe Islands, Finland, Greenland, Iceland, Norway, Sweden and Ireland. Negotiations continue with other jurisdictions, and that is very much to the credit of the Isle of Man.

The hon. Member for Romford asked about the Commonwealth, and I understand his concerns. It may be helpful if I set out how the Commonwealth is defined. The "Declaration of Commonwealth Principles" of 1971 states that the Commonwealth is

"a voluntary association of independent sovereign states".

The Channel Islands are Crown dependencies and not independent sovereign states and so are not eligible for Commonwealth membership, although Crown dependencies do have access to some Commonwealth meetings. The Isle of Man has not expressed any intention to push for full Commonwealth membership at this time, but these matters are under constant review. We will look at whether there are ways for the island to participate in Commonwealth meetings.

The hon. Gentleman noted that the Isle of Man is not a member of the EU, and the hon. Member for Wellingborough (Mr. Bone) seemed to find that a source of congratulation. However, the island does have a relationship with the EU that is provided by protocol 3 of the treaty governing the UK's accession to the European Community. Under that protocol, the Isle of Man is part of the customs territory of the Community, and there is free movement of goods and trade between the Isle of Man and member states. However, other Community rules generally do not apply. It is also within the fiscal territory of the European Union, unlike other Crown dependencies such as Jersey and Guernsey. Inevitably, there is a close working relationship with the EU, and in practice the Isle of Man deals closely with it in a number of ways.

The Ministry of Justice, in which I am the Minister responsible for the Crown dependencies, plays a crucial role in Whitehall in mediating between the Government of the Isle of Man and other Government Departments that have an interest in these matters. Sometimes, that can be quite important. When I was last in this job, the tragic events of 9/11 took place in New York. As I am sure the hon. Gentleman will recall, there was a significant cessation of air travel throughout the world, as Governments tried to assess the full implications of those tragic events. That cut a life-line to the Isle of Man. He will know how important the air link is to the island. In that job, I was able to help the Isle of Man get that air link established very quickly by liaising with the various Whitehall Departments responsible. I was able to press the case for the essential nature of that air link.

I hope that the country as a whole, the Government and the Department that I represent can all play our part in making sure that the relationship works to the mutual benefit of all. The hon. Gentleman referred eloquently to the deep bonds between the Isle of Man and the United Kingdom, and spoke about shared values of democracy and freedom. I very much agree with him on that. Those bonds are precious, and I hope that this debate reflects the importance that the House attaches to them. The Government certainly share the hon. Gentleman's views on the importance of those bonds, and I hope that together all Members of the House will work to develop that relationship.

Question put and agreed to.

Adjourned accordingly at thirteen minutes to Four o'clock.

Westminster Hall

Tuesday 24 June 2008

[MR. JOE BENTON *in the Chair*]

Private Rented Sector

Motion made, and Question proposed, That the sitting be now adjourned.—*[Mr. Watts.]*

9.30 am

Mr. Andrew Smith (Oxford, East) (Lab): It is a pleasure to open the debate under your chairmanship, Mr. Benton. When I go door to door, talking with local residents, as I do every week, few issues are raised with me as often as the pressures and problems caused throughout my constituency by houses in multiple occupation and flat conversions in residential areas. The problems are all too often noise, poor refuse disposal, unkempt gardens and parking nuisance, and sometimes poor living conditions, too. If one house in a street is like that, it is a problem for neighbours. If there are half a dozen, that corrodes people's quality of life to the point at which they start thinking about selling, and if they do sell, the chances are that it will be to another landlord seeking to let HMOs. As the problems compound, areas can be locked into a vicious circle, with a downward spiral in local amenity.

The private rented sector accounts for 26 per cent. of dwellings in Oxford—about twice the national average—and the pressures and problems of multiple occupation are having a major impact on residential amenity and even on the sense of community in parts of the city. Multiple occupation, which used to be concentrated in one or two areas, is spreading throughout the city, with an unacceptable impact on the quality of life not only for neighbours but for many of those who reside in HMOs.

One of the first things that I did in the House 20 years ago was to introduce a private Member's Bill on fire safety standards in multiply occupied houses—the Fire Safety Information Bill—which was killed off by the Conservative Government. It is scandalous that council inspectors still find that as many as 17 per cent. of properties lack smoke alarms or basic fire safety precautions.

The immediate catalyst for my seeking today's debate was the fact that the Department for Communities and Local Government is considering an application from Oxford city council for the extension of HMO licensing across the city. I should like to concentrate on the case for such licensing, some thoughts that I have on enforcement and how it should be paid for, and the need for much tighter planning control over HMOs—a matter pressed last year by my hon. Friend the Member for Southampton, Test (Dr. Whitehead) in his excellent ten-minute Bill.

I do not suggest that all the problems in my area can be solved by tougher control and regulation. They arise partly from what I often describe as the pressure cooker effect in Oxford of an artificially tight green belt constraining the supply of housing, alongside a very successful economy, two universities stimulating huge demand for single-person housing, and large-scale inward commuting. We need urgently to release more land for housing on the edge of Oxford to meet the need for that accommodation as well as for family housing.

I stress that I do recognise the positive contribution of good landlords as well as the problems caused by bad ones. Most of what I suggest would, I think, be supported by responsible landlords. Indeed, one letting agent in my constituency has written in support of the Oxford city bid, pointing out that a robust licensing scheme, along with the accreditation of letting agents—which I also support—would prevent the good landlords being undercut by the bad.

Let me focus on licensing. I welcome the Government's introduction of licensing through the Housing Act 2004. I welcome the current review of the private rented sector, looking generally at standards of accommodation and the rights and responsibilities of landlords and tenants, and I welcome the more recently announced specific review of HMOs, which will feed into the wider private sector review. I also welcome the progress being made with the scheme to protect tenancy deposits. Important and positive steps have been taken, but we still, certainly in Oxford, need to go further.

The Oxford experience is that where licence applications are required and have been made, that is making a difference. Mandatory licensing has resulted in improvements to more than 70 per cent. of the houses for which applications have been received. However, the mandatory scheme applies only to houses of three or more storeys and with five or more occupants. The city council has applied to the DCLG for general city-wide licensing of HMOs, and I strongly support that proposal. It is the only way in which we will have a scheme that is readily understood by the public, tenants and landlords alike. If approved, it will provide valuable experience of a model that will certainly be applicable elsewhere.

There is already evidence—we always have to be alert to perverse consequences—of some landlords adjusting the number of tenants in their HMOs to avoid mandatory licensing. If additional licensing were introduced only in specific areas of the city, there would be a real risk of that displacing unlicensed HMOs to the other parts of the city. That happened under an earlier registration scheme.

Ms Celia Barlow (Hove) (Lab): I congratulate my right hon. Friend on securing this important debate. I wonder whether he has seen in Oxford a situation similar to the one that I have seen in Hove and Portslade, which has the highest number of HMOs outside London. Tenants can move into an area, but the issue is not specifically the number of tenants in a house; it is the number of occupants. If there is a large number of such HMOs in an area that was made up of family streets, that can drive families out of the area.

Mr. Smith: I agree. I am sure that my hon. Friend's experience in her constituency is similar to what we are encountering in Oxford. She is right. I referred to the vicious circle effect as the growth of multiple occupation compounds itself, often greatly to the detriment of community life and general and residential amenity.

There is a further advantage to a general licensing scheme in Oxford. Although councils do currently have responsive powers, tenants in HMOs are often vulnerable, unable to complain, or concerned that doing so will

[Mr. Andrew Smith]

prompt an eviction. There is a wider issue in that respect, which I will come back to, but for HMOs proactive licensing by the council would be an enormous help. I have heard that Ministers are cautious about designations that cover whole local authority areas. I urge my hon. Friend the Minister to take a close look at that—

Chris Ruane (Vale of Clwyd) (Lab): Throw caution to the wind.

Mr. Smith: That sedentary intervention might have come from the direction of the Parliamentary Private Secretary. I greatly welcome his support in this matter. Care and effectiveness, rather than caution, is what we need. Residents are understandably looking to us as Members of Parliament and to the Government to get a grip on the issue. I put it to the Minister that that will not be done on a piecemeal basis in areas such as mine, where all parts of the city are to some extent affected.

A related issue that I would urge the Minister and those undertaking the current reviews to take a close look at is the operation of planning law with regard both to those HMOs that do not currently require planning consent, and to the guidance on what is acceptable in terms of planning approvals where those are required. The present position is unacceptable, both because many conversions of family houses to HMOs do not require planning permission and because, even where they do, local authorities are often apprehensive about decisions being overturned on appeal.

In a ten-minute Bill last year, my hon. Friend the Member for Southampton, Test proposed that the Housing Act 2004 definition of a family be brought into planning law so that all relevant conversions to non-family housing involving more than four tenants would require planning consent. I urge the Minister to revisit that proposal, or indeed to look at any other practical means of bringing such conversions within the scope of planning control if he is not convinced that my hon. Friend's proposal is the way forward.

Dr. Alan Whitehead (Southampton, Test) (Lab): Does my right hon. Friend accept that the problem that he has outlined relates to the fact not only that there are different definitions of a household in planning and housing law but that the numbers of households covered by planning and housing law are very different? What most people would regard as HMOs will therefore escape any regulation unless the two definitions are aligned. Indeed, about 11,500 of the 12,000 HMOs in Southampton effectively escape the registration system because of the difference in the definitions.

Mr. Smith: Indeed. My hon. Friend makes a good point. We all acknowledge his expertise, the attention that he has given to this issue and the good ideas that he has come up with. As he says, it cannot be good for people's understanding of the rules or their compliance with them if they do not know where they stand in relation to the housing legislation on the one hand or the planning legislation on the other. That is bound to be a recipe for confusion and deep frustration among local communities and their elected representatives. People see that there is a problem and that the change sweeping through their communities is producing enormous pressure, but they can regulate, and they have the power to shape, only a small number of developments, while the rest just carry on. That makes people feel powerless and, in some cases, angry that the system is not more responsive to their needs.

If family houses were being converted for some other business purpose, planning consent would be required. I could take the Minister to streets in my constituency—I am sure that my hon. Friends the Members for Southampton, Test and for Hove (Ms Barlow) could too—where one house after another is being converted from family to multiply occupied use. That totally changes the area's character, but there is next to no planning control.

Lembit Öpik (Montgomeryshire) (LD): The right hon. Gentleman might be aware that the aspect and character of large parts of Manchester were completely changed in the early part of the 20th century, when houses went from being owned by fairly wealthy families to multiple occupancy. It looks as if that is a one-way street and that those houses and areas will now never be anything other than multiple occupancy.

Mr. Smith: Indeed, and it is that apparently irrevocable change in the character of areas that leaves people so concerned. Hon. Members should not, however, get me wrong on this, because I of course accept that those who live in multiple occupation need somewhere to live. In university cities, we certainly want to keep up the pressure on the universities to provide as much purpose-built accommodation for students as they can on their own land. However, changing demographic patterns in society, such as smaller households, mean that a whole variety of people need accommodation, and they are also entitled to the decent standards that a properly licensed and regulated system can provide.

Bob Spink (Castle Point) (UKIP): I welcome the responsible manner in which the right hon. Gentleman is approaching this real problem, but we must take great care to avoid regulation that removes low-cost housing, because the tenants who need it are often very vulnerable. However, the root cause of the problem has been the massive demand for low-cost housing over recent years, and the biggest factor driving that is not demographic change but uncontrolled immigration from certain countries in the European Union. I do not wish to be provocative, but we must address that because it is a valid area of public concern and public policy.

Mr. Smith: The hon. Gentleman advances a familiar argument. Of course, migration is part of this. In Oxford, it certainly plays a small part, alongside pressure from students and changes in the nature of households. The hon. Gentleman will perhaps call a debate on immigration, but I should point out that the Government are introducing the points-based immigration system. Furthermore, when he speaks of migrants—certainly in the context of Oxford—he should look at who does much of the essential caring work in our hospitals and care homes. If he does, he will see the benefits that migrants bring to our community. I celebrated Filipino independence day the other Saturday at a huge event at the John Radcliffe hospital. That hospital would not be able to function to the high standard that it does if it were not for the

contribution of members of the Filipino and other communities, and those people are entitled to somewhere decent to live.

A bone of contention in areas of multiple occupation where the houses are occupied by students is that no council tax is paid. The Minister can point to the adjustments in revenue support grant, which are supposed to compensate for that, but I am sceptical about whether those adjustments fully reimburse local communities for the direct and indirect costs of concentrations of multiple occupation by students. I proposed to the Lyons review of local government finance that owners of multiply occupied properties should pay a supplementary council tax or charge, which would be dedicated to meeting the costs of a fully enforceable licensing scheme, including the knock-on effects on parking and the nature of the streets and the additional cost of refuse collection. I urge the Minister and his colleagues to look again at that.

One argument that is sometimes made against such proposals, and indeed against licensing in general, is that the cost would be passed on to tenants. In a competitive rental market, however, the cost might not be passed on—at least not in total. In any event, the extra safety and security and the improvement to the living environment that such a scheme would provide would be excellent value for tenants.

I also press the Minister to look at the problem of retaliatory eviction, which is of wider relevance in the private rented sector. Fast-track eviction is used against tenants who try to secure their statutory rights to repairs or improvements on health and safety grounds. It cannot be right that people go in fear of eviction just for raising repair and safety issues, but evidence from the English housing survey shows that although 21 per cent. of private tenants were dissatisfied with their landlords' repairs and maintenance of the property, only a quarter tried to enforce their rights. The fear of eviction was a significant factor in explaining why people did not raise such issues with their landlords.

As the Minister will be aware, Citizens Advice, together with the Child Poverty Action Group, Shelter, the Chartered Institute of Environmental Health and others, are campaigning against this abuse of section 21 of the Housing Act 1988. It is important to note that they are saying not that section 21 should be abolished but that its use should be restricted where a reasonable request for repairs has been made by a tenant but has not been addressed by the landlord. Other mandatory and discretionary grounds for eviction would continue to apply. I very much hope that the Minister can give an assurance that the matter is being looked at and that he will add it to the list of issues that I am asking him to ensure that the Rugg and Rhodes review covers. As I am sure he is aware, it is important to deal with the issue if we are to guarantee the reasonable rights of tenants and ensure that standards in private rented accommodation are raised, as we all want them to be.

Given the growth in student numbers, changing demographic patterns—for example, the increase in single households—the crisis of affordability in the south-east and particularly in Oxford, and the acute shortage of social housing, it is clear that the regulation of private rented housing is a challenge of growing importance. Our legal framework and our planning and enforcement procedures must be urgently updated to meet that challenge.

In closing, I want to underline the fact that the matters I have raised are pressing. They demand a response from the Government that will assure residents in areas under stress—tenants and their neighbours alike—that their concerns are not only understood but being acted on. If the Minister would like to visit my constituency to see at first hand the problems and the need for action, I should be pleased to welcome him.

9.50 am

Sir George Young (North-West Hampshire) (Con): I congratulate the right hon. Member for Oxford, East (Mr. Smith) on his good fortune in securing the debate, on his choice of subject, and on the reasoned and persuasive way in which he presented his case. A long time ago I spent three years in the city that he has the privilege of representing. Whether the college that I occupied was a house in multiple occupation I am not quite sure; however, the issues that he has mentioned, of poor-quality accommodation outside the colleges, are as live now as they were then.

Housing is nearing the top of the political agenda at the moment, having spent quite a long time in the relegation zone. The Government's ambitious target of 3 million homes by 2020 is looking increasingly ambitious. One could argue that of the three main housing sectors—owner-occupation, social renting and private renting—the one that we are debating is the only one operating effectively at the moment. Supply is way behind demand for social renting—below the levels of the 1990s. In the owner-occupation sector, builders have stopped buying land and are closing building sites, and mortgage finance is scarce and expensive. One could argue that the sector that is broadly in balance is private renting, with some 2.6 million homes being rented from more than 500,000 private landlords. Of course we need more good-quality rented accommodation, and since the market for private renting was liberalised in the 1980s there has been a continuing and steady expansion in supply. Indeed, I see from *The Independent* of 9 June:

> "Demand for rental properties is at record levels".

In a debate about the private rented sector, of course one needs to consider the issues of regulation that the right hon. Gentleman has touched on, but one should also look at the broader issues of the role of the private rented sector, to see what more might be done to encourage responsible supply.

I confess that when I saw that there was to be a debate about the regulation of the private rented sector a frisson ran through me, because we must not go back to the bad old days of statutory rent control and lifetime security of tenure, often lasting through two generations. There may be some who want to turn back the clock to regulation of that kind. I am delighted that the right hon. Gentleman did not make that case. With the housing market in the fragile state that it is now in, and with the need to reinforce measures to increase the supply of housing, we should not deter potential investors with unnecessary bureaucratic controls and regulations. Let us indeed have a sharp look at the abuses, some of which the right hon. Gentleman mentioned; but I need to be persuaded that the universal and rather bureaucratic registration scheme advocated by some is the right way forward, not least because I suspect that the costs would filter through to the tenants. In parallel with the issue of regulation that the right hon. Gentleman has raised, we

[Sir George Young]

should debate measures to promote the continued healthy growth and expansion of the private rented sector. It provides flexibility and choice and helps people in housing need. Indeed, with rents underpinned by housing benefit, the private rented sector has a key role to play in helping local authorities to meet their statutory obligations on homelessness.

The report of the Select Committee on Communities and Local Government, "The Supply of Rented Housing", provides a helpful background to the debate. I found it a good and balanced report. I should have liked a little more on pages 96 to 98 about what more could be done to encourage the private rented sector, to balance the slightly longer section on how we might regulate it. However, in paragraph 308 the Committee says:

> "We recommend that CLG investigate, in cooperation with the Department for Business, Enterprise and Regulatory Reform and the Treasury, reforming the taxation system and introducing other measures:
>
> to promote greater institutional investment in the private rented sector".

I want to spend a moment examining that proposition. Ever since the sector was liberalised in the 1980s there has been an imperative to get serious, respectable, long-term institutional funds invested in property for rent. If quoted companies and pension funds would invest in that sector of the market, that would provide responsible and stable institutional funding, underpinning or replacing the rather fragile investment to which the right hon. Gentleman referred. Of course they would employ good agents to manage the property—possibly registered social landlords. That would generate additional investment in housing.

The right hon. Gentleman focused on HMOs in Oxford, but I hope that he will forgive me if I consider the slightly broader aspect of his debate—the regulation of the private rented sector—rather than wandering around Headington, Cowley, Blackbird Leys and other attractive areas in his constituency. When the Conservatives left office 11 years ago most of the spadework for the new framework for the private rented sector had been done. We had consulted the Council of Mortgage Lenders, the British Property Federation and the City, and the response was very positive. There was all-party support for a new fiscal regime for what were called real estate investment trusts. There were models for the approach in other parts of the world, and this country pioneered investment trusts for shares. A REIT is in effect an investment trust for property.

After some delay the Government took the debate forward, and I give them credit for that. We had the Kate Barker report, and then in March 2004 the Treasury produced a consultation paper, which stated at paragraph 1.14 that a real estate investment trust

> "structure in the UK would therefore set a challenge for the industry to encourage development of new housing, which could...be managed within"

a REIT structure. It continued:

> "Improvements and expansion to this sector could enhance efficiency and flexibility in the housing market"

and added:

> "The Government is keen to encourage greater renewal in the property sector, and the development of new...residential buildings".

Finally, it said that the Government wanted

> "to stimulate greater development activity in the residential market providing a vehicle into which new properties can be converted and managed more efficiently."

It is a matter of deep regret that some two years after the Finance Bill 2006 changed the regime for REITs, there has not, to my knowledge, been a single REIT investing in residential property. There have been several REITs, but they have been for commercial property, where there is not the same demand for fresh investment. If one wants to invest in commercial property there are many vehicles for that, and there is no shortage of institutional capital for commercial property as there is for accommodation for rent. Why has the Kate Barker vision not been achieved? Why have the Government's ambitions, as described in the passages I quoted, not been secured? Will the Minister now kick-start the debate to get respectable institutional funders engaged in the market, to the benefit of those who need good-quality accommodation for rent?

The right hon. Gentleman referred to the review of the private rented sector that the Government have announced. I am not absolutely convinced that the issue of increasing investment and supply is at the top of its agenda. The fourth in a series of bullet points asks:

> "Given the recent regulatory changes, what more should or could be done to ensure a professionally managed and quality sector to meet demand pressures?"

I do not think that that quite takes the trick as to the urgency of reviewing the fiscal regime and restarting the dialogue with potential investors to get things going.

I have a brief final point to make. We need to harness the resources of the private rented sector much more effectively than we have so far, to help those in desperate housing need. Many local authorities have developed a dialogue with their private landlords, who have rent deposit schemes, rent guarantee schemes and the like. All too often, however, local landlords are still reluctant to take nominees. I hope that the Minister will do all that he can to promote a wider and deeper partnership between local authorities and responsible private landlords, to make sure that good-quality accommodation is made available to those who are confronted with homelessness, and that there is not exclusive reliance on the social rented sector. I wonder whether it is time to dust down a scheme called HAMA—housing associations as managing agents—by which the local authority or housing association takes a lease on a property owned by a private landlord and guarantees the private landlord the income stream from the rent, vacant possession when he wants the property back, and the return of the property in the same good condition as when it was leased.

The scheme has much to commend it. The landlord gets a reliable tenant with a guaranteed income stream, namely the local authority, and, crucially, the tenant, who may well be vulnerable, gets a responsible managing agent, namely the housing association or local authority. It seems to me that there is merit in driving forward that scheme, or re-activating it if it is not being used as extensively as it might. Given the amount of property overhanging the market, some of it might be acquired using back-to-back finance from the local authority.

I welcome this debate. There is a case for reconsidering the regulatory regime; it is somewhat ramshackle. I have no objection to the sort of review proposed by the right

hon. Gentleman, but given the state of the housing market, a review of regulation needs to be accompanied by radical measures to increase supply.

10 am

Dr. Alan Whitehead (Southampton, Test) (Lab): I was anxious to be present at this debate, although I apologise to you, Mr. Benton, and to hon. Members that owing to Committee commitments, I cannot be present for its entirety. I congratulate my right hon. Friend the Member for Oxford, East (Mr. Smith) on securing this debate. I shall add a few thoughts to his excellent contribution.

The problems in my right hon. Friend's constituency are problems that I share in mine. Communities and streets in his city and mine change in character over time as a result of how homes change in use. Often, landlords purchase properties, undertake no work on them whatever and change their character completely by placing six or seven people in them, where perhaps a family or two or three people had lived there before. That has an effect on the property not only in terms of the change in management, the exterior view and how it fits into the community around it but in terms of the planning aspect, how many cars are outside and how the health and safety arrangements and environmental health are managed. It has a variety of effects in areas that, if not for that change of use, would be the proper province of our planning laws.

Mr. Andrew Smith: I am prompted to intervene by my hon. Friend's reference to parking. I do not know whether this is the case in Southampton—I imagine that it is—but parking is another problem in what are often dense residential areas. The solution is often the introduction of a residents parking scheme. Under such schemes in Oxford, each of the residents of multiply occupied houses is entitled to apply for a permit, and then we wonder why there is not enough space on the road to park all the cars. It is because they are crowding out other residents.

Dr. Whitehead: My right hon. Friend makes a strong point. If half the residents who move into such a property have cars, the number of cars on that property doubles, as does the number of spaces required to park them if there is no off-road parking, with the effects that he described.

I should say immediately that it is not that steps have not been taken in recent years to recognise how rented accommodation affects communities and how tenants in rented accommodation, and indeed good landlords, can be protected properly. I take on board the suggestions made by the right hon. Member for North-West Hampshire (Sir George Young), who emphasised that a good and viable rental sector must operate in order to fill the needs of a section of the population, and that the landlords of those properties need reasonable circumstances in which to rent them. I suggest that the Housing Act 2004, among other things, created circumstances that benefit good landlords and disbenefit the occasional bad landlords who, unfortunately, purchase properties with no thought for how they might be managed and then simply let them run down, with the consequences that I have described.

The tenant deposit scheme has benefited good landlords and tenants alike, and has worked well. Under the registration system introduced in the Housing Act 2004, good landlords can be licensed and participate in arrangements to ensure that properties are well maintained as far as health and safety and environmental features are concerned. I suggest, however, that those schemes do not take into account a good proportion of what any member of the public realises to be homes in multiple occupation. That is a central feature of this debate. A house occupied by six or seven people is, by anybody's reckoning, a house in multiple occupation, yet in law it may not be, depending on what kind of law is applied.

The Housing Act 2004 introduced a new definition, for registration purposes, of a house in multiple occupation: it is a house in which a number of people live who are unrelated to each other, whether or not they live as one household. Under planning law, a house in multiple occupation must be divided into separate flats, and each person in that house must have separate services. Otherwise, in most circumstances, the house is regarded under planning law as a house in shared occupation and not a house in multiple occupation.

That means that virtually all student houses in cities such as Oxford, Southampton and Brighton are not regarded as houses in multiple occupation for planning purposes, when everybody can see that they are. A landlord who wishes to purchase a property and move in six or seven people—they may well be students, although I do not wish to make any anti-student comments, because it is extremely important that students have somewhere to live in the cities where they study—can do so without making any changes to the house or being subject to any planning regulation whatever.

A full registration under the Housing Act 2004 makes it possible to register smaller HMOs under the definition in the Act. As my right hon. Friend said, there is still some concern about whether the registration of a whole city is what was envisaged under the Act's special registration arrangements, or whether particular red-lined areas of HMO stress might instead be the concentration.

The effect on Southampton can be seen in terms of those two possibilities. It is certainly true that Southampton has areas of high HMO stress. On one street, for example, some 55 out of 75 homes are now HMOs. In one small estate, built relatively recently in my constituency, out of 25 houses, 19 have now been purchased as HMOs, and as a result the whole nature of the estate has changed rapidly within just a few years. In Southampton, out of an estimated 12,000 HMOs, only 500 are registered under the Housing Act with its current definition.

If we were to align the definitions in the Housing Act with those in planning, and recognise that in reality there is a change of use when a house is purchased and placed under the sort of management that I have described, matters could be very different, and local authorities could regulate to a much greater extent how that change takes place. Of course, that would place an onus on local authorities to institute a sensible planning framework in which those changes could be reflected. They would also have to address questions about, for example, the number of HMOs in a particular area relative to properties in other kinds of use and about planning arrangements.

The simple fact that planning and housing legislation were aligned would not mean, of course, that all local authorities would have to put in place those arrangements. Many local authority areas have a low HMO density, so it would not make much sense, and would serve no great

[Dr. Whitehead]

purpose, to have an excessive regulatory regime in such areas. However, to provide local authorities with the ability to say to a landlord, "You need planning agreement for your proposed changes; we will not necessarily withhold it, but we will consider their wider effect on the community first," would represent a modest but important change to the regulation of this market.

Ms Barlow: Would it not be useful to consider housing needs as well as the HMO density? I come from a city with more than 10,000 people on the waiting list, and a large number of families in my area are living six to a two-bedroom flat, for example, and need larger properties. The size of properties on offer is also important.

Dr. Whitehead: My hon. Friend makes an important point, and we ought to consider the economics of many such arrangements: seven people paying fairly substantial sums per room in a property where they live and share facilities will always effectively outbid a family under the same sort of circumstances. I do not blame landlords for choosing that route—that is the economics of their housing arrangement—but nevertheless it changes the complexion of neighbourhoods. Furthermore, families who might otherwise reasonably expect a house to be available on the rented market find themselves excluded. Although it is important that the rented market overall is kept healthy, surely it is not right ultimately that such distortion should be endemic, as it appears to be, in the rented market.

Modest changes in the way that local authorities can consider the operation of HMOs would be widely welcomed in many towns and cities across the country. I welcome the Government's recent announcement of a review of the presence and effect of HMOs, and I hope that consultation papers will follow. If that ameliorates the situation, I will welcome it greatly. None of the suggestions heard today are panaceas that will return communities to an imagined past in which people skipped down the street happy and contented, with their front walls beautifully kept up and hedges trimmed. However, they might change the circumstances under which people view their communities, so that everyone—be it those living in student houses, rented properties, either as families or individuals, or owner-occupiers—can live in greater harmony, understanding the circumstances applying to each of their forms of tenure. If we can make that change, we will have taken a very welcome step forward for housing and communities.

10.15 am

Lembit Öpik (Montgomeryshire) (LD): Once again, I welcome the Minister to our weekly Westminster Hall housing debate. Life would not be the same without it—indeed, I propose that even during recesses we set aside one and a half hours a week to have these conversations. I also congratulate the right hon. Member for Oxford, East (Mr. Smith) on raising this debate, which we have had before under other circumstances, but which has been brought into sharp focus today. I wish to challenge the Minister on matters that we discussed during proceedings on the Housing and Regeneration Bill, when the Government made it quite clear that they were resistant to further regulation of the private rented sector. That sets the context for this debate.

HMOs are obviously an important element of the overall housing stock, and without them the pressure on that stock would be even greater. However, HMOs are also home to some of the most vulnerable tenants, including those with mental health problems, drug or alcohol dependency and learning difficulties. Furthermore, occupants of houses comprising bedsits are six times more likely to die as a result of fire than adults in an ordinary house. Some 35 per cent. of all fire deaths, and 39 per cent. of all fire injuries, occur in HMOs. In 2001 alone, more than 22,500 fires broke out in HMOs resulting in 116 deaths and more than 4,700 injuries. A risk assessment on fire safety in HMOs carried out by Entec for the then Department of the Environment, Transport and the Regions concluded that in houses converted into bedsits the risk of death is one in 50,000—six times higher than in comparable single-occupancy houses. However, in bedsits comprising three or more stories, the risk is one in 18,600—16 times higher than in single-occupancy houses. Those figures are really quite shocking.

Ms Barlow: I have worked extensively with Sussex fire brigade on the problem of fires in HMOs and had experience of a terrible fire in an HMO in Hove before becoming an MP. Does the hon. Gentleman think that the statutory introduction of fire sprinklers in HMO conversions and new builds would solve some of the problems?

Lembit Öpik: The hon. Lady speaks from personal and tragic experience in her constituency and makes a very sensible point. Her strategic suggestion is that regulation is required to reduce the risk of death and injury resulting from fires in HMOs. I am sympathetic to such an idea.

Why are the Government willing to preside over such a differential in relative risk between single-occupancy houses and those under state regulation, and the private rented HMO sector? Are the Government really not willing to legislate? In the Minister's defence, Britain is in the grip of a housing crisis. We need to be more imaginative in finding solutions to that problem, and that means increasing housing density and making the most of brownfield development and the maximum use of the UK's 850,000 empty homes. However, we must recognise that the Government are under pressure, because although the Minister is unlikely to admit it, if they were to regulate HMOs and deal with overcrowding, it would add to the housing crisis. If accommodation density were reduced to improve its quality, the people displaced from such overcrowding would necessarily have to join the homeless list. I am sympathetic to the unspoken argument that the Government have to address, but we must recognise that they have a choice: either they can tacitly accept that the absence of regulation is, in some ways, necessary if the housing crisis is not to be exacerbated; or, more courageously, they can admit that because the private rented sector plays such a vital role by providing homes for more than 2 million families, it is difficult to see how one can square the circle.

My second question is therefore whether the Minister is willing to be candid and to acknowledge that one consideration, limitation and resisting factor to such regulations is the Government's private acceptance that to introduce them would make the homelessness problem

even worse. There is no shame in admitting that. If the Minister were to say so, I do not see how it could be harmful, because after all, successive Governments have done exactly the same. If the Government do, and the Minister can, admit it, however, we can start talking about what we can realistically do to use the private rented sector—regulated, as it could be—as part of the solution, while handling the difficulty of causing more displaced individuals and homeless people. If we can improve the image of the rented sector by encouraging best practice and making the most of new legislation, the benefits for Britain's housing market could be significant. The benefits for the residents would be unquestionable, but more than anything, we could seriously start to close the differential between houses and homes under state regulation and those in the private rented sector, which as right hon. and hon. Members have pointed out, remain largely unregulated.

I want to think about some specifics and to ask the Minister three further questions. The tenancy deposit scheme that was introduced in the Housing Act 2004 offers real opportunities for landlords and tenants—the issue has been touched on indirectly already—because it will protect both the reputations of good landlords and those tenants who might have had bad experiences. It will also encourage landlords and tenants into the sector. The scheme should be not an encumbrance but a promoter of good practice and a safeguard for tenants and landlords if problems arise. As far as I can see, however, it has not had a very wide take-up. Does the Minister have a view on that? If so, does he agree that we should more assertively drive that very useful element of the 2004 Act, which the Government introduced, in order to improve the relationship between landlords and tenants and to give landlords more confidence to rent out their property, even if they have previously had bad experiences? That could release accommodation and improve the situation.

The Minister may know that with one quarter of the energy that we use in this country being consumed in our homes, the Liberal Democrats believe that energy efficiency in the home is fundamental to tackling climate change. As part of the drive to create homes that are more energy-efficient, we would introduce a scheme to reassure householders that standardised packages will improve energy efficiency. We propose an energy mortgage: a long-term loan, secured on the property and repaid through the household's energy bill. Such a "warm home" package would normally ensure that the householder's energy bill falls by at least as much from the reduced energy use as it rises to pay for the energy saving package. Does the Minister have a view on that? It would take away the large up-front cost when the money was invested and ensure that it was paid back in a sensible and measured long-term way. It sounds like common sense to me, and I cannot see how the Government can achieve their environmental targets unless they take on a similar scheme. I hope that the Minister will say whether he has any sympathy with that Liberal Democrat proposal.

The Government have done good work in improving standards in social housing, but they have almost entirely disregarded the private sector. Once again, we return to the difficulty of a two-tier scheme. The difficulty could have been resolved during proceedings on the Housing and Regeneration Bill, but it was not. The issue is writ large in the energy efficiency situation, because private tenants are now least likely to have double glazing, central heating, insulation or draught-proofing. It is also difficult for private landlords to invest in improving their properties in that way, because although most landlords would prefer to provide a decent home to their tenants, the necessary repairs can be uneconomic.

In order to help the private sector to deal with that situation, will the Government consider cutting the VAT that is paid on repairs to homes, potentially making the improvements needed affordable for landlords? We would also encourage elderly or disabled tenants to invest their winter fuel payments in energy efficiency products. Will the Government do anything to support the same kind of thing?

The wider social repercussions of encouraging good landlording can be significant. In dealing with antisocial behaviour, for instance, the Government have tended to focus on monitoring the behaviour of the tenant. I have argued that the promotion of good standards of housing would also lead to a reduction in antisocial behaviour by helping to create a climate of responsibility that encouraged responsible tenants and owners. My final question to the Minister therefore is whether he would be willing to enter a serious dialogue about the opportunities for creating sustainable communities.

I am very sceptical about whether antisocial behaviour orders are doing much good. Indeed, they are a badge of honour in many places. Considerate construction—bearing in mind the human need for association—and natural flow lines have created successful local communities and done much more to reduce antisocial behaviour than any investment in policing and in suppressing the opportunity to be a bad tenant or neighbour. Is the Minister willing to enter a sensible and, I hope, cross-party dialogue to see whether we can establish what, in terms of the built environment, differentiates successful from unsuccessful communities? That would be very important for the private sector, because, assuming we hit upon some general guidelines, we could require such good practice to be built into it. We do need to build more social housing, of course, but we do not have to depend on the majority of it being built in the public sector. Similarly, we do not have to run away from the benefits of the HMO sector simply because, currently, it is difficult for some people to achieve the standards that they wish.

I am glad that we are having the debate and very pleased to have had the opportunity to ask the Minister those half-dozen or so questions. I hope that he will engage in dialogue rather than sidestep them or say that we cannot reopen the issue and that he is fundamentally opposed to regulating the private rented sector. If he must take that line, he will need to explain why. Conversely, if he sees some merit in ensuring that the same standards apply to the private rented sector as they do to the public rented sector, notwithstanding the fact that we have missed the opportunity with the Housing and Regeneration Bill, I hope that we can find another way to ensure that those standards are improved. No one can doubt that multiple occupancy will continue and that we will continue to depend on the private rented sector for a significant proportion of housing, but no one can doubt either that unless there is some regulation, there will still be the lamentable differential between the private and public sectors in terms of the risk of fire

[Lembit Öpik]

and in terms of quality of life. I do not believe that a Labour Government can, with any conscience, allow such a differential to persist.

10.29 am

Mr. Stewart Jackson (Peterborough) (Con): It is a pleasure to serve under your chairmanship for the first time, Mr. Benton. I concur with the remarks of the hon. Member for Montgomeryshire (Lembit Öpik) about his pleasure in taking part in a debate headed up by the Minister. Such debates are a regular occurrence, but I fear that the hon. Gentleman might be on his own if he hosts a debate in the dog days of August. I sometimes think that the Government would collapse without the Minister's Herculean efforts. He seems to be here representing the Government more or less every day of the week.

Chris Ruane: And his PPS.

Mr. Jackson: And the hon. Gentleman, indeed.

I congratulate the right hon. Member for Oxford, East (Mr. Smith) on his well-presented, well-researched and passionate contribution, which was based on his unique experiences representing a seat in the city of Oxford that faces the problems that he mentioned. He focused substantially on houses in multiple occupation, which resonated with me. I shall focus more on the wider sector, but I shall speak about HMOs later.

The private rented sector accounts for about 10 per cent. of all homes in the UK and has the potential to play a much fuller and more effective part in meeting future housing needs. Private landlords could play an important role in bringing under-utilised or empty properties into occupation. The sector is diverse and based on flexibility, and it offers tenants choice.

There is some consensus between the parties about the Housing Act 2004, and we concede that we agree with a lot of things in it. Current legislation empowers local authorities through health and safety rating systems, HMO regulation, licensing and voluntary accreditation schemes, and there is broad support for that from organisations such as the National Landlords Association and the Association of Residential Letting Agents.

We welcome the current review of both HMOs and the private rented sector, under the auspices of the university of York—the Rugg and Rhodes review. It is important that we restrict any moves towards regulations or legislation until we have the full results of that review. Its first two terms of reference are important, stating that it must consider:

> "What is the composition of the private rented sector and the regional characteristics? Who lives in the sector and who are the providers?
>
> Given demographic and social change, what impact might this have on future demand and supply pressures in the sector and how should key players respond to this?"

The right hon. Gentleman rather body-swerved the important point made by my erstwhile hon. Friend, the Member for Castle Point (Bob Spink). It is important that there are significant pressures on the delivery of public services, including housing, in a number of hotspots. There has been a particular impact on the private rented sector. The review might assist in informing the Government much more coherently of where those pressures are, without there necessarily being a need for further regulation and legislation.

Lembit Öpik: It seems to be a characteristic of these housing debates that I must always point out my intimate knowledge of some immigrants in this country. *[Laughter.]* I am grateful to the Minister for his response to that. I may wish to have a look at how it is reported in *Hansard*.

Surely the hon. Member for Peterborough (Mr. Jackson) accepts that there are two different matters: the country's immigration policy, and the regulation of the private sector. I understand his point, but who lives in the houses is secondary to the extent to which we regulate them to ensure a level playing field between the private and public rented sectors.

Mr. Jackson: The hon. Gentleman makes a fair point. I cannot compete with his in-depth knowledge of eastern European migrants, and I shall be interested to see what comments are picked up in the official record. Local authorities have finite resources to deal with specific demographic and social changes of an unprecedented level and time scale—in this case, since May 2004. If the review can inform the use of those resources with empirical rather than anecdotal evidence, that will help to deal with the problems associated with some houses in multiple occupation.

My right hon. Friend the Member for North-West Hampshire (Sir George Young) mentioned the Communities and Local Government Committee's report, published on 21 May, "The Supply of Rented Housing", and it would serve us well to consider the issues that it touched on. I agree that it was fair and balanced. It stated:

> "A good basis exists in existing regulation, local authority accreditation schemes and the activity of trade bodies to introduce a system of accreditation similar to that which exists for estate agents,"

to be overseen by Oftenant. It stated that the York university study should consider

> "the establishment of a new regulatory system based on a carrot-and-stick approach which rewards responsible landlords with fewer repetitive regulatory hurdles and greater financial incentives",

for instance for investment in and the maintenance of property, and for energy efficiency. I shall return to that matter.

Mr. Andrew Smith: The hon. Gentleman mentions investment incentives and encouraging good landlords. We all want to do that, but does he understand, as residents in the areas most affected certainly do, that there must be some reciprocity? There will be huge resentment if people are seen to benefit from tax breaks and incentives. People can do the sums—how many tenants they have jammed in the house, how much they are paying every week, what a mortgage costs, how much profit they are making—but must there not be some reciprocity whereby they also have responsibilities for the upkeep of the property, for keeping it tidy and for ensuring behaviour that is reasonable in its impact on neighbours?

Mr. Jackson: Far be it from me to dispute fiscal policy with a former Chief Secretary to the Treasury, but we must use the regulatory system and fiscal policy

to drive up standards and deliver what we all want—better homes for people who have made their own choice that they do not want to be housed in social housing or become owner-occupiers. We cannot pursue solely a stick policy, although, as I shall argue later, it is important to concentrate in regulations and legislation on clamping down on rogue landlords.

The recent position paper by the Royal Institution of Chartered Surveyors urged the Government to consider capacity, quality and choice in the private rented sector as part of the role in creating sustainable communities, a point that the hon. Member for Montgomeryshire mentioned. It also pointed out that the sector's benefits to tenants, such as the

"freedom and flexibility to move around and the opportunity to leave the family nest without the burden of home ownership",

are an important factor in its viability. In that respect, it offers

"benefits in terms of mobility of labour".

The RICS cautioned against radical moves to regulate the sector further, which may reduce profits and choke off investment in it. It is as well to mention that the buy-to-let sector has so far sustained relatively little damage from the credit crunch and associated economic problems.

This issue is not just about propping up profits; it is about recognising the fact that if profits are hit and investment dries up, that will have an impact on housing supply and rents for some of the most vulnerable people in the private sector, as we have conceded. The focus needs to be on the lower end of the private rented sector to improve standards.

Returning to the issue of energy efficiency—a point raised by the hon. Gentleman—I suspect that the Minister will not fully concur with the typically well thought out Liberal Democrat policy on energy efficiency.

Lembit Öpik: Thank you.

Mr. Jackson: However, I think that there is a broad consensus across the House that there needs to be further incentives. We welcome the landlords energy saving allowance, which dates from 2004, but perhaps it has not been as well-publicised as it needs to be, and we need to expand the publicity for it.

Overall, we need to get the balance of rights and responsibilities between landlords and tenants right; the same is true of the balance between enforced self-regulation and further legislation. We must be careful not to target good landlords with burdensome regulation while letting unscrupulous landlords operate with impunity. Further regulation will pile on time and cost pressures in a market that is already potentially precarious.

I agree with hon. Members who have referred to the tenancy deposit scheme. Again, the Conservative party believes that that scheme is a sensible way forward and should be expanded. The fact is that the worst case scenarios envisaged in and informing the Housing Act 2004 have not come to fruition, and self-regulation and self-accreditation have been successful.

An important point raised by all hon. Members—I mentioned it earlier myself—is the resources for local authorities. It is extremely important and pertinent to understand that often local authorities do not have the resources to deal with the commensurate pressure on the private rented sector by means of houses in multiple occupation; that includes my own local authority in Peterborough, for instance, where we have had 15,000 to 20,000 new EU migrants coming into the Greater Peterborough area in the last four years. Local authorities do not have the staff and they certainly do not have the money to deal with these huge pressures.

Again, the hon. Gentleman, who is the Liberal Democrat spokesman, is quite right on this question: it is about not just absolute numbers but cultural issues. The hon. Member for Hove (Ms Barlow) also touched on it in her brief intervention earlier. It is something that the Government need to look at, following on from their review of houses in multiple occupation and the university of York review.

If the housing market was stronger, I do not think there would be such an imperative to examine this area, but there is such an imperative. The Residential Landlords Association has made the point that we need to develop more comprehensive self-regulation, so that local authorities can then focus more time and energy, through environmental health officers, selective licensing schemes and so on, on those rogue landlords who are mistreating and abusing tenants, often illegally.

It is also as well to concede the very important point that my right hon. Friend the Member for North-West Hampshire made: it seems unbelievable that, after 11 years of a Labour Government, we have not moved on in developing more innovative schemes to free up the market, using market mechanisms. In particular, he referred to real estate investment trusts and institutional investment, which have gone nowhere since the Barker report was published two years ago. He also referred, quite rightly, to the dialogue between local authorities and local landlords and the potential development of the housing association management scheme.

I would also like to mention the importance of leaving in place, at least until the review, and in my opinion beyond that, section 21 of the Housing Act 1988, because that measure is the centre of the legislative framework for the private rented sector. I believe that we do not need to amend the 1988 Act, because if we did it would send a significantly negative message and have a negative impact on the market, particularly on investment in the private rented sector.

In conclusion, we await the university of York review and hope that it will properly inform a debate on the future of the private rented sector. Until then, we should reserve judgment on further legislation and regulation.

10.45 am

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Iain Wright): Unlike the hon. Member for Peterborough (Mr. Jackson), this is not the first time that I have served under your chairmanship, Mr. Benton. Given that the right hon. Member for North-West Hampshire (Sir George Young) and the hon. Member for Montgomeryshire (Lembit Öpik) are also here today, this debate very much feels like a reunion of the Housing and Regeneration Public Bill Committee, which was so excellently chaired by your good self.

I would like to begin by congratulating my right hon. Friend the Member for Oxford, East (Mr. Smith) on securing this very important debate. His excellent

[Mr. Iain Wright]

contribution this morning set the tone for the rest of the debate, given that it was considered, measured and reasoned. All the contributions this morning have demonstrated those traits.

As a Government, we want to ensure that people have access to the right sort of homes, and the private rented sector makes a real contribution to that aim. The sector is by no means a homogenous market: nearly two thirds of households in the private rented sector are categorised as economically active; and more than three quarters of tenants in the sector are under the age of 35. For these people, who are often in the first stages of their career, the attraction of private renting is its flexibility. However, as has already been mentioned, the sector also provides housing for vulnerable people; just under a fifth of all tenants in the private rented sector are on housing benefit.

The introduction of the new local housing allowance is giving those tenants greater choice about where they live, as it will allow them to see in advance the properties that they can afford. It was particularly apt that my right hon. Friend secured this debate, because I cannot really think of anywhere else that has as diverse a range of housing supply as Oxford, particularly within the private rented sector. In Oxford, there are the universities, there are affluent professionals, who may be working in the City or commuting to work elsewhere in London, and there is also a range of vulnerable people. So it is incredibly appropriate that he was able to secure this debate.

One point that has been mentioned is the importance of landlords being able to secure a return on their investment. It is important to stress that we recognise that private landlords are running a business and therefore expect to secure that return. However, what I am clear about, and it is a point that has been touched on already in this debate, is that that should not be at the expense of adopting a professional approach to letting, and offering a quality product to the tenant.

In an important part of his contribution to the debate, my right hon. Friend mentioned the issue of retaliatory eviction. I am very aware of the possibility of landlords evicting tenants who seek to enforce their rights, and also that some tenants may be reluctant to complain about poor conditions for fear that their landlord may then seek to end the tenancy. That situation seems to be an unintended consequence of section 21 of the 1988 Act. I have seen a situation in my own constituency, with constituents coming to me in my surgeries and telling me about such problems.

The practice of retaliatory eviction should be stopped. However, I think that all hon. Members will also be aware of the fine balance between landlord and tenant rights. I am very keen to see an end to the practice of retaliatory eviction. Equally, however, I want to ensure that landlords do not face problems with tenants failing to pay the rent and committing antisocial behaviour.

To help us achieve that vision, we need not only regulation but regulation that is targeted and focused, recognising, as we should, the balance between encouraging good landlords—to ensure that we raise the standards—and trying to get rid of rogue landlords. We must protect the interests of both good landlords and good tenants, while moving away from unprofessional landlords and bad tenants. That targeted balance is vital.

We had a commitment to bring appropriate levels of regulation to the private rented sector and we fulfilled that commitment in the Housing Act 2004, an Act that has been mentioned a number of times this morning. In introducing that legislation, we took a measured view of the costs, benefits and deliverability of statutory regulation of the private rented sector. We were very keen not to stunt the growth that had been seen in the sector over the last decade or so. However, we were equally keen to send out a signal that poor management and unsafe property conditions were absolutely unacceptable.

The changes are based on an assessment of how risks can best be identified and addressed. They empower local authorities to act to secure good standards on both a statutory and a voluntary basis. Targeted regulation can be used to underpin the development of sustainable partnerships between landlords and the local authority. I shall mention several measures in the 2004 Act that demonstrate our commitment to those principles.

Mandatory licensing of houses in multiple occupation has been a major theme of the debate. The Act defines HMOs as buildings of three storeys or more that are occupied by five or more people in two or more households. Real progress is being made by local authorities using their powers to tackle potentially the most problematic parts of the sector, but I recognise that there is much more to do, as has been said this morning. Local authorities cannot rest on their laurels. They have to get out and enforce against landlords who have not come forward to be licensed. We should not forget that the Act also puts in place legislation about the management of HMOs more generally which all local authorities can use if they find problems in particular properties.

We are now starting to get applications from some councils to establish discretionary licensing regimes to cover smaller HMOs and ordinary private rented property. We have made it clear that any schemes should be for small, discrete parts of an authority, be targeted at specific problems, and have agreed outcomes. For such schemes to be successful, they have to be a tool within a wider package of intervention and regeneration initiatives in the area.

So far, we have approved seven selective licensing schemes. Several more selective and additional licensing schemes are being developed by local authorities including my own—Hartlepool—and Oxford. I took on board what my right hon. Friend said in support of the application in his area. The knowledge that local authorities can and will take targeted steps to deal with problem areas will give people confidence when they make their decision about where to live.

Mr. Jackson: Does the Minister agree that the smaller schemes that he envisages, while they are good news and obviously appropriate for particular areas, will be ongoing and resource-intensive, and that without the requisite financial assistance being reflected in block grants to the local authority, their effectiveness will be lessened over time?

Mr. Wright: I understand the challenges that local authorities face. That is one reason why I think such schemes will be more effective if they are small and discrete, and considered as part of the wider strategic

housing role. I take the point made by my right hon. Friend, but city-wide schemes could be problematic because local authorities could find them difficult to enforce. On that point, I give way to him.

Mr. Andrew Smith: The Minister says that a wider scheme could be problematic but implies that in some circumstances it might not be problematic. Can I press him on the case that I made in respect of Oxford and ask him for assurance that he will look constructively at the proposal, noting in particular the points that I made about the perverse consequences of delineating small areas? The unregulated HMOs could be pressed into adjacent areas. Will he consider that carefully when assessing the Oxford application?

Mr. Wright: Yes, I pledge to do that. My right hon. Friend makes a good point about displacement. Taking into account the experience in my constituency and others, I understand the strong argument that he makes about difficulties being pushed into adjacent areas.

Lembit Öpik: Will the Minister give way?

Mr. Wright: How can I not give way to the hon. Gentleman?

Lembit Öpik: I am grateful to the Minister. Actually, I feel quite intimate towards him as well. In response to all the interventions, he implies that the Government would sort of like to regulate the private sector and so on, which is great. He said that they would like to regulate on the basis of considerations of costs, benefits and deliverability. Further to what the right hon. Member for North-West Hampshire (Sir George Young) said, surely it is obvious that the Government are loth to regulate the private sector to the same standard as the public sector, primarily because they are frightened that, if they take away or harm the profit motive, there will not be enough private sector accommodation to help alleviate the housing crisis. It is a simple matter for the Government to admit that. If the Minister will not admit it, can he tell us what the motive is for the differential between the private and state sectors?

Mr. Wright: I disagree with the hon. Gentleman's line of questioning, to be honest. I thought that I had made it clear that I would like bad landlords moved away from the sector altogether. That might reduce the amount of stock, but I would be more than happy to see it. I know that it would cause housing supply pressures, but bad landlords are not good for the sector or for housing policy, full stop.

I would like targeted regulation that builds on the good work in the 2004 Act, to ensure that we incentivise good landlords and penalise bad ones, and to ensure that the private rented sector is a good housing choice for some people, even if it is not appropriate for others. I want to encourage the private sector. It is a good offer in the 21st century, and we would like more of it, but not at the expense of good, professional standards. I hope that I have answered the hon. Gentleman's question.

The third element, which was touched on by the hon. Gentleman, is the protection of tenants' deposits. That is a good example of regulation, and I sense from the debate that it has the general approval of the House. We introduced schemes to safeguard tenancy deposits just over a year ago. They target another potential abuse of tenants. Since the launch, more than 1 million deposits have been protected, and almost £1 billion of cash has been safeguarded.

The hon. Gentleman said that it seems the scheme is not working very well. I take issue with that: I think that the figures speak for themselves, and that the scheme has been a big success.

A major part of today's debate has been about the so-called "studentification" problem and issues relating to HMOs. I believe we can all agree that students can make a substantial contribution to sustaining and regenerating communities. However, I appreciate, as I imagine all hon. Members do, that high concentrations of students living together in certain parts of university towns can lead to problems such as antisocial behaviour, the possible closure of under-used community facilities such as schools and churches—I saw that vividly during my recent visit to Loughborough—and reduced opportunities for first-time buyers to enter home ownership.

I stress that my Department and the Department for Innovation, Universities and Skills are working closely together on the matter. I had a meeting last week with the Under-Secretary with responsibility for it. We have a cross-governmental approach to ensuring that this Government's policy of university expansion and the expansion of student numbers, which is right, goes hand in hand with considerations about housing policy.

I was taken by some of the points made by my right hon. Friend and by my hon. Friend the Member for Southampton, Test (Dr. Whitehead) about HMOs and possible changes to planning designations. I am considering at present how the problems associated with high concentrations of HMOs, particularly in areas of student housing, can be addressed. I am focusing on possible changes to planning legislation as well as exploring existing measures. I propose to consult later this year on proposals to amend the use class orders in respect of HMOs, which I think will be a welcome step. It will allow us to have a full and frank debate on the matter.

Several hon. Members mentioned the independent review of the private rented sector. Again, I detected cross-party consensus and approval. The review has a wide remit to consider how the sector meets current needs and expectations, and whether and how the experiences of landlords and tenants might be improved. In the context of future demand and supply pressures in the private rented sector, the review will investigate what needs to be done to ensure that private renting offers people the right type of homes of good quality, both now and in the future, and what more should or could be done to raise professionalism among private landlords—a point that I addressed to the hon. Gentleman.

The review will also consider the important matter of security of tenure when exploring whether more needs to be done to improve the experiences of private sector landlords and tenants in respect of their rights and responsibilities. I get from my constituency surgeries, as I imagine other hon. Members do, the idea that people would like some sort of security of tenure. I think that that means increasing the supply of social rented homes, because people like the idea of security of tenure but it might not be on offer in the private rented sector. Providing a wide spectrum of choice is important.

[Mr. Iain Wright]

I very much look forward to receiving the findings of the report in October. I want a strong private rented sector that encourages and assists the majority of well-intentioned landlords to stay in the sector but shows less professional landlords the door. That means striking a balance between the rights and obligations of landlords and tenants, and between regulation and voluntary initiatives. Whether we have struck that balance or need to do more is something that I imagine will come back in our weekly sojourns to this place—

Mr. Joe Benton (in the Chair): Order. We must move on to the next debate.

Post Offices (Somerset)

11 am

Mr. David Laws (Yeovil) (LD): Good morning, Mr. Benton. I am delighted to have secured this debate on the important issue of the future of the Post Office network in Somerset. I shall start by considering some of the recent trends in Somerset and will focus later on the post office at Hinton St. George in my constituency, which continues to be under threat of closure at the present.

I welcome the Minister to his position. I imagine that this is a familiar experience for him. This is not the first debate on this topic to which he will have responded and I suspect that it will not be the last. In spite of that, I hope that he is still in listening mode, not in auto mode. I promise that what I have to say, particularly about Hinton St. George, will raise particular issues and local factors that he may not have heard about before.

I welcome other hon. Members, including my hon. Friends the Members for Taunton (Mr. Browne) and for Somerton and Frome (Mr. Heath). I am grateful to my hon. Friend the Member for Brent, East (Sarah Teather), my colleague who speaks on these matters from the Front Bench, who has spoken in many such debates previously.

We are all aware that there has been an enormous decline in the Post Office network in Somerset and across England for some time. That has been associated with improvements in transport services, particularly the use of private transport, which means that people are more willing to travel great distances than they used to be, and more willing to travel outside their own local areas. Strong competitive pressures from supermarkets and other retailers have also borne down on the Post Office network for a number of decades. The recent history is that we started in 1970 with just under 25,000 post offices nationwide and, in the decade up until 1979, we lost some 2,000 of those post offices from the network. The pace of decline continued at a similar rate between 1979 and 1997, when some 3,500 post offices—around 15 per cent. of our network—were closed throughout the country.

The losses that we have experienced on the ground in Somerset, as well as in other parts of the country, have had a real effect, particularly in the rural communities of which they used to be an important part. I recall that when I was first selected as a prospective parliamentary candidate for the Yeovil constituency a number of years ago, I went out with my predecessor, now Lord Ashdown of Norton-sub-Hamdon, who was then Member of Parliament for that area, to participate in his annual villages advice centre and we stopped often in the centre of communities, either at the post office or the village hall, to be there for anybody who wanted to see him. It was notable that, in a few communities, we stopped at places where there was no obvious reason to park. When I explored with the then MP the reasons for our being located in those particular places, it almost always turned out that they were previously the home of the local post office, which had been closed two, five or 10 years beforehand and which had been such an important part of those communities. Those post offices that had already gone by the time I became a prospective

parliamentary candidate include the one in the beautiful village of Corton Denham on the border with Dorset, which I hope will soon be a part of the constituency of my hon. Friend the Member for Somerton and Frome, and those at West Chinnock, Lopen and Broadway, all of which closed more than 10 years ago.

Since the period around 1997, the pace of decline has accelerated markedly in Somerset and across the country. We started in 1997 with a network of just over 19,000 post offices and we are now down to some 14,000. The pace of decline is so rapid that it is possible that the figures that I am using, which are about a year old, are already out of date. So 5,000 post offices have gone in just 10 years, which is a loss of around a quarter of the entire Post Office network that matches the loss in the previous 25 years.

I do not want this to be an unduly partisan debate—I shall not focus just on the framework of Government policy—but this recent acceleration in the pace of closures seems to be not just a consequence of the competitive factors that were impacting on the size of the network in the previous decades, but a calculated act of rural, and to some extent urban, vandalism by a Government who have not only presided over the continuation of those competitive pressures that previously affected the network but have sought to divert business away from post offices—particularly the pensions and benefits business—and have actively discouraged many of the people who used to use the Post Office network to access those pensions and benefits, for example, through the Post Office card account, from doing so. I do not want to rehearse debates on this issue from a couple of years ago. However, it was notable that, at the time when the Post Office card account came in, the Government seemed to make it as difficult as possible for people to transfer over to that means of payment.

In my constituency, since 2001, there has been a further spate of post office closures, including at Odcombe, Chilthorne Domer, Tintinhull, Misterton and three urban post offices have been closed—one in Chard and two in Yeovil—as part of the urban reinvention programme, as I believe it was called. That was all before the most recent network reinvention, which a recent letter to me described, with no apparent sense of irony, as

"measures to modernise and reshape the Post Office network and put it on a more stable footing."

The latest reinvention is meant to lead to the closure of another 2,500 post offices over a short period. That is now having an impact across the country. It is certainly affecting the shape of the network in Somerset, including in my constituency. Frustratingly and depressingly, it seems that that network reinvention, as it is called, is targeted not just at post offices that are the most marginal in terms of profitability, which one would have thought found it most difficult to survive in the current environment of Government policy and competitive pressures. In my area—I do not know whether it is the same in other parts of the country or of Somerset—Post Office Ltd, and perhaps even the Government, seem particularly to be targeting many medium-sized post offices, comprising what ought to be a sustainable part of the network. Such post offices are now being closed and receiving compensation as part of that closure programme. The Government, or Post Office Ltd, are deliberately leaving out of that closure programme the most marginal post offices, presumably on the assumption that those will go to the wall of their own accord.

A recent consultation in Somerset about post office closures, which was a consultation only in name, led to the closure of all the post offices in my constituency that were earmarked for closure, including the ones at Barwick, East Coker, Mudford, Haselbury Plucknett and at Goldcroft in Yeovil. Of those post offices, at least the first four are the last shop and post office in their villages. All are in villages of considerable size, and all are fairly well-used retail units. The Goldcroft post office in Yeovil had a large amount of customer business. All those post offices are in the process of being closed, more or less as we speak, this week and next week.

The closure programme is proceeding, and the Government and Post Office Ltd have identified post offices for compensation, so we are beginning to see a further round of potential closures by sub-postmasters who might have expected to be included in the closure programme because they were in some of the most marginal post offices economically. I believe that this week the post office at Buckland St. Mary on the border of my constituency is closing, supposedly temporarily, but I wonder whether we shall find another sub-postmaster for it. I hope so, but we cannot be sure. The sub-postmasters at East Chinnock on the outskirts of Yeovil have given notice of their plans to quit.

We are in serious danger of losing at least 12, and probably 14, post offices in my constituency in just seven years. We will soon end up with a national network of 10,000 or 11,000 post offices, a fall of about 8,000 since 1997, or 40 per cent. It will be around half the size of the network that we had three decades ago. My constituency will have around 19 post offices and when they are examined in detail and mapped across to other post offices that are closing of their own accord or through the closure programme, I am not confident that, based on the other post offices that we are losing, eight or nine of them would be able to survive the next five or six years if the same criteria were applied to them as are applied elsewhere.

Since 2001, there has already been a decline of 40 per cent. in the number of post offices in my constituency. If we continue in the same way for the next few years, we will lose all but 25 per cent. of the post offices that we had just seven or eight years ago. In my part of the country, that is not merely a decimation of the post office network but the calculated destruction—almost the obliteration—of the post office network that used to play such an important part in the life of many communities. In many cases, it will lead to the closure of the last retail outlet, and presumably to more of the private transport that the Government are so determined through other Departments to dissuade us from using due to its environmental impact. It is fair to say that other Governments have presided over a marked and gentle decline in the network, but this Government are responsible for deliberately causing the demise of the network.

I want to focus on one post office, which is at Hinton St. George in the heart of my constituency. Its planned closure was announced just a few weeks ago, which rubbed salt into the wound following an announcement a couple of days earlier that the five other post offices in my constituency that were earmarked for closure were to be closed. The post office at Hinton St. George was not on Post Office Ltd's original target list and was

[Mr. David Laws]

included only because another post office a considerable distance away in Somerset was saved as a consequence of the consultation in that area.

Mr. David Heath (Somerton and Frome) (LD): The only one.

Mr. Laws: The only one in Somerset, and one of two in the entire area.

For those who do not know Hinton St. George—there may be some—it is a beautiful village in the centre of south Somerset. I say that not just because all our villages are beautiful—no doubt they are in all constituencies—but Hinton St. George is particularly striking. It is an historic heritage settlement with a population approaching 500, not including the many people who pass through daily to get to the school, and the many tourists and others from the surrounding catchment area of 1,500 people. The main part of the village is a wide main street lined with hamstone cottages, many of which are thatched. The guide book states that it has a "thriving shop", which is true, but unfortunately that thriving shop is where the post office is located. It is threatened with closure, although it has been a post office since 1840 and the era of the penny black.

The village is not on a main road, and the roads that come into it are single track with no pavements. That adds to the village's quiet and calm and the feeling that it is from a pre-car age, but that also means that it is difficult for my constituents to access services outside the village because of public transport and because they cannot walk along roads with no pavements. I shall come to that later.

There is a popular village school, an excellent tea shop, a pub with a national reputation, and, notably for the purposes of the consultation, one of the largest retired populations of any village in Somerset, with 37 per cent. of its inhabitants being of pension age, which is a high proportion by any standards. There is a strong sense of community in the village, and that has been on display since the announcement that the post office was included in those earmarked for closure a couple of weeks ago. There has been a lot of media attention, both in the local area and in the region, about the possible closure. A packed public meeting in the village was attended by half of its residents, and people overflowed from the main village hall to outside.

The postmasters, Peter and Sue Knight, are both popular and have run the post office store for more than 20 years. They are keen to continue the business, and an active campaign committee has already been established in the village. I pay tribute to the committee, which is leading a non-political campaign. It consists of Les Farris, Derek Esp, Liz Davis, Matthew Bryant, David Clements, Andrew Norton and Kerry King, as well as three representatives from the parish council, chairman Fred Voss, and members Jane Bourne and Brian Smith. The campaign hopes to have a public meeting with Post Office Ltd and to meet the Postwatch group. I have already met Post Office Ltd's regional manager, Tony Jones, who kindly travelled at short notice from Bridgend in Wales to discuss the matter. That was much appreciated.

I hope that the Minister will get the message that there is a lot of passion about keeping the post office open, as there often is, but it is even greater than normal. The extremely strong business case for keeping it open is particularly striking, even by the Government's criteria, and I shall touch on three or four of the issues.

One issue is distance and proximity to other post offices. There is a small postal service at the garage in the village of Merriott, which is about 1.5 miles away, but it has not been earmarked by Post Office Ltd as one of the two alternative post offices in the branch access report because it does not provide the range of services necessary to meet the access requirements. Indeed, it has gone out of business in two different forms and under two different managers during the past 18 months. It has only just found its feet again in the petrol station and retail unit in the centre of the village. I understand that it is doing extremely well under its new managers, but like all units located in larger retail and petrol station outlets in rural areas, it is bound to face many pressures over the years to come. However, because it does not supply a full range of post office services, it does not meet the criteria specified in the consultation.

The other post offices that Post Office Ltd has suggested as alternatives for that community are at South Petherton and Crewkerne. South Petherton is 3.5 miles away, and there is no direct public transport link; and Crewkerne is 3 miles away. The Government's minimum access criteria, which are supposed to have informed the consultation and closure programme, are that 90 per cent. of the population should be within 1 mile of the nearest outlet, and that clearly will not be met if the closure goes ahead; and in rural areas that 95 per cent. of the population should live within 3 miles. It seems to me that the case for closure fails both tests.

On the question of access and public transport, the Post Office was very open, saying that access to the alternative post offices was not good. The lanes out of Hinton St. George are narrow, single-track roads without pavements. It would be unrealistic to expect anyone, particularly the elderly or those with young children, to walk along those lanes, as they are extremely dangerous. South Petherton has no direct public transport link. On the option of not using public transport, the branch access report states that

"the terrain between the branches is hilly along a narrow country lane with no pavement."

It also states that parking is difficult near the post office, which as I said is 3.5 miles away.

Merriott, which is not the main alternative, would be impossible to reach on foot, and the only public transport service that would bring passengers back to the village from which they had departed runs on Mondays, Wednesdays and Fridays—and that involves waiting two hours for the next bus back.

As for Crewkerne, which is 3 miles distant, the branch access report states:

"The terrain between the branches is hilly along narrow country lanes".

There are only two bus services a day, one of which involves a two-hour wait for the return service; the other means waiting for four hours and 10 minutes. The parking facilities in Crewkerne are restricted and under pressure. The branch access report claimed that

"parking facilities are available within 60 yards of the branch".

but there are only four or five spaces, with limited time, and in my experience they are almost always full. The distance to the branches is great, there is little or no public transport, people are not able to walk to them, and the parking facilities are poor.

Disabled access and access for elderly people is another big issue. The existing shop and post office in Hinton St. George is ideal for the elderly and disabled because it gives them easy access, with generous parking facilities outside. However, as I said earlier, 37 per cent. of people in the village are retired, and a large number are very elderly and find it difficult to walk long distances. The village also has a large number of people with physical and learning disabilities. Although it is easy to gain access to the existing facility in Hinton St. George, that is not the case for the alternatives. Access to South Petherton is a long journey over hilly terrain. The branch does not have disabled access; indeed, there are steps up to the post office, and there is no wheelchair access. As I said earlier, there is no direct bus service.

As I said, it is not possible to reach Crewkerne on foot, and disabled access is not readily available on the bus. Only one bus in the local fleet has a wheelchair lift, but apparently it is broken and the bus company has said that it cannot afford to replace it. Even if it is replaced, there is no guarantee that it would be available on that route. Although there are some low-platform buses in that part of Somerset, there are not many, and they cannot be used on any of the services to and from Hinton because of the narrowness of the lanes in the surrounding area. On distance, public transport and disability, the alternative post offices have serious impediments, so they should not be considered as viable alternatives to the existing post office.

The assumptions that the Post Office makes on the transferability of services—I understand that they are an important part of judging which post offices should stay and which should go—may not be sound. The Minister may be able to clarify the matter, but I understand that we are not allowed to know what those assumptions are, nor to see the ranking list of post offices. They are ranked according to four sets of criteria, and those criteria are fundamental in determining which post offices should stay and which should go. I ask the Minister to consider giving us sight of the criteria for Somerset, because it might help in determining whether assumptions are based on a realistic judgment of the Hinton post office and the alternatives.

I also raise the issue of other post offices in the area that are at risk of closure. I hope that Post Office Ltd. will be able to find new sub-postmasters for the post offices at Buckland St. Mary and East Chinnock, as one has left and the other has said recently that he will be leaving. What will happen, given that East Chinnock is relatively near to the area that we are discussing, if either or both of those post offices close? Although East Chinnock is a substitute closure, will there still be a determination to press ahead with finding an additional office to close—even if, by default, another post office closure turns out to be unavoidable?

Given that those other post offices seem similar in some ways, or have even smaller catchment areas than the one in Hinton St. George, could we not see the ranking list at least for the Yeovil constituency element of Somerset in order to determine the relative ranking of those post offices that appear to be at risk of closure by their own means? I am far from convinced that we would find a rational basis for ranking them that far apart. Will the Minister say whether it would be possible to establish how far apart they are, and the basis of that calculation?

I hope that I have made it clear that we have seen not only a huge decline in the sub-post office network in Somerset over the past 10 or 20 years, but that it has been particularly acute in the past five to 10 years. That is having a devastating impact on many of the rural communities that rely not only on the sub-post office service but on what are often the last retail outlets in quite large villages. I hope that pressure from many hon. Members will eventually persuade the Government to think again about their national strategy, which is well under way. I also hope that by raising these issues today, the Minister and Post Office Ltd can be persuaded to think again about the post office closure at Hinton St. George, which is highly valued in the local community. It seems totally inappropriate to consider it for closure, given the details that I have set out today and given what has been clearly set out in the branch access report.

11.30 am

Mr. David Heath (Somerton and Frome) (LD): I congratulate my hon. Friend the Member for Yeovil (Mr. Laws) on securing the debate. He has a pressing issue in the case of Hinton St. George and he is absolutely right to make the case for the post office in that village. I know it well and I also know well some of the individuals who are fighting vigorously for its retention. Is it not most extraordinary that a post office that was not on the closure list was added to that list at a late stage simply because a single post office in Street, in a totally different part of the county, was reprieved because the Post Office had apparently not done its homework sufficiently well on the population in the area? I am sure that if the right hon. Member for Wells (Mr. Heathcoat-Amory) were here, he would say, "But many other post offices in the Wells constituency have been closed." That has also been the case in Bridgwater, and I am sure that if the hon. Member for Bridgwater (Mr. Liddell-Grainger) were here, he would make that point. The idea that we have this tit-for-tat closure of a post office that until a few weeks ago was considered safe is sufficient to be of concern, and I want to give any support that I can to the villagers in Hinton St. George in trying to retain their post office.

Overall, I have the most overwhelming sense of despair and anger at what is being done to the post office network in Somerset. Let me spell out what has happened in my constituency. We have lost seven post offices to outright closures and a further two are closures in all but name—they are to be replaced by so-called outreach facilities. I see no evidence in the whole so-called consultation process that a single word of what was said to the Post Office against the closure of those post offices was given proper consideration. I do not believe that the process could have gone as far as it did if the Post Office had taken into account the feelings of the community and of every elected representative for the area and the points that were raised, quite properly, in support of those post offices.

We are to lose the post office in Kingsdon. The villagers of Kingsdon were told that they had alternative facilities in Yeovilton, but there are two problems with those alternative facilities. First, the post office is on Royal Naval Air Station Yeovilton and therefore people have to get past two armed marines to access it. Secondly, Yeovilton is also on the list for closure.

[Mr. David Heath]

We have also seen the closure of the village post office in Holcombe, which is also the village store. The Post Office had failed to take into account the fact that there was a sheltered housing scheme almost directly opposite the post office, which was serving the needs of those elderly people. It failed to take account of the fact that the post office was also the place at which medicines were dropped off from the general practitioner dispensary at Coleford and that that facility would no longer be available to those who relied on it. None of that was taken into account.

We have the closure of the post office in Bower Hinton. Bower Hinton is about a mile and a half from the centre of Martock, but it is a very hilly mile and a half. The post office serves a quite distinct community. Martock post office, which is a very good post office, is already overused, and there are always queues. The elderly people who were served by the shop and post office in Bower Hinton now have to trek a mile and a half down the road to use a post office where they will have to queue—there are always queues there—and that is considered progress in the service provided.

We have the closure in Bayford. The situation in Bayford is unique. We had letters opposing the closure from not only Somerset, but Dorset, because it was recognised that the post office in Bayford served several Dorset communities, but of course Dorset was a different closure programme, so those communities were not formally consulted. Only the villages in Somerset were consulted, despite the fact that the post office was on the border.

Keinton Mandeville, a very large village, will now be without its post office and is gradually seeing a reduction in the services available to it. We also have the closure of the post office in Sparkford, which I opened a few years ago. Post Office management attended, and they thought that it was a wonderful thing to open the post office there, but they now think that it is an equally wonderful thing to close it. How can we make any sense of such economic planning?

Two of the post offices that will be closed will be replaced by so-called outreach, although there is no clarity about how it is to be provided. It is not clear whether there will be a van, although the service apparently will not be provided through the shops in North Cadbury and Charlton Horethorne. I have asked repeatedly what will happen at the end of the three years, but the Post Office will not tell us. We all assume that three years is what we will get and that the post offices will then close—it is not a reprieve, but a delayed closure.

The consultation was a sham. I would be interested to see the information that my hon. Friend asked for on the ranking of post offices; indeed, I would be interested simply to see the objections that were made, rather than the Post Office version of the accumulated objections. Let us see first hand what people had to say about their local post offices so that we can make a judgment about whether their views were taken into account. Will the Minister give me an assurance that the letters of objection and the plans that were submitted will be available? Do I have to make a freedom of information request to get them? Will my request be blocked for reasons of commercial confidentiality, even though this was supposed to be a public consultation?

Mr. John Leech (Manchester, Withington) (LD): I, too, would be interested to see the objections raised by local residents. In that respect, I would be interested to hear from the Minister whether there have been problems with consultation letters reaching the consultation team from sorting offices. I have been tipped off that some sorting offices in my area—I do not know whether the problem is the same in Somerset—do not know where to send the objections because the address that they have been given does not include a postcode. As a result, objections are not sent directly to where they should go.

Mr. Heath: I am grateful to my hon. Friend. His area is very different from mine, but that is a valid point. Let me corroborate what he says by mentioning a constituent of mine who was keen to ensure that his objections were taken into account. On the last day of the so-called consultation, he tried to send his letter by registered mail to ensure that it was delivered, but he was told that it was impossible to send registered mail to an address without a postcode. The post office would not, therefore, guarantee delivery of a letter of objection to the closure of a post office. That is an absurd way of doing business, and I hope that the Minister will respond to my hon. Friend.

What has happened underlines the fact that the Post Office and the Government—the Government cannot hide behind the Post Office, because we all know that we are talking about Government policy—are turning their backs on our communities and failing to recognise the valuable role that our post offices play in them. For heaven's sake, we do not have much in our village communities any more. The pubs and schools are closing, and the churches are becoming redundant, so we are losing our community facilities. The post office is one of the last remaining facilities. As my hon. Friend the Member for Yeovil said, the shop is often dependent on the post office; we cannot have the shop without the post office and we cannot have the post office without the shop, so to lose one is to lose both. We therefore end up with dormitory communities in rural areas that have no services.

The Government and the Post Office are turning their backs not only on our communities, but on environmental policy. What on earth is the point of forcing people to drive further? People will not be using public transport. My hon. Friend explained the paucity of public transport in some of our areas. In my village, there is one bus a week. What use is that in providing a service to anywhere else? We should be encouraging local facilities in villages to cut down on the amount of driving that people must do. Instead of local facilities for local people we have a policy that flies in the face of that and forces people into the hands of Mr. Asda, Mr. Sainsbury and Mr. Tesco in the nearest big town.

Lastly, the Government and the Post Office are turning their back on the elderly. What is happening is a particular blow for the elderly population who often cannot get access to private motor cars. Often they are dependent on the village shop and post office for their needs. It seems that we simply do not care, as a society, about people who happen to be elderly, who are not very well off, and who live in the countryside. That seems to me to be a dereliction of duty on the Government's part.

There is still one outstanding issue on the table—the award of the Post Office card account contract. I do not know why it is sitting in the Government's pending tray, but I have my suspicions. I do not know why they say that they will come to a decision in the summer, when the House is conveniently not sitting, and when there will be the minimum of publicity, but I have my suspicions. We have already heard from my hon. Friend about how the Post Office card account was forced through, and the Government gritted their teeth because they did not want anything to do with it; but it was embraced by many people who wanted to continue to use post offices for drawing their pensions and benefits in cash.

Every obstacle was put in the way of people's use of the account. Now we are told that the Post Office network may not win the contract for Post Office card accounts. We hear from the National Federation of SubPostmasters that the consequence of that decision would be the closure of 3,000 more post offices, simply because of the loss of revenue. If I total up what we have lost already, and add to it the post offices under threat simply from natural wastage—the sort of thing that my hon. Friend has already pointed out—and add another 3,000, I conclude that that is the total loss of the rural post office network. It is no good the Government boasting about all the money they say they are putting into the network, if the result is that it is closing. That is the reality.

I want an assurance from the Minister—he will not give it but I want it—that the Post Office card account will not just be awarded to the Post Office network, but will be enhanced to provide better services for those who are not well off, and to fight actively against social and financial exclusion in a way it fails to do now. I know that that is not likely to happen, and that is what worries me. It reinforces my view that old people, poor people and people who live in the countryside do not count in new Labour Britain. That is profoundly worrying. If the Post Office card account is awarded to anyone other than the Post Office, it will be an act of economic and social vandalism of the highest order, and if the Government do that, they should be ashamed of themselves.

11.43 am

Mr. Jeremy Browne (Taunton) (LD): Thank you for calling me, Mr. Benton, to contribute to this debate, which is extremely significant for tens of thousands of people in Somerset. I congratulate my hon. Friend the Member for Yeovil (Mr. Laws) on the case that he made on behalf of residents throughout the county, and specifically residents of Hinton St. George, a village that I too know. I echo all the sentiments that he expressed on that specific case, and on the value of retaining the post office there, as well as the wider points that he made; the issues are familiar to me in relation to Taunton Deane and West Somerset as well. I also congratulate my hon. Friend the Member for Somerton and Frome (Mr. Heath) on his typically impassioned defence of Somerset rural life. He has a well deserved reputation in the House, built up over more than a decade, as a keen defender of Somerset residents and their interests.

I want to echo some of the themes that have already been raised in the debate, and perhaps raise one or two related matters, as well as touching on specific cases from my constituency. I start by acknowledging, as my hon. Friend the Member for Yeovil said, that the nature of rural life in Britain has undoubtedly changed in the past 50 years or so. Indeed, the nature of rural and urban life is constantly evolving. We are not and ought not to be in the business of trying to maintain rural communities as though they were some sort of museum piece. It is reasonable to acknowledge that the invention of the car, of the mass retailing most obviously typified by supermarkets and, more recently, of the internet—to some extent, and among some people—has had an impact on how people in both urban and rural communities choose to spend their money and interact with one another.

I am not against all post office closures in all circumstances, and I think that most people take the same view. There may be a case for opening a post office in a new community where many extra houses have been built as part of the Government's plans to expand the number of houses. In other areas, a post office may have lapsed into relatively little use compared with what it previously enjoyed. Cases are no doubt brought to the Minister's attention in which the postmaster himself or herself no longer wishes to maintain the post office because he or she does not believe it to be a viable proposition. I do not come to this discussion in the way that I fear the Minister might have assumed—with the starting point that nothing must ever change, in any circumstances, in Somerset or anywhere else in the country.

However, acknowledging that does not mean that I acknowledge that the Government's process has been anything other than appallingly flawed and misconceived from the outset. Examples from my constituency illustrate that point. Five post offices have been designated for closure in Taunton Deane, plus other post offices in the part of West Somerset that I represent, and two others in Taunton Deane have effectively been designated for closure. West Monkton post office is a small post office in a small village, but that area of Taunton—which, as everyone will know, is the county town of Somerset—has been designated for considerable extra development. A proposition to build almost 1,000 more houses in Monkton Heathfield, which is adjacent to West Monkton, has been given the go-ahead and is due to commence shortly. The case for maintaining a post office in that area is overwhelming.

Had the Post Office come along and said, "We don't think the post office in West Monkton is suitable for the needs of this expanding community, but we're going to replace it with a purpose-built post office in a slightly different location that does meet its requirements," that would have been exactly the type of constructive engagement that people in West Monkton, Monkton Heathfield and the surrounding community would have welcomed. Instead, the post office was put on the list without any apparent engagement with residents' concerns.

My hon. Friend the Member for Somerton and Frome made the point that shops and post offices are intertwined, and that one is necessary to sustain the business of the other. That is true in places in my constituency such as West Buckland. Other places, such as Lydeard St. Lawrence, have no shops, pubs or amenities of any sort apart from a village school, which of course is not a suitable place for people to visit routinely unless their children are pupils. The post office therefore acts as a hub for that

[Mr. Jeremy Browne]

community. It is far more than a straightforward provider of services such as a notice board for village events and so on.

There are also examples in my constituency of the sort of activity in which I would have thought the Government would be keen to support residents, yet they appear unwilling to do so. In a village between Taunton and Wellington called Bradford-on-Tone, local residents have organised themselves as volunteers to sustain the post office and shop for many years now. It is greatly appreciated by the people in that area. I am sure that everyone in this Chamber would applaud and support such self-reliance and people's willingness to roll up their sleeves and make a success of their communities, and yet the rug is being pulled from under their feet by the closure of the post office component of their business.

In my constituency is a village called Churchinford, which sits on the Devon border at the top of the Blackdown hills. They tell me there that it is one of only two villages in the UK with a six-way road junction—although I have not checked whether that is the case by visiting every other village. However, it is certainly a notable village in many ways, as well as being very remote. It strikes me as a particularly strange choice to be on the list of post office closures. I know that its residents are considering other options, such as a temporary post office service elsewhere in the village, but I echo the point made by my hon. Friends the Members for Somerton and Frome and for Yeovil that it is quite hard to fathom the basis on which some of the post offices were selected for closure. Kingston St. Mary is another village in my constituency with a part-time post office that was extremely well-supported. It is a vibrant village of some considerable size that one would have thought could comfortably support such a post office.

I refer also to a closure announced in Taunton itself—in a part of the town called Shuttern, which is close to the centre, but not quite close enough for those living there to get into town comfortably if they are elderly or infirm. More to the point, however, it is right next to the offices of Somerset county council, the police station and quite a large number of private businesses. Every time that I have visited the post office, I have got the impression that it sustains itself economically and commercially on business from the surrounding offices and those using its services either to post business mail or privately in their lunch hour. I am mystified, therefore, by the basis on which some of the post offices were selected for closure.

I strongly support the point made by my hon. Friend the Member for Somerton and Frome that the whole process seems to have been extraordinarily flawed from the outset. I saw a letter from Postwatch, which I always understood to be tasked with defending the interests of the consumers of post office services, that made the point to anybody protesting against a post office closure that their efforts would almost certainly be futile, because it was very unlikely that the Government's consultation process would decide to alter policy as a result of residents' objections. It also stated that if objections were sustained, another post office would be selected for closure somewhere else in the county to make up for the one that had been saved—so anybody trying to save their post office would be damning another one. We heard just such an example in relation to Street and Hinton St. George.

It seems extraordinary that, for example, were a group of residents in Taunton able to make a persuasive case for retaining their post office, they could do that only in the knowledge that another would close, even if nowhere near the one that they were seeking to protect. There appears to be no rational explanation for that, other than the fact that Somerset, or any other county, might have been given a target to meet as part of a larger national target—targets derived from a top-down figure based on a total number selected for closure, rather than on a case-by-case basis, as residents had been led to believe.

Mr. Heath: Was my hon. Friend as astonished as I was that Postwatch could not support the case for any of the many post offices across the county other than the one in Street? Is Postwatch not pointless if it does not put forward views expressed strongly by so many communities, and the supporting evidence?

Mr. Browne: I strongly agree with that point. I hoped and imagined that Postwatch would be a doughty defender of the interest of people who use postal services, but instead, it seems to be a compliant organisation that wishes to do the Government's bidding. If post office users and community residents can make a persuasive case for retaining their post office, it is completely illogical, unreasonable and unfair for some other community elsewhere in Somerset to be penalised. Each case should be judged on its own merits, and people on the consultation process should make an effort to listen to the representations that are made, rather than assume that the initial published list is flawless and incapable of improvement.

Before I finish, I wish to mention the residents who have expressed their concerns to me about the removal of postal services in Somerset and, specifically, in the constituency that I represent. It has been said, but I wish to echo the point, that the people who lose out most are often those who are most unable to access alternative services. For example, they may be an elderly person who either cannot afford private transport or, owing to failing eyesight, for instance, is no longer able to drive; or, they may be a widow who never learned to drive because her husband did all the driving, and when he died, she was unable to use private transport. That is an old-fashioned notion, but it remains the case.

The voices of many people are rarely heard, because they are not considered sufficiently metropolitan or fashionable to attract the attention of newspapers and other media. But many people live in such circumstances, particularly in isolated rural communities. They rely heavily on post office services and will feel a great sense of dismay about the Government's programme.

I shall leave the Minister with a final example. A group from the Somerset Association for the Blind, which covers the entire county but, like many county-wide organisations is based in Taunton, the county town, is coming to meet me in Parliament in about half an hour's time. It is a perfect illustration of an organisation that represents people who are unable to access services easily on the internet or by private transport. Many hundreds of people in the county are in such circumstances. Somerset's population is older than the national average,

partly because many people choose to retire to the county, so the problems are particularly acute in our area.

On the specific point that my hon. Friend the Member for Yeovil raised about the post office at Hinton St. George, and on the wider issues that he raised about Somerset, I greatly look forward to the Minister—I hope—engaging with the arguments and offering a constructive response.

11.58 am

Sarah Teather (Brent, East) (LD): I congratulate my hon. Friend the Member for Yeovil (Mr. Laws) on securing this important debate. He very eloquently and rationally described the huge frustration in his constituency at the Government's closure programme. I also welcome the Minister to his usual place on a Tuesday morning. Those who do not attend these debates every week will not realise just how common they are. In fact, Members from all parts of the House bring their complaints to the Minister, and he must listen to such debates sometimes four times a week. So far, they do not seem to have had any effect on the Government's decision, however, so I hope that this debate may have given him pause for thought.

What emerges from all the debates is the real anger that people in different communities and areas, be they rural or urban, feel about the latest cuts—2,500 on top of the 4,000 that the Government previously made to the post office network, which of course, came on top of the 3,500 cuts that the Conservatives made when they were in government.

The real sense of frustration comes from the feeling that the Government do not recognise the social value that post offices have in our communities. My hon. Friends the Members for Taunton (Mr. Browne) and for Somerton and Frome (Mr. Heath) spoke about how the most vulnerable in our communities—the elderly, the disabled in particular and the poor—are most affected by the closure of post offices. My hon. Friend the Member for Yeovil described the Government's closure programme as a calculated act of rural and urban vandalism, and my constituents in Brent would concur.

At the heart of the anger is the fact that the Government are not just proceeding with this set of cuts but seem incapable of listening to the complaints that communities bring both to the Post Office and to the Minister when their MPs speak in debates such as this. My hon. Friend the Member for Taunton mentioned the ridiculous nature of the consultation process and the fact that if one post office is saved, another must inevitably close. The Minister has previously denied that that is always the policy, but my hon. Friend the Member for Yeovil secured the debate to bring to his attention the example of Hinton St. George, which exemplifies the problem. He asked the Minister whether, if he and local campaigners succeed in saving the post office there, another in Somerset will face the chop.

[Miss Anne Begg *in the Chair*]

As my hon. Friend the Member for Taunton said, the Government seem to be asking communities to make an invidious decision about whether they should work hard to save their community post office at the expense of a neighbouring community, which may value its local facility equally. It feels as though we were just going through the motions. Six weeks is clearly not long enough to put together a rescue package. Some councils have begun work to try to rescue post offices, but it is difficult to do that when there is only six weeks between consultations being put into the public domain and post offices facing the chop. Community organisations have no prospect of raising the capital needed to save important post offices.

My hon. Friend the Member for Manchester, Withington (Mr. Leech) made a point about the detail of consultations. In London I have found that the names of post offices that are published in consultation documents bear no resemblance to the names that the communities involved would give them. It is as though the Government were attempting to ensure that local communities could not tell which post offices were facing the chop. None of the post offices affected in my area was named using a name that we would recognise, and none of their full addresses was given in the consultation documents. I fear that that is a calculated act of deception.

My hon. Friends who have spoken represent both urban and rural areas, and in my constituency the impact of closures has been seen in the past week. Last week, a post office that had been open for 100 years closed. We held a party to thank the postmaster for his work in the local community, but it was not a happy occasion. Today another post office, in Stonebridge, will close as a result of a consultation on a proposal that went through unchanged. We have lost 60 per cent. of our post offices since 1997, and since the closures there have been massive queues in post offices in the area.

As a number of my hon. Friends have said, the impact of the closures is a real change in local communities. The New Economics Foundation has estimated that the cost to an urban area's local economy is about £277,000 for each post office that is closed. Of course, the Government lose out as well as local communities. They lose revenue that they would have gained in VAT—perhaps the best part of £50,000. It is estimated that in rural areas, for every £1 of subsidy that is given to post offices there is a benefit of between £2 and £4 to the local economy.

An enormous amount of misery is being heaped on local communities, at great expense to their local economy, for a relatively small saving to the Government's coffers of just £45 million. Considering the amount that the Government were willing to spend before the by-election in Crewe to buy off people there—their earlier decision was inadequate and would inevitably have affected the poorest—the amount that we are talking about today seems like a drop in the ocean. What is happening is causing huge misery to the very poorest in our community. Similarly, even after the expensive buy-off in the Crewe by-election, it will still be the poorest who lose out. There is a bit of a pattern here. I will not say that the Government target the poorest, because that would be unfair, but they seem to be blind to the plight of the poorest and most vulnerable in our community.

The Minister hates me to mention the figures for bonuses because they offer a stark contrast, so I shall do so again. The Government are saving £45 million, but the man responsible for driving through the closure programme gained more than £3 million in benefits and salary last year. That was enough to save all the post

[Sarah Teather]

offices in London. *[Interruption.]* And all the post offices in Somerset twice, my hon. Friends tell me. There are considerable double standards in the Government's thinking on where it is important to save money.

My hon. Friends the Member for Yeovil and for Taunton spoke about shops. Post offices in rural areas will often inhabit the only shop, so when we lose the post office, we also lose the shop. In my experience, we can often lose a parade of shops, even in an urban area, because the post office is responsible for footfall in the entire area.

My hon. Friend the Member for Somerton and Frome spoke passionately about the sense that the Government are closing everything or presiding over the decline of everything in local communities, and he mentioned the closure of pubs and shops. In my constituency, the post offices have gone along with the police stations, health centres and jobcentres. There is a sense that the Government are retreating from the areas that most need an interface between individuals and the state.

I fear that the current proposals are not the end. We have a closure programme involving 2,500 post offices, but will that be the end of it? I suspect not. The Government have no plan to sustain the post office network. Just a few weeks ago, the Select Committee on Business, Enterprise and Regulatory Reform raised the spectre of further closures. The Post Office had refused to state a lower limit for the number of post offices that would make for a viable network. The Government have refused to commit to any long-term plan to provide a subsidy or ensure that post offices gain revenue. Only 7,500 post offices are required to meet the Government's access criteria, so I fear that we have not seen the last of the closures. Unfortunately, this is just the beginning.

Finally, I want to say something about the solutions that I hope that the Government will adopt. Ministers are conducting a review of postal services, and although it is looking principally at Royal Mail, I hope that it will recommend solutions that have an impact on the Post Office. First, I hope that the Government will consider separating Royal Mail from the post office network. One is a private business, while the other is a social asset with social value, so I hope that the Government will consider treating them differently. That would, for example, allow the Post Office to work with Royal Mail's competitors. At the very least, it would help many people, particularly in remote communities, if Royal Mail's competitors could use the local post office as a parcel depot. That would make it a great deal easier for people to pick up parcels, and that is particularly true of those who have a small business or who work from home. It would make a great difference to such people if they could pick up from the post office anything that they had bought over the internet.

Secondly, the Government need to consider a massive lump-sum investment to ensure that the network can modernise. My party proposes to finance that investment through the part-privatisation of Royal Mail, and I hope that the Government will consider that during their review of postal services. If they choose not to, they will have to find another way of investing considerably in the network, by which I do not mean that they should invest large amounts in a consultation that does not go anywhere. Post offices need to modernise; they need better equipment and better training. The Crown network in particular is in desperate need of investment so that it can compete on the high street, because its post offices are haemorrhaging support.

Finally, I hope that the Government will consider what other sources of revenue they can make available to individual post offices. Of course, we have the prospect of the tendering of the contract for the Post Office card account. I cannot see what other company could possibly have the network across all rural areas to compete adequately with the Post Office and therefore I hope that the Government will give the Post Office that contract. Furthermore, I hope that the Government will consider making the Post Office the cornerstone of a new universal service obligation to provide basic bank accounts in our communities.

This debate has been another one in which hon. Members have expressed their frustration at the Government's plans; I hope that finally the Minister may listen.

12.10 pm

Mr. John Baron (Billericay) (Con): I too congratulate the hon. Member for Yeovil (Mr. Laws) on securing this debate and on putting the spotlight on the impact of post office closures on his constituency.

Although I am not a Somerset MP, my family comes from Somerset and I went to schools in Crewkerne and Taunton, so I know that this debate has been not just about a series of, if you like, quaint west country villages being named but a policy of harsh consequences for the communities affected, some of those post offices being in villages where members of my family live. If one looks at the figures, they are quite daunting. About 64 post offices face closure throughout the Bristol and Somerset region, representing about one in six post offices in the region, a very high proportion, the effect of which will certainly be harshly felt by the communities involved.

The communities have at least had an opportunity to express their views, brief though that opportunity has been; I will touch upon the nature of the consultation itself later. A quick perusal of the consultation document is very revealing. I will not go through a long list of passages from the document, but I will suggest two or three passages that the Minister should be made aware of.

For example, concerns have been expressed that when local branches close, residents are forced to go further to access services, which was a point made by a number of hon. Members. However, routes to the nearest alternative branch are often long and hazardous. That was certainly the concern of local people opposed to the closures of the Barrow Gurney and the Keinton Mandeville branches, to give but two examples.

Meanwhile, nearly every consultation highlighted the disproportionate effect that closures would have on the elderly and on vulnerable people, particularly those who rely most heavily on post office services and have the poorest means of accessing alternative branches; that was another point made today by hon. Members.

Another concern is where post offices are being closed but the local population is expanding. One often thinks that in these quaint villages population is declining, but

in many cases they are thriving communities in which the population is expanding. That is certainly the case, for example, in Basson Bridge, where I believe that several new housing developments are being planned and yet the local post office is being proposed for closure.

Where branches proposed for closure are run by volunteers, such as the branches at Bradford-on-Tone or Bicknoller, residents understandably believe that a vital community hub is under threat. The extent to which the voluntary community runs a number of post offices must not be underestimated either, and a similar point was made by many respondents.

In the brief time that I have, I would like to focus on two key issues for the Conservative party. For one thing, we would suggest that the 3-mile criterion has too often been calculated on the basis of "as the crow flies", taking insufficient account of local geography and transport connections. Indeed, 3 miles measured in a straight line on a map often turns out to be much further when roads, terrain and public transport facilities are taken into account. I do not know exactly what the position is in Somerset, but certainly in Essex, where my constituency is, this problem is compounded by the fact that it is often the case that certain bus routes are under threat. Therefore, there is no security against future developments, where, for example, bus routes are closing, which would make the access to these alternative branches even more difficult.

Access criteria also have the unintended and perhaps absurd consequence of closing profitable branches simply because they happen to exist in the wrong location. It is remarkable that Ministers have used financial considerations to justify their latest raid upon the network and then closed some branches that are clearly profitable. I mentioned one or two in areas where populations are expanding. If the rationale is to save the Post Office money, it seems absurd that we are closing profitable branches. Again, a number of hon. Members touched on that point.

I suggest that this is not just about access methodology and the fact that it is flawed but about the consultation process, which also appears to many, particularly those at the receiving end of many of the closures, to be flawed. Cabinet Office guidelines clearly state that consultations should take a minimum of nine weeks to allow for full participation, yet the Government have approved a programme of consultations lasting only six weeks in each local area. That is not right, and the Minister needs to look at it again.

Not only is the consultation too short, I suggest that it is highly cynical. Post Office Ltd has made it clear that even where a post office is saved from closure as a result of consultation, another post office should be earmarked for closure in its place, creating a man-eat-man environment. We seem to be in a macabre game of pass the parcel with the much-feared closure of vital services. If one community manages to save a post office, another must pay the price. That cannot be right. It simply shows that the Government and Post Office Ltd are trying to meet a target rather than cater for and listen to local communities with regard to how badly post offices are required and the vital role that they play. That pass-the-parcel approach encourages everyone involved in the consultation to adopt the view that it is nothing but a sham.

On top of that is the point made by the hon. Member for Somerton and Frome (Mr. Heath). Often, the shop and the post office are interdependent, and if the post office is taken away, the shop must go as well, because there simply is not enough business. Again, I am not convinced that the Government have taken that into account in deciding how many post offices to close and what effect that will have on local communities.

By the next election, this Government will have closed more than one third of the entire network. There is an element of hypocrisy in their approach. We know that as many as seven Cabinet Ministers and 17 junior Ministers have actively campaigned in their constituencies against post office closures, despite having forced a closure programme on everybody else. It seems to many looking in from the outside that the approach adopted has been one of do as I say, not as I do. It also has the perverse effect of forcing closures on neighbouring communities, as we have discussed.

To compound that crime, the Government and Post Office Ltd seem to have no strategy for the longer-term future of the post office network. The Post Office card account was mentioned as an illustration. The contract ends in 2010, and the National Federation of SubPostmasters believes that if it is not awarded to Post Office Ltd, the network could implode. I have raised that issue myself at the Dispatch Box during questions. The Government have kicked it into the long grass by saying that an announcement is forthcoming, but I share the scepticism about why it is taking so long to come to a decision when the simple answer would be to give the account to Post Office Ltd in order to secure the long-term financial future of many of the remaining post offices. Again, however, there seems to be a hidden agenda that none of us is quite clear about.

As a brief aside, I suggest to hon. Members who have spoken that we in Essex are trying to do a little bit more to keep our post offices open. I convened a meeting between Essex MPs and the Minister, after which Post Office Ltd was forced to open its books to Essex county council with a view to examining the financial possibility and feasibility of the county council helping to keep some branches open. The county council has pledged £1.5 million to the scheme. It will result in reopenings; we are not sure of the exact number. I suggest to hon. Members in a spirit of co-operation that they look at that operation. If they want to have a chat with me afterwards I shall be happy to discuss it with them. Post offices will be reopened in Essex because of the involvement of Essex county council, which I congratulate on taking that initiative.

I hope that the Minister will show a little flexibility in responding to the issues raised in the debate, by way of contrast to the very rigid programme of closures that has been forced on communities.

12.20 pm

The Minister for Employment Relations and Postal Affairs (Mr. Pat McFadden): I congratulate the hon. Member for Yeovil (Mr. Laws) on securing the debate. As we have heard, the subject is debated often in the House; I do not know whether it is quite four times a week, but certainly it is pretty often. The hon. Gentleman raised several specifics, particularly with respect to the

[Mr. Pat McFadden]

post office at Hinton St. George, which I shall come to in a couple of moments. I want to make some more general points first.

The hon. Gentleman acknowledged, as did the hon. Member for Taunton (Mr. Browne), that life in this country has changed, which marks this debate out as somewhat unusual among the others on the subject. Patterns in the way people do things have changed a lot. That is a big factor behind post office closures. Consideration of the context and the Post Office's current position will give some idea of why the Government would sanction the closure of up to 2,500 post offices, given that, as hon. Members have said, it is clearly unpopular in communities and occasionally—perhaps Hinton St. George is a case in point—arouses fierce protest. That has happened on occasion throughout the process.

Why, therefore, would the Government take their present course? The context is an extremely difficult financial position for Post Office Ltd. The Post Office network is losing £500,000 a day. That is not a static picture. Those losses have been increasing in recent years. The number of customers using the Post Office has declined by about 4 million people a week. The lifestyle changes to which the hon. Members for Yeovil and for Taunton referred are having a profound impact on the Post Office. It is easy for hon. Members to say that it is all the Government's fault. At one point in the debate I thought that I was being blamed for the decline in church attendance; but changes in lifestyle are a result of choices that society makes about how to do things.

The hon. Member for Yeovil said that the process has accelerated under the present Government. Of course, the period of Labour Government, the past 10 or 11 years, has coincided with a complete revolution in communications; the factors are different from those that existed decades ago. To use one example that has had a profound impact on the Post Office—I apologise to regular attenders at these debates, who have heard me use the same examples before—the online car tax service did not exist four or five years ago. It is now used by 1 million people a month. For decades it was not available and everyone went to the post office to renew their car tax. A million fewer people a month go to the post office on account of that item alone.

That leaves aside the fact that eight out of 10 pensioners now have their pension paid into their bank account; among new retirees the figure is nine out of 10. It leaves aside also competition from other networks, such as PayPoint, the organisation that won the contract for the BBC television licence. Between lifestyle change, technology and competition, the Post Office faces a profound challenge. Of course that means that the country cannot sustain a network of the size it used to have when those transactions were carried out very differently.

The hon. Member for Somerton and Frome (Mr. Heath) said that the Government boast about the amount of support that they are providing. I have no intention of boasting, but that support is significant, because without it thousands more post office branches would be under threat. We are in the midst of a programme of support worth up to £1.7 billion in the run-up to 2011. Without the annual subsidy of £150 million, the securing of Post Office debts and other funds available, the network would be in a much more serious position. That might provide *precious little comfort for his* constituents experiencing post office closures, but without that level of Government support, far more branches would be under threat. Opposition parties' positions might be that a cheque book should simply be opened and that no matter what the subsidy it should grow year on year regardless of lifestyle changes. I do not think that any responsible Government can take that attitude to funding. At some point, one must have regard to the choices that society is making and the subsidy must have regard to the public purse. We have put in place a very large subsidy indeed.

I come now to some of the specific points about closures, replacements and consultation that have been raised. Replacement closures came up many times in this debate, and I acknowledge that in this inherently unpopular process the idea of replacement closures can by even more unpopular. So why implement a policy for which hon. Members say there appears to be no rationale? To reduce the network's losses—the £45 million to which the hon. Member for Brent, East (Sarah Teather) referred is only part of this—we plan to take out some £200 million in costs. If no action were taken, the losses would increase year on year. The 2,500 closures are necessary because three out of four post office branches run at a cost to Post Office Ltd. If it is decided, following representations from the local community, Postwatch and so on, that a particular closure need not go ahead, an alternative branch will occasionally be selected for closure. I understand that that is unpopular, but hon. Members asked an honest question about why it happens. In truth, if the end number of closures is significantly less, the Post Office will be unable to reduce the huge losses that it is sustaining day in, day out.

Mr. Laws: Should unplanned closures saving a significant amount of money not also be taken into account?

Mr. McFadden: We have funded the network so that Post Office Ltd should be able to sustain a network of about 11,500 branches, after the current closures. If people leave, retire, sell a business or leave the network for ordinary reasons, the Post Office should make every effort to find a replacement sub-postmaster. However, it is not national service. Sometimes it might be difficult to force a situation, but the funding is in place to make that much more viable.

Hon. Members asked me a great many more detailed questions, to which I shall turn in the time available to me. I was asked about the nature of the consultation. The Select Committee picked up on this. The consultation is not a local referendum on post office closures—that decision has been taken—but about how the closures are implemented locally. Post Office Ltd needed to be clearer about that, and I hope that it is in the future. I am afraid that time does not permit me to cover every other point raised. I understand that this is a difficult situation, and I congratulate the hon. Gentleman on raising the issues around the post offices in his constituency.

Bath Scalds

12.30 pm

Mary Creagh (Wakefield) (Lab): It is a pleasure to be here with you this afternoon, Miss Begg. I thank Mr. Speaker for this opportunity to raise my concerns about the Government proposals to reduce bathwater scalds in the home. As my hon. Friend the Minister will be aware, I have been pursuing the issue for more than three years. I have dealt with several Ministers along the way and I should warn my hon. Friend that those who have previously occupied his current portfolio have had a terrible habit of being promoted. No doubt a similar fate awaits him, but I hope that he will leave a lasting mark on the position by being the Minister who agrees to changes in the building regulations that will spare hundreds of children the appalling scald injuries that I have sadly become all too familiar with over the past few years.

Previously in the House, I have told the story of a little girl called Holly Devonport from Wakefield. Holly was just five years old when she suffered scald burns to more than half her body. Her mother, Julie, was running her a bath and went to get a fresh towel. Holly was sitting on the edge of the bath, playing with a computer game. In the split second when her mother left the bathroom, she lost her balance and fell in. Julie told me that when she pulled Holly from the bath, her legs looked like they had been dipped in acid. Holly's agonising injuries meant that she endured a seven-hour operation to graft skin from her stomach on to her legs. She spent six weeks in the burns unit at Pinderfields hospital in Wakefield and a further six months in a wheelchair. She was off school for four months, and she will be scarred for life.

Holly is now a cheerful, vibrant 12-year-old. Two years ago, she and her mother came to Parliament to launch the "Hot Water Burns Like Fire" campaign, which is backed by the British Burn Association—the plastic surgeons and anaesthetists who deal with such burns—the Child Accident Prevention Trust, the Children's Fire and Burn Trust, Help the Aged, Age Concern and the Royal Society for the Prevention of Accidents. They, and I, want to ensure that what happened to Holly does not happen to another child, but unfortunately what happened to Holly will happen to another child today and every single day this year. Some 600 people a year suffer third-degree burns from scalding-hot bathwater, and three quarters of them are children under five. There is an issue about social justice here, because research on scalding shows that children from poorer households are much more likely to suffer such an injury and are more likely to suffer, in particular, the very severe forms of scalding injury.

This year, 20 people will die from burns that they received from bathwater. Most of them will be over 60. Pensioners and children are the most vulnerable to scald injuries because their skin is thinner and burns more quickly. Also, as any parent of a toddler will know, little children have no perception of risk. Elderly people have less physical ability to deal with dangerous situations.

I know that the Minister is aware of my position on this matter and I thank him for the conversations that we have had in private and at the meeting, which took place almost by accident, with the "Hot water burns like fire" group a couple of weeks ago. I would like the Government to change the law so that thermostatic mixing valves, or TMVs as they are known in the industry, such as the one that I have with me and which I am happy to leave with the Minister as a paperweight, are fitted in all new, refurbished and change-of-use homes. Those valves set the bathwater temperature to a maximum of 48° C and it emerges from the taps at about 46° C, depending on the water pressure elsewhere in the home. That is not new technology; it was developed in the Glasgow laundries in the 1920s and '30s. It is an old piece of engineering that has been updated over the years.

I shall put those temperatures in context. At 66° C, hot water burns through skin in two seconds. At 56° C, it burns through skin in 15 seconds. At 46° C—the temperature at which the valves would be set—it takes five minutes to burn through skin. If hon. Members take the temperature of their own supposedly scalding-hot baths, they will probably find that it is 40 to 42° C. Nobody can sit in a bath at 46° C, but, at that temperature, there would be a little bit of time for parents to rush back and pull out any child who fell in.

We wash our clothes at 40° C, and we have to educate people to wash their children and themselves at the same temperature. I pay tribute to Wakefield metropolitan district council, which, as far as I have been able to establish, is the only council in the country to have installed TMVs as standard across its housing stock. The main reason for that decision was the fact that it had a seriously high level of scalding injuries. Wakefield is an old mining community, and because the miners used coal to heat hot water through inefficient big back boilers that delivered water at high temperatures, we had a higher than average level of scalding.

A new scalding in the home risk is emerging with the installation and increasing popularity of solar panels. People rightly want to fit them to save energy and the environment, and to use the sun's energy. The panels heat water to up to 100° C, and I have heard stories from people who say that the water coming out of their tap is incredibly hot. So there is an emerging risk from the increasing popularity of solar panels. People are saving the environment but they are unwittingly putting their family's health at risk.

Since I began campaigning on this issue, I have been contacted by many people with tragic and heart-breaking stories of what has happened in their family. A 17-month-old child fell into his bath in Sunderland when his mother left the room for a few seconds to fetch his pyjamas. I have heard stories of children dropping toys into the bath and going in to get them. A recent high-profile scalding case involved Katie Price, otherwise known as the model Jordan, whose son Harvey, who is blind, was badly scalded after getting into a hot bath.

I have also heard stories of pensioners getting cramp in their legs while topping up their bath with hot water. Dr. Keith Judkins of the Pinderfields burns unit told me of one unfortunate patient he treated who had been scalded in his bath. He had gone into burns-related shock and was unable to get out of his bath. By the time his neighbours alerted people the next day, he had sat overnight in bath water that had turned cold, so he was admitted to hospital with third-degree burns but also suffering from hypothermia, which made his treatment extremely difficult. He had an appalling injury.

[Mary Creagh]

A person could have a heart attack or an epileptic fit or suffer a stroke in the bath. People may climb into the bath having had too much to drink or an overdose of prescription or illegal drugs and suffer terrible consequences. Each of those horrifying incidents could be prevented by a £40 TMV fixed to the bath.

The name of the campaign, "Hot Water Burns Like Fire", is not just some cheap catch phrase. Scalds really do burn like fire. My friend Keith Judkins, who has been working on the issue with me, is a consultant and anaesthetist at Pinderfields hospital. He is also the chairman of the British Burn Association burn prevention committee. He says that scalds are equivalent to a petrol burn, and he should know. He sees terrible injuries every day and has often said that he would love the law to change and to put him out of business and out of work. He wishes for nothing more from our Government.

Keith Judkins told me that a scald over more than one fifth—20 per cent.—of the body has the same metabolic impact on a person's physical chemistry as being hit by a bus. That change in the body's chemistry can be life threatening. People can go into burns shock, and the suffering experienced by bath scald patients is substantial. Pain is a significant feature in the first two years after a scald. It can become chronic, with pathological pain mechanisms involved. Itching can also be a serious chronic problem and may disturb sleep, especially in the first two years. Patients of Mr. Judkins have been known to scratch their newly healed skin raw.

The most persistent scar-related problems are the need to wear pressure garments for one to two years and the need to moisturise all burned areas every night for ever, because burned skin loses its sebaceous sweat glands. Because of the loss of those glands and because healed skin is much more sensitive to sunlight, burn patients cannot stay in the sun for very long at all. They obviously have to be much more careful in the sun.

There are other issues around burns, apart from the physical ones. Psycho-socially, unless people have facial or hand burns, their injuries and scars will affect them whenever they are expected to expose them, for example, when swimming at school or on school sports days—they will obviously get comments from their classmates about their scars—and as they enter their teenage years, when faced with the beginnings of sexual attraction. Bath scalds in children almost invariably affect the groin area. I have no need to spell out the extreme anxiety and consequent social withdrawal that a scalded teenager feels when they realise that they are attracted to someone and are getting close to revealing previously concealed ugly scarring.

Legislation requiring homes to have TMVs came into force in Scotland in May 2006, after a magnificent campaign run by the lawyer, Alan Masterton. I pay tribute to the fantastic work that Mr. Masterton did in Scotland. Similar legislation has been passed in the United States, Canada, New Zealand and Australia, so why can we not do the same in England, Wales and Northern Ireland?

Over the past few years, I have pleaded with Ministers to widen the scope of consultations on building regulations to include the installation of TMVs. I am sorry to say that the Government's position on this matter has not been consistent. I have with me today ministerial correspondence stretching back to 2004. In January 2004, my hon. Friend the Member for Corby (Phil Hope), then a Minister in the Office of the Deputy Prime Minister, issued a press release entitled "Government moves to stop bath time scalding injuries", which stated:

"Safe water temperatures would be addressed by a review of part G of the building regulations and could come into force in early 2006".

Clearly, our being here today shows that that did not happen. In March 2006, I introduced a ten-minute Bill. That is when Holly Davenport came to the House of Commons and launched the "Hot Water Burns Like Fire" campaign, along with the actress, Amanda Redman, who has given fantastic support to our campaign in the House and outside in wider society.

In 2006, my hon. Friend the hon. Member for Dudley, South (Ian Pearson), then a Minister in the Department for Environment, Food and Rural Affairs, wrote to me saying that a review of part G of the building regulations had been undertaken in 2005, although it had not included the TMV issue, but he reassured me that he would consider further the need for regulation to require TMVs at specified water outlets.

In January 2007, my hon. Friend the hon. Member for Basildon (Angela E. Smith) assured us that the Department for Communities and Local Government understood our concerns and wanted to reach a solution. I thought that we had finally persuaded DCLG when in a written ministerial statement in summer 2007 she stated:

"The Government are committed to ensuring that Building Regulations support the safety of hot water systems in the home."—[*Official Report*, 21 June 2007; Vol. 461, c. 107WS.]

So I was disappointed when my hon. Friend the Minister, who is responding to the debate, released a written statement in March 2008, indicating that he was not minded to include TMVs in a review and would request further information only from stakeholders.

If we can prove that the cost-benefit analysis can be changed, will the Minister guarantee that he will include TMVs in the current review of part G of the building regulations? Even if the cost-benefit analysis is not conclusive, does he not agree that the costs cannot begin to cover the human costs of a scald? Most people, when asked to put a price on the skin of their child, would first shudder with horror and then say, "My child's skin is priceless."

I was disappointed when this measure was not included in the consultation. The published impact assessment, which I have with me today, claims that the costs of TMVs far outweigh the benefits. That contradicts the other cost-benefit analyses carried out in Scotland, which I also have in front of me, in Australia and in the United States, where studies have proved the efficacy of TMVs.

I understand the rationale for producing an impact assessment and I am aware that officials from the Minister's Department have worked hard to produce an accurate report. I pay tribute to the work that has gone into this report; it is a thoughtful, meaty and considered document. However, even those officials would admit that it is difficult to apportion costs to the treatment of scalds. The impact assessment is written in a way that invites comments and I have comments to make. The report notes that, where calculations have been made in reference to surgical costs,

"it is anticipated that this can be verified by information provided during the public consultation".

I get the feeling that the Department would like us to make the economic case for it. We are, of course, delighted to help it with its calculations. We are in a position to challenge some of the assessment's key assumptions and to alter significantly the balance between cost and benefit.

Let us examine what have been described as the costs to the economy of reducing the number of children and elderly people scalded. The impact assessment established an annual average cost of £10 million a year, or £82 million in net present value terms over 10 years. Our industry partners in the "Hot Water Burns Like Fire" campaign agree broadly that the £40 cost quoted in the report for a TMV is correct. However, the impact assessment does not provide for the cost reductions that would be afforded by increased production of TMVs and greater competition if the regulation were changed.

I have been contacted by several firms that produce the devices. For reasons of commercial confidentiality, I shall not name the companies involved, but some have conducted detailed research into the likely reduction in cost of TMVs if the sales volume were to increase significantly. The industry believes that cost reductions of more than 30 per cent. are possible, and probably more when the market is commoditised and margins are squeezed. The cost could fall from £40 per TMV to £30, or maybe even £28 or £25.

Although the effect would not be immediate—it would not happen on day one after the law was changed—we believe that the costs quoted in the impact assessment could be reduced by more than £20 million, to less than £60 million over the 10-year period for which net present value is measured. I acknowledge that the house building industry is entering a difficult time, but despite that, an estimated 223,000 new homes will be built this year, at a very conservatively estimated cost of £2.5 billion. The £10 million-a-year cost would be absorbed by house builders, reflecting a less than 0.5 per cent. increase in the cost to them of building a house. That is a tiny amount of money.

The other part of the impact assessment that we believe is easy to challenge involves the costs associated with treating those dreadful injuries—costs that would no longer have to be borne by the NHS and the individual. At the moment, the costs to the NHS are economic, but the costs to the individual are social and environmental. As I said, I have a great deal of respect for the officials who prepared the impact assessment, but it is difficult for lay people to estimate the cost impact of scalds. Even the medical professionals with whom we have worked cannot attach a definite cost to complicated treatments. Scalds can include several skin grafts, repeated consultations and the application of medicines and creams for the rest of the patient's life. The impact assessment considers only the immediate cost of treatment and perhaps the cost for the next six months, during the acute phase. However, most scald victims are under five, and thus require operations throughout their growing years, as skin grafts cannot grow and stretch like normal skin and the grafts must be repeated.

The good news for victims is that far fewer procedures are needed than in the past. However, we estimate an average of three substantial operative procedures over a 15 to 16-year period until the individual stops growing, each with a median in-patient stay of five days. That does not include at least one out-patient attendance a year for 13 to 15 years, nor the cost of more frequent out-patient attendances or pressure garments in the first two years. Those are substantial extra costs. A conservative cost range is £15,000 to £20,000 for the average patient, but in severe cases, it could be as high as £50,000. That is a conservative calculation of the medical costs not included in the document.

The other significant cost not covered involves the possibility of quality adjusted life years, which measure the burden of a condition according to the quality and quantity of life lived as a means of quantifying the benefit of a medical intervention. Burn and scald victims suffer some loss of dexterity that limits activities, as well as varying degrees of pain, dependence on others for some personal care and the need to apply creams and dressings for the rest of their years. Our early estimates indicate a possible cost of as much as £150,000 in reduction of quality of life in the severest cases, and of £60,000 for an average patient. Those costs are not included in the impact assessment.

Other costs are not included: the cost to the NHS of scar management techniques such as silicon gel or custom-made face or hand conformers, the cost of disruptions to family life as a result of the need to attend hospital, the costs to families of transport to and from regional burn units or outreach clinics and, of course, the loss of earnings by family members who need to take time off work. Those are significant costs to the economy that have not been considered, and we believe that those extra medical and quality of life costs should be included. If they are, we can demonstrate much greater benefits to the NHS than are currently identified in the impact assessment.

I am happy to put all that I have said in writing, in detail, in a formal response to the consultation, before the 3 August deadline. We are keen to work with Department officials in formulating our response and to ensure that it will be formulated in the same format as is used by officials. I ask the Minister to ensure, therefore, that we will be provided with the spreadsheet that officials use to model the costs and benefits, so that we can do that.

At the moment the issues come down to the fact that children pay the price of non-installation of the valves in houses. They pay in pain and suffering and the impact on the whole family. When we consider an impact assessment we are considering what society is willing to pay to prevent such a terrible injury. There is a moral case too—it is not just an economic case—about what society will pay to protect children and keep them safe in the home.

This is child safety week. I urge the Minister to make it a landmark for child safety in England, Wales and Northern Ireland, and to consider option 5A—the option for making TMVs compulsory on baths in all new dwellings, conversions and refurbished bathrooms. I want to be able to go back to Wakefield in the summer and tell Holly Davenport that her courage in coming to the House and speaking to MPs about her injuries was worth it; that together we made a little difference; that the Minister listened and is now finally ready to act.

Miss Anne Begg (in the Chair): I call the hon. Member for Somerton and Frome (Mr. Heath) and ask him to speak very briefly.

12.51 pm

Mr. David Heath (Somerton and Frome) (LD): I simply want to say that I am grateful to the hon. Member for Wakefield (Mary Creagh) and congratulate her on the single-minded way in which she has pursued her campaign for years. I had a constituent who had a similar experience to what the hon. Lady described; Mrs. Leanne Seers lives in Barrington in my constituency and very sadly her 18-month old baby girl Katelyn fell into a hot bath, was badly scalded and died four days later in Frenchay hospital. Mrs. Seers brought home to me the need for action of the kind that the hon. Lady has outlined. I wrote to the Minister repeatedly and had a reply in June last year from the hon. Member for Basildon (Angela E. Smith), when she was the Under-Secretary, which said:

"The Government is well aware of the problem of scalding amongst young children and I agree with Ms Seers that the Government has to take action on this issue."

She went on:

"Recent tragic events involving injuries caused by hot water that have affected young children have persuaded me that this should be brought forward and there should be a further review of Part G that will give particular attention to all aspects of hot water safety."

I simply feel that the time has come now for action on the basis of those assurances from Ministers, and I hope that that is what the Minister will tell us is happening.

12.53 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Iain Wright): It is an honour to serve under your chairmanship, Miss Begg. I congratulate my hon. Friend the Member for Wakefield (Mary Creagh) on securing the debate. As we have heard, it relates to an important issue which, unfortunately, as my hon. Friend has detailed, can drastically affect many people, including young children and their families and friends.

As a father of four children, I was filled with horror at the experiences that my hon. Friend has mentioned today, of Holly Devonport and others. I thank my hon. Friend for her kind words about my promotion. I am sure someone somewhere will shortly see sense and have me relegated, but, to make a serious point, I am determined in my time in this post to address the points on which my hon. Friend has so ably campaigned for several years, and sort the matter out to her satisfaction and the satisfaction of the people who campaign with her. I commend her passion and the vigour and hard work by which, from her ten-minute Bill onwards, she has kept the matter a high-profile one, which has ensured that her work with key stakeholders such as the "Hot Water Burns Like Fire" campaign is recognised by the Prime Minister and throughout Whitehall.

Making homes as safe as possible is important. The issue is high on my agenda and the debate is timely. I am pleased that my hon. Friend is keen to work with my officials on the consultation and to help us by providing information to inform our analysis; I welcome that both during and after the consultation period. I encourage my hon. Friend and others, such as the hon. Member for Somerton and Frome (Mr. Heath), to contact my Department so that together we can achieve our shared objectives. My officials' details are in the consultation document, and they would be happy to discuss policy questions and the impact assessment spreadsheets. I am very happy to supply those spreadsheets to my hon. Friend, although I do not think that there will be any surprises in them. The analysts followed Treasury guidance, and all the data that were used are in the appendices of the published impact assessment. The analysis simply calculated the net present value of options over 10 years using a 3.5 per cent. discount factor.

In simple terms, we are looking for additional or alternative data to our data, which we have already published. My hon. Friend mentioned some new data, and I look forward to working with her on those specific issues. Although it would be very helpful to have the data in the set format, my officials would also be happy to accept them in whatever format they are provided and to discuss how to present them in the standard impact assessment template. Working through the data may help us to understand their background and meaning more fully.

I realise that my hon. Friend is also rightly interested in the timing of any changes, and she raised a valid point about when they could be made if new evidence changed the situation. I should point out to her that the consultation impact assessment is a draft. We have already said that we will, and I have committed publicly to this, recast it and re-examine all the options before we publish our final proposals. My hon. Friend will appreciate, however, that I cannot make changes when I do not have the evidence, or without warning or the right consultation. No one supports unnecessary delay, but let us look at the new evidence first before working out how it affects our next move. We must also remember that as important as the issue under discussion is, the consultation tackles other important safety and efficiency issues, too, which with luck, I shall have time to explain. We must not delay those changes as well.

There is a wider point: cutting the number of accidents in the home is something we can do most effectively as a joint effort. I am sure that my hon. Friend will recognise that regulation is not the single right answer that will solve the problem instantly. Departments, charities, landlords, public campaigns and the media also have a role to play in setting the right level of regulation and in finding the right way to tell people about the risks.

We know that there is a problem. As my hon. Friend said, there are about 20 deaths and 600 serious injuries per year owing to scalding at home—mostly in baths. As she most vividly pointed out, the majority of them are suffered by vulnerable people: young children or older people who are most at risk of injury and less able to react quickly to climb out of a scalding bath. The task for my Department is to understand how the building regulations should address and reduce that risk, and to ensure that as far as possible, we provide safe and sustainable buildings. Our role as regulators is to understand the evidence for all aspects of safety and to reflect it in the way in which we set and review regulations, so that we target the greatest risks—whether that involves hot water systems or other important issues, such as sound building structures, protection in the event of fire or the prevention of slips and falls.

I shall also explain how the building regulations operate, because it is an important point. The regulations cover all new homes, new non-domestic buildings and major works to existing buildings, but they have no

control over minor works or replacements that are carried out daily in homes and in other buildings. They are also designed to be flexible: rather than set prescriptive standards, we set functional requirements and offer guidance on how to meet them in common situations. Designers and builders are not forced to use the suggested methods; a building can meet the requirements innovatively or differently, or it can go beyond the standards. However, in respect of part G of the building regulations, which my hon. Friend mentioned, we announced in statements last June and July that the review would not only address necessary updates for new legislation, but broaden part G's scope to tackle two major policy issues. The first is water efficiency standards, which are important, and the second is the safety of hot water systems. That was and remains a very high-profile issue. Scalding from water released by cisterns that overflow or burst has been the cause of two fatalities in recent years. The hon. Member for Somerton and Frome mentioned the appalling case in his constituency, and we have proposed measures to ensure that cisterns can resist pressure and certain temperatures in the event of a fault.

Today's debate also focused on another risk: scalding from hot water in baths, showers and sinks. My hon. Friend gave us some of the appalling statistics and told us about the horrific suffering of victims and their families. Her work and that of the Hot Water Burns Like Fire campaign has been very valuable. I should like to work with her further to ensure that what we achieve is what we both want.

Policing (City of London)

1 pm

Mr. Mark Field (Cities of London and Westminster) (Con): Violent crime, antisocial behaviour and alcohol-fuelled disorder, most recently highlighted by the Home Office's hard-hitting adverts on youth drinking, have rarely been out of the headlines in recent months. A great deal of the burden is borne by our town centres throughout the nation where people gather to drink and revellers spill out of pubs and clubs into the streets.

In my central London constituency, the night-time economy booms, and undoubtedly contributes to the capital's vibrancy. But it also places undeniably great pressure on my two local authorities, stretches our emergency services, and causes trouble for the increasingly important and perhaps overlooked residential population. The impact of the Licensing Act 2003 and the gathering of smokers outside licensed premises only serve to highlight the alcohol-related disorder more vividly.

The Minister may assure me that those problems are by no means unique to my constituency. Up and down the country, police and paramedics deal with depressing regularity with the fallout of our excesses, but such problems are being felt acutely in the City of London. In its small area—one square mile—which supports a residential population of just 8,000, the number of premises with public entertainment licences operating beyond 2 am stood at 11 before the new licensing legislation came into force in 2005. Today, that number has leaped to 64 such premises. That increase has seen as many as 10,000 people partying in the City at any one time, and has transformed the area from one that has traditionally been empty in the evenings and at weekends, to a place where an increasing number of people who neither work nor live in the City arrive to go drinking and clubbing.

The City of London police are incredibly responsive and have done a fantastic job in minimising the negative impact of the night-time economy. Yet the funding package allocated by the Home Office and the Department for Communities and Local Government for the next three years neither reflects the changing situation on the ground nor recognises the City force's national responsibilities in protecting us from terrorism and international fraud. If the Government expect emergency services and local authorities throughout the country to deal with the impact of a changing night time, adequate support must be provided.

Evenings and weekends in the square mile have, until recently, been quiet, but with the increase in the number of licensed premises and the large independent promotional events that are gaining popularity, the City is beginning to provide an exciting alternative to the west end. It has welcomed its burgeoning night-time economy as reinforcing London's status as a world-class capital, and the vast majority of the licensees and patrons are well behaved. That must be stressed when discussing the issue throughout the country. They are keen to work with the City of London police and the corporation to reduce any negative effects of their presence.

However, problems have arisen from the extended hours that are now afforded to such a large number of premises. They have attracted to the square mile promoters who take advantage of the City's safe environment and

[Mr. Mark Field]

its wealth of large venues with late licences to host big events. Such promoters draw in crowds of people who neither work nor live in the City and who remain at the venues until the early hours of the morning, often beyond 4 am. Individual clubs may attract as many as 1,200 people in an evening and up to 2,000 may be dispersed on to the City's relatively quiet streets as the clubs close their doors.

With such large numbers gathering, the City has seen a dramatic increase in alcohol-fuelled violence. Wounding and common assault have been identified as two distinct areas where crime is heavily on the increase in the City and which the City force believes are specifically related to the growing night-time economy. More worryingly, in recent months there have been two murders at licensed premises in the City of London.

There are increasing incidents of noise disturbance, street urination, vomiting and illegal parking. The city street cleansing system has been put under significant strain in dealing with the large amounts of cigarette litter and advertising fliers discarded on the pavements. At residents meetings, constituents have spoken passionately about the diminution in their quality of life. Business rate payers have also expressed deep concern about the damage to property caused by the growing night-time economy.

I witnessed first hand the burden that is put on people when I joined the City force's special constabulary on one of its busy Friday-night shifts at the end of last year. Most of the incidents to which my team was called involved people who had come to the City for a night out. Many of the incidents had been fuelled by alcohol; there were drunken brawls outside bars and people slumped in doorways, too inebriated to function properly.

My researcher went out with the City force to help with its rough sleepers count and had the chance to speak with officers about the pressures that they faced. Late licensing has emerged as one of their primary concerns. Officers agreed that since the new licensing regime came into force, their jobs had become significantly more challenging.

Like many authorities across the country, the City of London is taking a very joined-up approach to dealing with the negative impact of the night-time economy. It is not only looking at what the City of London police force can do through law enforcement but re-examining what can be achieved in terms of licensing and environmental protection. The City's team has, for example, been learning from Birmingham city council, which has presided over a dramatic increase in Birmingham city centre's night-time economy since the Licensing Act was implemented. Key stakeholders in Birmingham—the police, the fire service, trading standards and licensed premises themselves—have worked together to reduce the problems associated with the growing number of bars and clubs in the city centre. There has been a highly visible but light-touch police presence, with a particular focus on dispersing large crowds quickly.

The City has brought several of those lessons back to London and it has made reducing the impact of the night-time economy one of its six priority areas over the next three years. It intends to establish a dedicated team to oversee licensing issues, make more visits to licensed premises when they are open and identify problem premises. The team will adopt the tactics of engagement and enforcement. In addition, the City force has appointed an inspector specifically to lead on this issue, as well as a lawyer to take a robust approach to those who flout the terms of their licences.

Through initiatives such as risk assessment for promoted events, the City is also working in tandem with Westminster city council to its west. The City police are accessing information supplied by the Metropolitan police, who have responsibility for all areas in the metropolis outside the square mile, and working together with their vice unit to deal with this new phenomenon. Encouraging intelligence and information-sharing is key, and such measures will be backed by new shift patterns at weekends and late at night to allow a greater police presence on the street.

To that extent, it is only fair to say that the Home Office has been very aware of the concerns, and I appreciate that a lot of this good national practice has come from Home Office initiatives. Much depends, however, not just on diktats from on high, but on local agencies working closely together. I am sure that there are great successes in some places, such as the City of London, but current arrangements in other places leave much more to be desired.

Softer measures, such as taxi marshalling schemes to remove some of the 2,000 people who can be dispersed at any one time, have played a significant role in reducing disorder. I am sure that such programmes will continue apace. The City of London's director of environmental services is also considering the deployment of new inspectors to cover the streets during evenings and early mornings. Their role would be to enforce rules on licensing, noise, smoking and parking.

But—I fear that there is always a "but" on these matters—the City police's rough calculation of the relatively new costs that the force is incurring as a result of the developing night-time economy is £968,000 for the year. Let me list what that cost is made up of. The cost of overtime to assist with night duty, which applies on Wednesday, Thursday, Friday and Saturday nights, comes to £102,000. An Easter operation on motor defence cost £79,500. The two-week run-up to the festive season cost £13,500 on top of the usual budget. An inspector and sergeant in licensing roles cost £125,000. Two additional ward constables, who deal with a lot of this night-time economy, cost another £90,000. Likewise, a constable attached to the CO14 clubs and vice team costs £45,000. Major incident inquiries, in relation to the two murders and shootings to which I referred earlier, cost more than £500,000. The total is, as I say, almost £1 million for this year.

The police tell me that all these figures are directly attributable to a burgeoning night-time economy. One might argue that, to a certain extent, a lot of the activity associated with that economy has been transferred from other areas, either other parts of London or other areas in the home counties and the south-east, and it is now focused on the City of London, which, as I have mentioned, now has about 64 premises, rather than 11, that are licensed to stay open beyond 2am.

The licensing posts, for example, were not previously anticipated, even when the new legislation came into place five years ago. They were introduced to address the licensing issues that have been raised as a result of

the night-time economy and the officers in those posts effectively supplement the existing support staff for licensing.

The seasonal costs were for operations dealing with specific late-night events at venues that required additional policing and not simply for additional policing at bank holidays. The same is true of the costs associated with the major incident inquiries following the murders and the shooting in the City, which occurred at events that would not previously have been held in the City.

So this is a pretty extensive new burden on the City of London Police. The rapid way in which the situation has changed in the square mile means that the City's force has had to adapt equally rapidly and is having to find resources to deal with problems that barely existed only a few years ago.

I have expressed in the House before my great admiration for the City of London police. They have a unique role and a record of success that make them stand out as a model for effective, localised and adaptable policing. The City force ensures the safety and security of the square mile not only for its 8,000 residents but for its 300,000 daily workers, those who visit the capital and the large numbers of people who, as I have mentioned, arrive in the centre of London for a good night out.

The Government have also come to rely on the City force to help with some of their broader objectives, namely counter-terrorism and combating white collar crime. The force reaches across regional, national and even international boundaries in policing global business, and its economic crime unit boasts the largest fraud squad in Europe. The increasingly globalised world in which we live has inevitably meant that there has been an increasingly large burden placed on the force over the last decade.

Indeed, the force's high degree of experience in the investigation of white collar crime has led the Government to grant it lead force status for fraud cases across the whole of south-east England. The force even works with the Department for International Development to investigate allegations of overseas corruption.

Furthermore, the City's force is uniquely prepared to deal with the threat of terrorism, as a result of its own experience in the early 1990s in dealing with bombing campaigns by terrorists from Northern Ireland. Its state-of-the-art technology and its restructured policing methods, both of which I have seen on the ground, mean that the force can provide the Government with a wealth of expertise in this sector—expertise that is crucial at this time of heightened security.

Unfortunately, it seems to be the case that, despite working beyond its boundaries as a trusted, reliable and frequently utilised resource, the City of London police force is not receiving the funds from the Government that I believe it is entitled to. The force has ended up with a grant allocation below the level that even the Government themselves have judged necessary to deliver their policing agenda. The Home Office set a minimum grant increase at 2.5 per cent. in each of the three years of the next spending round. No other police authority, apart from the City force, is to receive a grant increase below the minimum, but the figures announced by the Home Secretary in December and confirmed by the Minister for Security, Counter-Terrorism, Crime and Policing in January show a decrease in police-specific grant from £22.8 million in 2007-08 to £20.2 million in 2008-09.

There are some specific issues that I do not necessarily expect the Minister to comment on now. These are issues that I have dealt with on the Floor of the House in relation to the Department for Communities and Local Government, and I appreciate that elements of the funding formula are both of historic importance and quite unique to the City police force. Therefore, I hope that, in being able perhaps to do something for the City police force, the Government will not set a precedent that will apply to each of the other local police authorities.

I expressed at the time my severe reservations about the change in licensing laws and my concerns about the unforeseen circumstances of a smoking ban. Those changes have gone through, and I do not wish to go into great detail about their pros and cons. We now need to deal with the problems that are being caused in city and town centres up and down the country by late opening hours for licensed premises and by the number of bars, pubs and clubs that have sprung up in certain areas.

Those problems are being witnessed in both halves of my constituency, but are particularly evident in the City of London. It has gone from being a virtual ghost town at nights and weekends to having to deal with an increase in violence and the antisocial behaviour of vomiting and urination, as out-of-towners are encouraged into London's centre. Given the City of London police force's prominence in dealing with a range of Government objectives that go beyond its immediate duties, it is a little disappointing, to say the least, that the funding package offered has not been up to scratch. To ensure that the City can continue to provide people with a safe area in which to live, work and enjoy themselves, it is only fair that the Government acknowledge the impact of their policies and reconsider how best to compensate for them.

The technical reasons why the City has done so badly are to be found in how the grant formula works. I appreciate that that argument is replayed across the country, and I do not wish to get tied up in its technicalities, particularly as we anticipate the imminent Flanagan review of the matter. However, that should not mask the essential point that the current formula simply does not work for the City of London. There is a longer-term need to put the City's police funding arrangements on a basis that takes account of both the City's unique circumstances and the responsibilities of the police force, and that properly reflects territorial policing needs in the square mile in the light of the new challenges. Inevitably, all 646 of us regard our own constituencies as unique, but a lot could be done for the City of London police with a relatively small amount of money without necessarily setting a precedent.

Will the Minister review the current arrangements or consider meeting both myself and Simon Duckworth, the new chairman of the City of London's police committee, to discuss our concerns in more depth?

1.17 pm

The Parliamentary Under-Secretary of State for the Home Department (Mr. Vernon Coaker): It is a pleasure to serve under your chairmanship, Miss Begg, if not for the first time then certainly for only the second.

[Mr. Vernon Coaker]

I congratulate the hon. Member for Cities of London and Westminster (Mr. Field) on securing the debate and on the measured, concise and powerful way in which he put his case. I know that he has a reputation in the House for being reasonable. Sometimes reasonableness is a byword for someone being regarded as soft and not pursuing their case with vigour, but that is certainly not true of him. He demonstrates that somebody can put their case forcefully but reasonably, and I congratulate him on that. He makes his case even more powerfully in that way. I know that he is an assiduous Member of Parliament for his constituents, whether they be residents or businesses, and this debate is an example of that.

In case I forget, I shall say now that of course I am happy to meet the hon. Gentleman and his colleague. If he contacts my office we will arrange such a meeting, although I am not sure when, to discuss further the issues that have been raised this afternoon.

We have required all crime and disorder reduction partnerships to draw up alcohol harm reduction strategies. The safer city partnership has consulted partner agencies and the wider public to target problems that it has identified using an analysis of partners' data and a problem-solving approach. The Government have not only legislated to help CDRPs and law enforcement agencies but committed resources to both prevention and education. The harm that binge drinking does is well documented. As the hon. Gentleman mentioned, the second phase of our campaign to tackle binge drinking, "Know Your Limits", which I launched last week, is aimed at reinforcing that message.

According to the police recorded crime statistics at 31 May 2008, all crime is down in the City of London by 6 per cent. compared with the same period last year. I am aware, however, that there have been some problems related to the night-time economy in the area, but I am reassured that the CDRP is working hard to tackle those issues, as the hon. Gentleman said.

The priorities of the recent alcohol harm reduction strategy reflect the concern and commitment to tackle the problems. May I pause for a moment and, like the hon. Gentleman, pay tribute to all the hard work that is done by the City of London police, various local authority staff and all the agencies working to deal with problems in the City of London? Indeed, as he said, as well as dealing with problems from the night-time economy, the City of London police have been made the lead force for tackling fraud, and they are to be commended for all the work that they do on that. I recently met the chief constable to talk about economic crime in the broadest sense and some of the work that is being done on e-crime. The hon. Gentleman is quite right to point out that the City of London police deal with that but are also involved in many other areas of work.

The night-time economy is not only about pubs and clubs. Other businesses and support infrastructures have a critical part to play as well. The night-time economy in the City of London has changed a great deal in the past 18 months, and while the Government have facilitated responsible drinking and leisure activities enjoyed by the majority of law-abiding citizens, they and local agencies are resolute in their determination to deal with those who overindulge or commit offences.

The City of London operates a taxi marshals scheme from Liverpool Street station. It is vital in ensuring that people socialising in the City can disperse safely and get home quickly. Another example is the work being done by the London Ambulance Service, which ran a field hospital, or temporary treatment centre, based at Liverpool Street station in December 2007. It successfully dealt with those who were drunk or injured through assaults or accidents, and it relieved the pressure on the London Ambulance Service and left it better able to respond to other emergency calls.

We understand that there have been problems with drunks urinating in the street. Clearly, that is unacceptable behaviour. In addition to issuing penalty notices for disorder, the Government urge local authorities to provide appropriate public toilet facilities. We understand that the local authority is trialling temporary urinals around Smithfield market and is set to introduce a new byelaw making it an offence to urinate in a public place. Also, businesses, working with the CDRP, should ensure that they have appropriate dispersal plans in place to address that apparent problem.

The key to successful policing and management of the night-time economy is working in partnership to ensure that the police, the licensing authority, businesses and the health service all share information and work in a co-ordinated way to tackle any problems that are identified by the agencies or the public.

We have recently introduced alcohol disorder zones which provide local authorities and the police with a means of charging licence holders for additional costs of enforcing the law if other measures to tackle alcohol-related crime have failed.

Without going too much into the budgetary questions that the hon. Gentleman raised—as he said, he is pursuing them in other ways—there have been increases in the funding made available to the City of London police. The total budget for 2007-08 was £62.86 million, an increase of 2.7 per cent. over the equivalent budget for 2006-07. The total budget for 2008-09 is £64.12 million. It reflects the unique funding arrangements for the City of London police. There have been years in the past when they have done better than many other forces. The City of London Corporation, as the hon. Gentleman knows, wants to maintain the special status of the City of London police, but that brings with it a requirement to ensure that the force is properly funded.

The hon. Gentleman knows that the problem comes from the fact that the corporation is treated like an education authority for the purpose of funding floors. This time around, the floor for education authorities is 2 per cent., which is less than the police funding floor. In previous years, the funding floor for education has been higher for education authorities than for the police. In those circumstances, they benefit. Having said that, it is clearly an issue, and I know that he is discussing it with others to see what can be done.

Mr. Field: It is a legitimate point, and more than just a debating point, that the connection with education authorities has been positive as well as, more recently, detrimental to the headline figures. None the less, there is concern. The burdens on the City of London police are immense for a range of reasons about which the Minister and I agree, including the predominance of

terrorism and the almost exponential increase of white-collar crime in a globalised financial and overall economy in recent years.

Those are particularly strong burdens. As I mentioned in specific relation to licensing and the night-time economy, the reality is that the City of London police take on some of the burden that would otherwise be dealt with by the Metropolitan police or any of the other police authorities. I had that in mind rather than just the specific figures, because, as I mentioned, the police-specific grant will be reduced in this financial year, partly because of the floor relating to education authorities.

Mr. Coaker: As I said, I know that the hon. Gentleman is arguing that point with others and seeking changes. I was merely pointing out that it comes from the fact that it is funded as an education authority, which has benefited the City of London police in previous years, but the debate will no doubt continue.

The City of London police have been engaged proactively in a number of initiatives to tackle crime, disorder and antisocial behaviour associated with the night-time and day-time economies. The City of London police are playing their full part, along with key partner agencies, in drawing up an agreed alcohol harm reduction strategy and forming a strategic licensing group.

Also, licensing officers, police and local authority are now co-located within the local authority, which should lead to a much improved and more co-ordinated professional approach to licensing issues and help with the presentation of robust evidence to the licensing committee on clubs and premises causing problems. It has resulted in a more focused approach to the application process dealing with problem premises and the process for reviewing existing licences. It has also improved protocols for sharing information and intelligence, resulting in closer working among the licensing authority, the fire authority, the safer city partnership and neighbouring Metropolitan police boroughs to assist in enforcement and flag concerns earlier to the police.

A problem-solving approach has led to a focus on dealing with promoted events by working closely with the Metropolitan police, sharing intelligence and ensuring that applicants carry out rigorous risk assessments before events take place. As the hon. Gentleman said, the police have gleaned effective practice from cities such as Birmingham and their immediate neighbours in Westminster. That has been beneficial. The focus on addressing problems has also resulted in successful work with a major licensee in the City to review its licence and alter opening times, which has caused the other 750 licensees in the City to take note of the police's determination to tackle problems associated with alcohol-related crime and antisocial behaviour. I support the police and all involved in licensing in ensuring that the law is rigorously enforced and that people who break licensing conditions can expect a robust response.

We also need to protect young people from the harm caused by alcohol abuse, as well as dealing with those who commit crime and engage in antisocial behaviour. That includes taking action against retailers and licensed premises that sell alcohol to children, giving police powers to tackle disorder related to excessive drink and getting the industry to play their part.

As well as changes to the law, enforcement of the law and increasing good practice in the City of London, we need to consider how to change this country's culture. It is seen as acceptable for people to behave in certain ways, drink to get drunk and leave others to pick up the tab. Violence associated with alcohol is unacceptable, as is some of the behaviour that we see on our streets. As well as enforcement and all the actions that the hon. Gentleman and I have talked about, we as individuals in society, whether in the City of London or elsewhere, need to ask ourselves whether we can continue to behave in such a way and expect police, local authorities, health services and other agencies to pick up the problem.

Sally Avis

1.30 pm

Anne Snelgrove (South Swindon) (Lab): It is a pleasure to speak under your chairmanship, Miss Begg. May I say how much I welcome the opportunity to debate the rights of agency workers such as Sally? The subject is highly topical and I intend to take full advantage of that topicality. I hope to give my hon. Friend the Member for Plymouth, Devonport (Alison Seabeck) something to pass on to the relevant Minister for his red box when he is discussing these issues in Europe, namely, an important case study from my constituency that describes the suffering that agency workers endure when they try to protect their redundancy rights.

That suffering has been created by a state of legal turmoil and the delay in implementing legislative reform. The latter was specifically promised as a key part of the Warwick agreement. As vice-chair of Labour's national policy forum at the time, I can vouch for the fact that the Government promised, before the 2005 general election, to deliver on the Warwick agreement in full. There has been excellent progress on that, and I hope that agency workers will be protected further in the future. The Government are making progress on equal treatment for agency workers, but on the employment status of agency workers, the situation is not so clear-cut, and I intend to press the Minister on that.

I thank the T and G section of Unite the Union for bringing this case to my attention. It is on the side of all workers—temporary, agency and full-time—and, in my own town of Swindon, it has worked very hard to put Sally's case as effectively as possible.

Half of all agency workers in Europe work in the UK. Currently, 1.4 million individuals in the UK are in temporary employment. They have been the lubricant that has kept our economy flexible and nowhere has the great economic record of the present Government been more evident than in my constituency of South Swindon. We are among the most productive places in the country and, as part of our work force, agency workers deserve a great deal of credit. They have helped to build us this great economy and, while the credit crunch bites, we need to give them—the most insecure members of our work force—some extra security.

I have heard many stories from hard-working union representatives in my constituency about how agency workers are mistreated. Some large distribution or retail companies continue to pay at national minimum wage levels, with the addition of rolled-up holidays into the pay rate. Perhaps most worrying is something that happens with some agencies. If an agency worker from one of these agencies raises issues while on placement, the chances are that in a matter of days, he or she will be gone. I was given an example of that. It had been indicated to a young woman by company management that she was due to be taken on full-time but, upon raising concerns about her holiday entitlement, she was let go for rather spurious reasons.

Even on some of the premium manufacturing sites, agency workers are exposed to unfair practices, be it split-shift working, short-term notice for lay-offs, being used and abused by agencies or generally being treated as third-class citizens. I know that neither the agencies nor the employers want that to continue, because they want what I want—a thriving and fair Swindon.

The particular case that I have raised is the dismissal of agency worker Sally Avis. I thank Sally for bravely agreeing to put her head above the parapet to tell her story and speak about the discrimination that she has suffered. For more than two years, she worked at Catalent in Swindon for an employment agency called Randstad. There is no question of her performance being an issue. Randstad said that Sally was a good worker and never late for work.

On 8 January, Sally had a call from Randstad saying that it would have to let her go because she fell into one of three categories: one, non-performing; two, non-productive; and three, long-term sick. After bringing that up with her union and appealing the dismissal, the regional manager of Randstad agreed to a meeting at Catalent. Apparently, he was unhappy about the way she had been dismissed. The manager for Randstad said that the dismissal of the group was due to a downturn in work. As Sally was the only one of the group who had more than two years' service, she appeared to be the only one entitled to a redundancy payment.

The union made a proposal for what it thought would be a reasonable settlement, and the regional manager then sought authority for the payment. However, Randstad's legal advisers came back saying that Sally was not entitled to a redundancy payment because she was on a contract for services, not a contract of employment. Although the union negotiated a small payment, it was for a lot less than would have been secured had Sally been on an even footing with direct employees. After giving two years of her life to her employer, Sally was dumped.

That exposed the situation that just because someone is treated as an employee of a business for the purposes of tax and national insurance, it does not necessarily mean that they will be classified as an employee of that business for the purpose of employment law. A number of the rights conferred by the Employment Rights Act 1996, or ERA, apply only to "employees", one of the most important of which is the right to redundancy payments.

Attempts to secure rights beyond that of "worker" status by arguing that temporary workers are employees of their employment agencies have so far, with few exceptions, proved fruitless; that was the case for Sally. Employment agencies have been successful in showing that they are free from this type of obligation to workers.

The possibility of an implied contract between temporary workers and the company at which they do the work has proved useful in the past. However, there is no chance of that situation existing now. In recent months, case law has shown that an implied contract is virtually impossible to prove. Temporary workers are left with no one to turn to—neither agency nor the end user—as guarantors of basic employment rights.

There is similarity between my constituent's case and that of an important Court of Appeal case, James *v.* London Borough of Greenwich, a case that reminds us of the reasons why change for agency workers is needed. In James *v.* London Borough of Greenwich, the claimant was an agency worker who had worked for the defendant local authority for three years. The claimant was absent due to sickness and replaced by a different agency worker. The claimant was not found to be an employee of the local authority and therefore was not entitled to statutory protection from unfair dismissal. The claimant could not sue the employment agency or the end user.

In his postscript to the judgment in James v. London Borough of Greenwich, Lord Justice Mummery commented on:

"a significant move in the direction of the casualisation of labour and the growth of a two tier workforce, one tier enjoying significant statutory protection, the other tier in a legal no man's land, being neither employed nor self-employed, vulnerable but enjoying little or no protection".

He confirmed that only on the ground of necessity can an employment tribunal imply a contract of employment between an agency worker and the end user of his or her services. The Court of Appeal made it clear that it is not for courts or tribunals to extend employment protection rights to agency workers and that further developments will need to come from the Government.

Under section 23 of the Employment Relations Act 1999, Ministers have wide powers to make regulations concerning the employment status of "atypical workers". So far, they have not done so for temporary and agency workers, despite the fact that these workers are extremely vulnerable, as I have outlined.

Although the situation with regard to employment status is blurred, efforts to secure equal treatment on pay are coming into focus. Previous attempts to rectify the lack of equal treatment at EU and UK level have foundered, but the private Member's Bill of my hon. Friend the Member for Ellesmere Port and Neston (Andrew Miller), the Temporary and Agency Workers (Equal Treatment) Bill, which I supported, received Second Reading on 22 February. It has since been withdrawn as the Government have indicated that they will introduce their own legislation in this sector.

I understand that the Government favour the establishment of an independent pay commission to investigate the pay and conditions of agency workers. The commission would aim to arbitrate on all the contested issues relating to agency workers and attempt to provide full-time comparators for wage purposes.

I welcome the declaration by Government, the CBI and TUC in May that gives the topicality to this debate. The declaration is a joint agreement that, after 12 weeks in work, temporary and agency workers will qualify for the same pro rata pay and conditions as full-time workers. However, that would not seem to help my constituent directly, because it does not deal with her lack of redundancy rights caused by her confused employment status.

The only hope that I can see is that, if equal treatment on pay and conditions is imposed, we will start to see such cases in the courts and we could also see a shift towards the courts favouring equal employment status, but that is not good enough. I have a number of questions, and I would be grateful if the Minister would address them.

The main question that needs answering and which I hope the Minister will be able to help us with is whether she will consider extending the Government's aspirations to provide the same redundancy rights for agency workers as permanent staff. After giving two years of her life to her employer, my constituent, Sally Avis, was dumped. Does the Minister share my fear that if we do not legislate on employment status and equal conditions, millions of temps will remain in limbo on important rights such as the right to redundancy payments? Will the Minister clarify who should pay redundancy compensation—the employment agency or the end user—if agency workers were to receive redundancy pay?

I hope that the Minister will accept this debate as the submission of a case study to inform further consultation on how new rights for temporary and agency workers should be implemented, including the creation of a mechanism for resolving employment status. I want to ensure that the future legislation is clear so that the courts do not fill any gaps with case law that opens and closes the door to remedies, as it has done over the past few years.

What happened to Sally and hundreds like her is intolerable. I applaud the work of the T and G section of Unite in helping to give Sally and those like her the strength and courage to fight their corner.

1.41 pm

Alison Seabeck (Plymouth, Devonport) (Lab): It is a pleasure to serve under your chairmanship, Miss. Begg. I congratulate my hon. Friend the Member for South Swindon (Anne Snelgrove) on her success in raising the treatment of agency workers in the context of Unite's campaign and the case of Sally Avis. I know that that case and the wider and related issues have been of concern to her and that she has campaigned on them.

The wider issue relating to the rights of temporary and agency workers is, of course, topical. There has been a year of debate in the House, during which hon. Members on both sides have pressed the need to ensure fair and appropriate treatment for agency workers while maintaining the flexibility on which businesses depend. Much has been said about the Government's commitments on this issue, and I should clarify what was said in the Warwick agreement:

"We support the principle of the Agency Workers Directive and will engage with the Commission with a view to reaching an early agreement on the proposed Directive".

That is the context in which I congratulate my hon. Friend on her timing in securing today's debate so soon after the EU Employment Council meeting on 9 June. After years of deadlock, we were able to reach political agreement with our European Union partners on the draft agency workers directive, which will provide fairness for workers without damaging Britain's economic competitiveness.

Anne Snelgrove: May I add my congratulations to the Government? Many people have congratulated them. The matter has taken a long time and I remind hon. Members that this Labour Government introduced much of the employment legislation from Europe after the 1997 election. That underlines our commitment to employment rights, and particularly to vulnerable workers' rights. My hon. Friend is right to remind us of the 9 June agreement, and I hope that it will be introduced into British law as soon as possible.

Alison Seabeck: I thank my hon. Friend. It is always nice when the Government do something right, and they are doing the right thing. As my right hon. Friend the Secretary of State for Business, Enterprise and Regulatory Reform said,

"this agreement represents a good deal for Britain".

It also represents a good deal for Britain's workers.

As my hon. Friend knows, the agreement followed the joint declaration signed by the TUC and CBI on 20 May, with the Government's support, agreeing to a

[Alison Seabeck]

12-week qualifying period for agency workers to be given equal treatment with permanent staff. Copies of the joint declaration have been placed in the Libraries of both Houses. I am particularly pleased that the declaration was so warmly applauded by Unite, which, with other trade unions, campaigned hard for a positive outcome. The revised wording of the directive agreed at the Employment Council will allow the UK to implement the agreement reached between the CBI and the TUC. It really is a landmark agreement.

I should clarify that "equal treatment" means at least the basic working and employment conditions that would apply if a worker had been recruited directly to occupy the same job as a permanent member of staff: holiday, overtime, breaks, rest periods, night work and duration of working time. The European Parliament will now consider what has been agreed, on its second reading, before the directive returns to the Council for final agreement.

As we said in the joint declaration, the Government will consult the social partners—the TUC and the CBI—on the key aspects of the implementation of the directive. There will be wider public consultation on implementing the directive in due course. This breakthrough has, of course, been part of a wider debate about worker vulnerability and the exploitation of people at work. As part of our "Success at Work" policy statement for this Parliament, which we published in March 2006, we have an active programme to combat exploitation.

I agree that there are ongoing problems and issues in relation to vulnerable workers, but I disagree that agency work is, by its nature, exploitive and that agency workers are generally vulnerable. It is a sad fact that some employers abuse workers and it is highly regrettable that a minority of all types of workers, whether agency workers, employees, fixed-term contract or casual workers, are at some point abused by those for whom they work. We need proper recourse to rights for all people who are subject to exploitation in the workplace.

Temporary work, including agency work, is an important though relatively small part of the UK labour market, in comparison with some other EU states. It does, however, play an important role in achieving the labour market flexibility that helps companies meet the peaks and troughs of demand. Indeed, to pick up on my hon. Friend's language, it has been the lubricant that has helped keep our economy flexible. That is a good description.

Anne Snelgrove: I want to clarify that I do not believe that all agency workers are exploited, although the conditions under which they currently work can lead to exploitation. Some high-level, high-paid agency workers in my constituency contribute to our hi-tech industries and they enjoy being agency workers, with the freedom that comes with that, as much as an employee with a permanent contract enjoys their situation. I would not wish to threaten their existence.

Alison Seabeck: I thank my hon. Friend for her clarification. It is important to remember that temporary work can and does provide a route into employment for those who were previously excluded. It can also provide a route into employment for those returning to work after career breaks or those who were economically inactive. It can meet the needs of individuals who may wish to work on a temporary basis for short or long periods; and it can provide a stepping stone to permanent employment.

As my hon. Friend has just said, the case that she highlighted is not the norm. Studies have demonstrated that temporary employment can encourage up to a third of women employed in seasonal or casual work to move on into permanent employment. Clearly, that is not how Sally Avis will view her experience. As I am sure my hon. Friend will appreciate, I cannot discuss individual cases. However, as a general principle, there is considerable flexibility in contractual arrangements, on both sides, between agency workers and the agency. If a worker is engaged through an agency, his or her assignment can be terminated at any time, subject to any notice provision in their contract with the agency. It is in the nature of agency work that it is flexible, for some of the reasons given by my hon. Friend, and that assignments can be ended, for example, when the hiring company experiences a downturn in demand. Flexibility works both ways. An agency worker can leave a job giving little or no notice.

Agency workers are usually considered to be "workers" under the relevant legislation and are entitled to core employment rights, but not to claim unfair dismissal or statutory redundancy. The agreement on the EU directive, as reflected in the Warwick agreement, will not change the employment status of agency workers or affect their entitlement to existing rights, such as those regarding unfair dismissal, by the end user or hirer. I will certainly draw to the attention of my hon. Friend the Minister the specific concerns so clearly voiced in the debate today.

A court will consider individual claims based on the facts of the case. Over many years, the body of case law has been consistently adapted and refined by interpretation in tribunals and higher courts. In relation to employment status, the courts have defined a number of tests which examine the individual's circumstances and consider all aspects of the relationship.

As we set out in our March 2006 document, "Success at Work: Protecting vulnerable workers, supporting good employers", we considered the current framework of employment rights, including for agency workers, to see if it was appropriate and fair and supported the aim of high participation in work. That followed a consultation in 2002 on the differing rights and responsibilities in employment law of employees and workers, such as those employed through employment businesses.

We found that temporary work, such as agency work, is greatly valued by employers and many individuals. We were given examples of abuses and of the lack of knowledge about existing rights, and that is quite important in this process. However, there was a lack of evidence suggesting that the only appropriate remedy was wholesale change to the current system. Having reviewed all the evidence, we concluded that the present framework reflects the wide diversity of working arrangements and the different responsibilities and rights in different employment relationships. We believe that it meets the labour market's current needs and that there is no immediate need for further legislation on the issue.

Nevertheless, we are keen to help people better understand the current framework, the rights to which they are entitled—whether they are an employee, a

worker or self-employed—and how to enforce those rights. We will improve guidance through the new employee pages on the Directgov website, and work is progressing on developing an associated interactive tool. For those who do not understand what an associated interactive tool is, it is simply a good online guide, with a question-and-answer system built in, which gives people a much clearer idea of their legal position to ensure that they are not wrongly deprived of their rights.

Agency workers are protected by a combination of general legislation that gives them core rights and specific legislation that governs the conduct of their agencies. Those protections include the right to be paid at least the national minimum wage; entitlements under the working time directive, including paid annual leave and regular rest breaks; social security provisions, such as maternity and paternity pay; and coverage by anti-discrimination laws.

I want to focus on some of the current initiatives to improve protections for agency workers. The Conduct of Employment Agencies and Employment Businesses Regulations 2003 provide essential protection for agency workers and all those using the services provided by employment agencies. Amendments to the regulations came into effect on 6 April 2008 giving workers the right to withdraw from services provided by an agency, such as accommodation and transport, without suffering any detriment. That is quite an important change. In addition, the current Employment Bill includes measures to increase penalties for offences under the Employment Agencies Act 1973 and improve the investigative powers of the employment agency standards inspectorate—the EAS.

Those additional rights will be backed by additional resources for enforcement. We will double the number of EAS inspectors from 12 to 24. EAS inspectors have a good record and investigated more than 1,600 agencies in 2006-07. The EAS follows up every relevant complaint that indicates a possible breach of the legislation and carries out targeted inspections on the basis of risk. In 2006-07, more than 1,300 complaints were investigated and more than 300 targeted inspections were carried out, resulting in 558 corrective letters being sent to agencies. Following such action, five individuals were prohibited from being involved in running an agency on the ground of unsuitability due to previous misconduct.

The Government are determined to ensure that the enforcement regime is effective in dealing proportionately with rogue employers who are determined to flout the law—an issue forcefully raised by the Unite campaign. We must understand the nature and extent of the abuse of vulnerable workers and get behind the anecdotes to look at the hard facts. To do that, we established the vulnerable worker enforcement forum last year. The forum is chaired by the Minister for Employment Relations and Postal Affairs and brings together the TUC, the GMB, the Union of Construction, Allied Trades and Technicians, Unite and the Union of Shop, Distributive and Allied Workers, as well as enforcement agencies, business groups—including a representative from the Recruitment and Employment Confederation—and Citizens Advice.

The forum is considering evidence on the nature and extent of the abuse of workers' rights and other employment legislation, including evidence from the TUC's commission on vulnerable employment, and we are considering that evidence extremely seriously as part of the vulnerable worker pilot schemes. The forum is also looking at the effectiveness of the enforcement regime. It is an important focal point in terms of getting at some of the real issues that vulnerable workers face. At the moment, evidence is often anecdotal, because people are frightened to come forward and give evidence. Hopefully, the group will get beneath that. It is already proving valuable in identifying issues with the reporting of abuse and a need for closer working among enforcement bodies, and highlighting the resources needed to ensure effective implementation of the laws passed by the House. In the forum's report, we will announce further measures to ensure that agency workers are better aware of their rights and that those rights are more effectively enforced.

I have listened carefully to the concerns raised by my hon. Friend. She asked a series of questions that I will ensure are passed on to my colleague the Minister. She asked about redundancy pay and whether we should be making changes to it. Further consultation will be held on that issue. I hope that that partly answers that concern.

Anne Snelgrove: Will my hon. Friend arrange for the Minister to write to me on that issue, so that I have some indication of the time scale of the consultation?

Alison Seabeck: I will come at the end to points that I hope will tie up some of the loose ends. I hope that my hon. Friend will accept that, overall, particularly in the past year, we have done a lot to improve the position of temporary agency workers with respect to issues on which she and many other hon. Members have campaigned. Most recently, they supported the private Member's Bill introduced by our hon. Friend the Member for Ellesmere Port and Neston (Andrew Miller).

The EU agreement marks a major breakthrough. I will take away my hon. Friend's concerns, whether about Ministers' order-making powers, changes in case law and their impacts or Europe and the independent pay commission, and the Minister to write to her in a little more detail on some of those specific points.

Question put and agreed to.

Adjourned accordingly at four minutes to Two o'clock.

Westminster Hall

Wednesday 25 June 2008

[MRS. JANET DEAN *in the Chair*]

Counter-Terror Strategy

Motion made, and Question proposed, That the sitting be now adjourned.—[*Ms Diana R. Johnson.*]

9.30 am

Mr. Paul Goodman (Wycombe) (Con): It is a pleasure, Mrs. Dean, to see you in the Chair. I am delighted to be able to open this debate on the Government's counter-terror strategy. It will give the House as a whole the chance to range widely over that strategy and to explore the four strands of Contest, the title that the Government have given the strategy.

I shall be relatively narrow in my focus. I want to examine the Prevent strand of Contest. Parliament is rightly spending a great deal of time on aspects of what could be called the supply side of violent extremism—in other words, the problems caused by people who come off the conveyor belt to terrorism and commit acts of violence. I intend to focus on the demand side—on preventing people from getting on that conveyor belt in the first place. Surely we can agree that although it is sometimes necessary to pre-empt or punish terrorists, it is far better to prevent those vulnerable people exploited by al-Qaeda and the like from being drawn into terrorism and extremism.

Some Members will know that I have a special interest in these matters, as I am the Conservative Member with the largest number and proportion of Muslim constituents. However, it is important to emphasise that violent extremism is not the monopoly of a single ethnic or religious group. By way of illustration, I recall an act of violent extremism carried out in Britain in 1999—the atrocious bombing of the "Admiral Duncan" pub by David Copeland, a neo-Nazi, that killed three people and wounded about 70. Only yesterday, a man described as a neo-Nazi sympathiser was convicted in Leeds for offences under the Terrorism Act 2000.

I want this morning to consider the strategy's past, to ask the Minister some questions about the present, and to make some suggestions on how the strategy might evolve in future. However, I begin by honouring some of the anti-violent extremism work that I have seen being undertaken by local authorities. I am thinking not only of projects carried out in my local authority area of Wycombe but of work undertaken in Dudley by Mohammed Afzal and his colleagues to help teach local imams better English; in Bedford among young people by Father Jay Macleod; by the Sultan Bahu Trust in Birmingham and the West London Alliance of local councils; in Hendon and in many other places. Later, I shall probe the Preventing Violent Extremism project as a whole, but the dedication, commitment and effectiveness of those who work on some projects is beyond doubt.

I turn to the Prevent strategy's past. Since 7/7, it appears to have fallen into three phases. The first began in the immediate aftermath of the atrocity, when the Government set up the Preventing Extremism Together working groups, which were convened in July 2005 and required to report by mid-September. By any standards, that was a tight timetable, and it caused some unease. The Government appear to have relied a great deal during that stage on established and often controversial organisations such as the Muslim Council of Britain.

Critics argued that that first phase lasted a mere two weeks. On 5 August, while the working groups were still sitting, Tony Blair rushed out a 12-point action plan, which included the suggestion that some mosques should be closed. An extensive report, "The Rules of the Game" published by the Joseph Rowntree Foundation, claims that that plan took the then Home Secretary, the right hon. Member for Norwich, South (Mr. Clarke), "by surprise". The Secretary of State for Innovation, Universities and Skills, the right hon. Member for Southampton, Itchen (Mr. Denham), who was then the Chairman of the Home Affairs Committee, described the plan as half-baked.

Parts of the plan, including the proposed closure of some mosques, were never implemented. However, Blair's sense of restlessness with old contacts and old partners endured. It will not have been eased by the publication in September that year of a damning report on Contest by the Prime Minister's delivery unit. It found:

"The strategy is immature. Forward planning is disjointed or has yet to occur. Accountability for delivery is weak."

It said:

"Activity is not connected or coherent"—

and here is the rub—

"Who's in charge?"

It also stated:

"We measure meetings and reports, not real world impact."

Blair's spirit of impatience culminated in October of the following year in the launch of the Preventing Violent Extremism programme, to which I have already referred. The then Secretary of State for Communities and Local Government, the right hon. Member for Bolton, Wes. (Ruth Kelly), called for new voices to combat extremism, and criticised the Muslim Council of Britain for its boycott of Holocaust memorial day—a point on which she, I and others agreed in the past, and a position that the MCB has now reversed, which is an extremely welcome decision.

As for the Preventing Extremism Together working groups, there is still controversy over how many of their 27 recommendations the Government have implemented. What is certain is that the Government did not implement one of the main ones—a public enquiry into 7/7. One year after that terrible event, there seems to have been a mood of disillusion among many associated with the working groups. One member of the Government, the hon. Member for Tooting (Mr. Khan), is on record as saying:

"I worry that the Government might become the Duke of York—marching all these talented British Muslims up the hill of consultation and dialogue, only to march them down again as very little appears to have changed".

During this second phase, the Department for Communities and Local Government seems to have been the lead Department, and the Preventing Violent Extremism programme was the Government's flagship scheme.

[Mr. Paul Goodman]

The launch last month of the Government's new strategy document entitled "Preventing Violent Extremism: a Strategy for Delivery" seems to mark the transition to a third phase. In this phase, the Home Office, and schemes that concentrate help directly on vulnerable young people, such as the relatively new Channel project, appear to assume a new importance. I say "appear" because it is hard to know. After all these changes of gear—and in some instances, changes of direction—there is still a lack of clarity about the strategy, almost three years on from 7/7.

Mention of the Home Office brings me, of course, to the Minister. I am sorry that the Minister for Security, Counter-Terrorism, Crime and Policing, the right hon. Member for Harrow, East (Mr. McNulty), is unable to respond to the debate due to other parliamentary engagements. This may be the right point to ask his understudy, the Under-Secretary of State for the Home Department, the hon. Member for Gedling (Mr. Coaker), a few questions. I appreciate that he may not have time to respond to all of them during the debate. Indeed, I doubt that he will, so I would be grateful if he confirmed that he or his colleagues will be happy to respond in writing.

First, can we assume from the Minister's presence that the Home Office is now the lead Department with responsibility for the Government's counter-terror strategy? Moving on, will the Government publish details of how they propose to assess the success or otherwise of the strategy as a whole? In particular, will they publish details of how they propose to assess its success in relation to the Prevent strand—especially in winning the hearts and minds of young Muslims? On what basis does the Minister disagree with the poll conducted by the Association of Chief Police Officers, published last weekend, which found that

> "Increasing numbers of young Muslim people…might be willing to support violent terrorism to articulate their disillusionment and disengagement"?

On the Preventing Violent Extremism programme, the Minister will have read reports that a number of local councils of different political persuasions are refusing to sign up to an indicator called IN35, as a priority indicator. IN35 measures resilience to so-called violent extremism. Those local authorities argue that the indicator, used as a priority indicator, in effect obliges them to act beyond their competence as an arm of the police or of the security services. Will the Minister give a categorical assurance that no Minister or Department has asked local councils to instruct or request refuse collection workers to root through bins for incriminating material? Will he tell the House how many councils are presently refusing to sign up to IN35 as a priority indicator? Why did the DCLG ring-fence the scheme's funding in the first year, un-ring-fence it for the second year, and is apparently considering ring-fencing it again during the third year?

I turn to the Minister's Department and the Channel project. I understand the importance of projects that seek to concentrate help on vulnerable young people directly. However, the programme's outlines, as reported in the media, raise some serious questions. How are these young people to be identified and by whom? How will any information held about them be shared? If such information is held and shared, what safeguards will be put in place to ensure privacy and confidentiality? How, to put it plainly, will young people be protected against being mistakenly identified as potential violent extremists, at serious possible cost to their prospects, safety and standing in the community?

Mr. Lee Scott (Ilford, North) (Con): Does my hon. Friend agree that another problem is that malicious allegations could be made? In certain circumstances, such allegations would be quite difficult to disprove and could lead to innocent people being victimised.

Mr. Goodman: I agree completely. I am concerned that if the membership of the bodies that we are talking about is quite widely drawn, as it properly should be in some senses, there might not be sufficient safeguards against malicious allegations and gossip finding their way on to written records, with very damaging consequences.

Bob Spink (Castle Point) (UKIP): I welcome the hon. Gentleman's cerebral and analytical approach, which is quite refreshing. There are differences between terrorism in this country and in some other countries, and although we tend to home-grow our terrorists, rather than import them, terrorists in America, for instance, tend to come from outside to commit their acts of terrorism. Does the hon. Gentleman believe that the Government should do more research into what causes those differences? If we understood the mechanisms behind the problem, we might be able to tackle it better.

Mr. Goodman: I do believe that and I will come to precisely that point when I finish the rather analytical series of questions that I am firing at the Minister. My last question in this context is simply this: when will the series of parliamentary questions that I tabled on the Channel project as long ago as March be answered?

I am sure that hon. Members will agree that young people are particularly vulnerable in prisons and universities. There is evidently a serious problem in prisons, where hardened, violent extremists clearly attempt to recruit Muslim and non-Muslim criminals who are searching for identity, purpose and meaning in their lives. Such prisoners are unlikely always to give time to the prison imams. What concrete steps are the Government taking to prevent prisons from effectively becoming universities of extremism, as the H-blocks did in Northern Ireland in the 1970s and 1980s?

On universities, I can do no better than quote my hon. Friend the Member for Surrey Heath (Michael Gove), who asked in a debate last year:

> "Why is it that the Government's adviser on the teaching of Islam in higher and further education, Dr. Ataullah Siddiqui, is linked with the Islamic Foundation and the Markfield Institute of Higher Education, both of which are institutions that were set up by the Jamaat-e-Islami party, an explicitly Islamist organisation, and its supporters? In other words, why is the man who is charged with checking extremism on Britain's campuses in fact linked with a body that was set up by a separatist Islamist organisation?"—[*Official Report, Westminster Hall*, 17 April 2007; Vol. 459, c. 43WH.]

As regards websites, the Minister will have seen the recent report "Virtual Caliphate" by the Centre for Social Cohesion. How many prosecutions of extremist websites have taken place? What is the Government's general approach to the matter?

On the police, how do the Government intend to ensure that the Pursue strand, which is largely the property of police anti-terrorism branches, does not undermine or overwhelm the Prevent strand, which is largely the property of local police? How will the two be co-ordinated?

I want now to turn from those detailed questions to the bigger picture. On the Prevent strand, there are two views of what the Government's strategy should be. The first holds that they should build a broad coalition against violent extremism—in effect, violent extremism in Britain—and, therefore, against al-Qaeda and other violent groups, such as elements on the neo-Nazi fringe. The second view holds that they should build a broad coalition against extremism per se, on the ground that extremism is the root from which violent extremism grows. According to this view, British National party hatred of black, Asian and gay people today becomes the attack on the "Admiral Duncan" pub tomorrow. Similarly, detestation of the kuffar, or non-Muslim, today—a view that is fired by a narrow, exclusivist, hate-filled reading of Islam's sacred texts, and which is looked on with horror by mainstream Muslims—can become the 7/7 terror attack of tomorrow.

How can extremism be defined? Admittedly, that is a difficult task, but page 60 of the Government's strategy document gives an indication by listing some of the engagement criteria for organisations. However, the criteria are rather vague and should be clarified. One definer of extremism might be support for attacks on our troops in Iraq or Afghanistan. Another might be campaigning for the establishment of separate sharia jurisdictions under British law. Yet another might be the incitement of violence against women, gay people or non-Muslims.

My right hon. Friend the Member for Witney (Mr. Cameron) has left no doubt about his view. He has called for the banning of Hizb ut-Tahrir and the barring from Britain of Sheikh Yusuf al-Qaradawi—a lead that the Government eventually followed. He has also called for us to prevent public money and support from flowing to bodies such as the Cordoba Foundation and the Muslim Brotherhood. My noble Friend Baroness Neville-Jones made a similar critique in her report "Uniting the Country". My noble Friend Baroness Warsi noted that partnership arrangements with special interest groups are wrong, partly because

"some such groups often hold ambiguous views on cohesion and integration."

What is the Government's view? I ask that because the Muslim Brotherhood appears to be making a push for influence and acceptance and because Ministers are sending out mixed messages. For example, I recently questioned the Secretary of State for Communities and Local Government on the Floor of the House. She said:

"The local authority in Tower Hamlets"—

I was raising a particular case—

"was going to engage with the Cordoba Foundation; it decided not to, and that was absolutely the right decision."—[*Official Report*, 20 May 2008; Vol. 476, c. 156.]

However, she knows that one of the leading lights of the Cordoba Foundation—Anas Altikriti is the gentleman I have in mind—has never denied being a leading light in the Muslim Association of Britain, which has itself never denied being, in effect, the British wing of the Muslim Brotherhood. When questioned only a few moments before condemning the Cordoba Foundation in the quotation that I have just cited, however, the Secretary of State failed to comment on the presence of the MAB on the mosques and imams advisory committee. What is going on here? Are organisations such as the Muslim Brotherhood suitable partners, or not?

If not, should Ministers not be looking closely at Campusalam? The Campusalam initiative was specifically established to combat extremism on campus. Yet at least one speaker at its first event had close links with the Muslim Brotherhood. Campusalam comes from the stable of the Lokahi Foundation, which has received roughly £450,000 from the Government and a similar amount from the Greater London authority. The foundation's director, Professor Gwen Griffith-Dickson, has complained that, under present policy,

"'Sufi' groups are the ones who enjoy the rights of the first born while the 'Islamists' are thrown out without an inheritance."

I agree, as I am sure the Minister does, that groups should not be offered assistance on a sectarian basis—the professor is right about that. However, is she really saying that Government or taxpayers' money should be given to groups that, for example, support attacks on our troops abroad or that want, as the Muslim Brotherhood in Egypt does, to bar women and Christians from the Egyptian Cabinet?

There are also serious questions for sections of the police. The decision by West Midlands police to refer Channel 4's "Dispatches" programme "Undercover Mosque" to Ofcom was a public scandal. Let us consider what happened. A television programme filmed a speaker—Abu Usamah—who said, inter alia:

"We love the people of Islam and we hate the people of kufr".

He then added, "we hate the kuffar"—as if there was any doubt. He continued:

"Allah has created the woman, even if she gets a Phd, deficient. Her intellect is incomplete, deficient. She may be suffering from hormones that will make her emotional. It takes two witnesses of a woman to equal the one witness of the man."

He also said:

"Do you practise homosexuality with men? Take that homosexual man and throw him off the mountain."

Yet West Midlands police took action against Channel 4, rather than Abu Usamah, by referring it to Ofcom. That was despite the fact that the same police force had concluded that there was

"insufficient evidence that racial hatred had been stirred up"

by the programme and that none of the 82 letters and e-mails that had been received expressing concern about the programme met the criteria that define a complaint to Ofcom.

This egregious decision cost the taxpayer some £14,000 in costs and £100,000 in damages. I should be grateful to know whether the Home Office has had any communication with West Midlands police about that matter. The House will note that in response to my freedom of information request for documentation about the controversy, the freedom of information unit of the West Midlands police has

"not yet reached a decision on where the balance of the public interest lies in respect of the provision of the requested information".

I turn now from the present big picture, to the big picture in the future. If violent extremism is to be prevented, finding agreement about its causes will surely

[Mr. Paul Goodman]

help, as the hon. Member for Castle Point (Bob Spink) indicated. Different people give different explanations. To some, the cause is poverty and discrimination. To others, it is foreign policy. To others still, it is generational tensions between older people who came to Britain, often from the Indian subcontinent, and their younger, British-born children and grandchildren. To others still, it is the separatist ideology of al-Qaeda and other movements, which distorts the Islamic concept of jihad and seeks the establishment of a worldwide caliphate. I believe that all those factors play a part and it would be wrong to exclude any of them. Some people of course go further and argue that Islam itself is the cause of terror and extremism, and an obstacle to integration and cohesion. My view is precisely the opposite. There is not too much mainstream Islam in Britain today: rather, in relation to the problems that we are exploring, there is often too little. I believe that building further support for mainstream Islam within our Muslim communities is a key part of defeating terror and extremism and advancing integration and cohesion. I shall explain why.

As my Muslim friends and contacts point out—and I should, on a cautionary note, say that I am of course not a Muslim myself, so I speak with some hesitation on such matters—a key institution in preventing extremism and building moderation is the mosque. However, in many mosques the language of worship and of the Friday khutbah hails from the subcontinent or elsewhere abroad. Often, younger people and women have little place in the institutional life of the mosque. Children, meanwhile, are taught to recite the Koran, but not necessarily to understand its meaning and explore wider Islamic teaching, history, spirituality and culture.

There are of course many exceptions. I am thinking of the Karima al-Marwaziyya Foundation in my constituency, in which young people participate actively, and which is linked to Wycombe Islamic mission; but my friends and contacts ask, if some young people have dropped out of the mosque, perhaps because it does not meet all their needs, are not they especially vulnerable to al-Qaeda and others who distort the sacred texts of Islam for their own fanatical purposes? They go on to say that al-Qaeda's attention is concentrated at least as much on Muslims as on non-Muslims, and that one of its strategic aims is to groom young Muslims for extremism and terrorism, and thereby to undermine mainstream Muslim leadership in Britain and elsewhere.

Mr. Philip Hollobone (Kettering) (Con): Is not one of the fundamental problems that, for whatever reason, lots of Muslims just do not feel British? There are other communities in this country—for example, a well-established Sikh community in Kettering—who feel extremely British, with no hatred at all towards the British state. Yet the extremism in some Muslim communities extends to hatred of the British state, even though many of those Muslims have been here for many years. Why is that?

Mr. Goodman: I would probably have to have written a doctoral thesis to give my hon. Friend a full answer; but I referred earlier to the many factors that account for that lack of identification with Britishness. Building support for and identification with Britishness generally is something for public institutions such as schools, and is a matter of, for example, what the Government do about national holidays. I do not have time to explore that aspect of the issue this morning. I want to return to the function of the mosque in building resilience against violent extremism; perhaps at some future date my hon. Friend and I and others will get the chance to debate the issue that he has raised.

I do not of course have the time to explore all the contributory factors to extremism and the obstacles to integration and cohesion that I cited a few moments ago. I do, however, want to float a few ideas, largely in relation to helping further to build the capacity of Islamic religious institutions, precisely in order to forestall the extremist drive to win the hearts and minds of the next generation of Muslims and the ownership of Islam itself. The Government's main means of assisting the Islamic religious institutions remains the Preventing Violent Extremism scheme. We have to recognise that it is extremely problematic to target taxpayers' money at one religious community. Some non-Muslims, and in my experience particularly some black church groups, say for that reason that the scheme is unfair. At the same time, some Muslims, particularly many young Muslims, say that the branding of the scheme is offensive. Why, they argue, are they uniquely singled out? Furthermore, there is no evidence as yet that the programme as a whole is preventing violent extremism, despite the admirable schemes to which I referred in my introductory remarks.

In our view, Ministers should allow local councils more discretion in the use of the fund for other community cohesion purposes. Since the targeting of taxpayers' money at one religious group is always problematic, should not Ministers be looking more closely at utilising the energy, flair and dynamism of the private, independent and voluntary sectors? After all, there must be, on the one hand, many rich, charitably inclined, mainstream Muslim potential donors; and there are certainly, on the other hand, many mosques seeking to improve their capacity. It is surely not beyond the wit of Government to link one to the other. Can Ministers further encourage their contacts to donate to suitable charities or foundations, which would in turn grant funds to, say, a mosque seeking to pay a well qualified, English-speaking Imam the kind of salary that would not only attract him to the job but keep him in it; or to an education project that brings pupils from different schools and religions together; or to a madrassah curriculum for children that seeks, as some now do, to demonstrate an Islamic basis for our common way of life?

Moving on, extremists are clearly adept at constructing a grand narrative of conflict between Muslims and non-Muslims by the manipulation of Islamic texts, and at running bookshops on site or online with books, tapes, DVDs, films and lectures that hammer out simple and repetitious propaganda messages of confrontation, hatred and anger. Is there more that Ministers can do to encourage mainstream Islamic publishers to offer clear, simple and Islam-based material, in plain English, that rebuts extremist claims and that advances the case for shared values and our common democracy? Can they also encourage, in relation to the grand narrative itself, the many mainstream Islamic scholars in our universities and elsewhere to help construct a counter-narrative of modern British Islam that would marry Islamic teaching and western democracy and give shape and force to that

more simple material? I believe that some scholars are in fact already helping to construct that counter-narrative in their everyday scholarly work. However, there must be more that Ministers can do give such a project impetus. I have previously floated the idea of a privately funded institute of British Islam. I am interested to see that the Government's strategy document refers on page 4 to

"the establishment of a board of leading Muslim scholars",

which seems to be a thought along much the same lines.

The terror threat is clearly serious, the scope of counter-terror is clearly vast, and I do not have time to explore all the issues involved, such as the "prestige gap" arising from the relative economic underdevelopment of many Muslim majority countries. In conclusion, however, there is perhaps more reason—I say that, again, with some hesitation—to be optimistic about the long-term prospects in Britain than there was in the wake of 7/7. I do not propose to make judgments about all the issues arising from the Ramadan controversy, the defection of Maajid Nawaz from Hizb ut-Tahrir, Ed Husain's "The Islamist", and the emergence of such relatively new groups as Muslims for Secular Democracy, the City Circle and the Quilliam Foundation. However, those developments are all unquestionable indications that contemporary debate within British Islam is lively, and that the overwhelming majority of British people, Muslim and non-Muslim alike, are united against terror and extremism. I look forward to the Minister's reply.

Mrs. Janet Dean (in the Chair): I advise Members that we have until 10.30 for Back-Bench speeches.

10 am

Mr. Ben Wallace (Lancaster and Wyre) (Con): It has been a pleasure to listen to my hon. Friend the Member for Wycombe (Mr. Goodman) give us a lesson on the Prevent arm of the Contest strategy. It is always a challenge for someone such as me to pick through all the many groups that the Muslim community either takes some learning from or is in dispute with, so I will look back at *Hansard* and use his speech as a reference.

I shall not prolong my speech; I simply want to raise some of my concerns about the Government's counter-terrorism strategy and some of the issues that have presented themselves to me over the last three years as I have made contact and visited certain locations involved in it. It is right to remind the Chamber that the Contest strategy consists of Prevent, Pursue, Protect and Prepare. We have heard my hon. Friend speak eloquently about the elements of Prevent.

To follow on from that, I have some concerns about the Prevent strategy and how we are funding some initiatives from the centre. In counter-terrorism, it is easy to focus on areas where we are vulnerable to attack rather than the areas of growth of the terrorists. For example, large amounts of the money earmarked for the expansion of the counter-terrorism branch functions of Prevent go to Manchester rather than to Lancashire, where my constituency is. Anyone who looks at the mapping of the Muslim communities in the north-west will see that that is the wrong way round. I recognise that Manchester has a bigger population, but prevention may need to occur a long way off from the point or place of attack, as was all too obvious on 7/7.

We need to show a strong lead in the universities. I was horrified about 18 months ago when university lecturers refused to participate in the Government's much-needed and welcome call to map and keep an eye on students and the activities of some radical groups on campus. It is incredibly important that they play a role. It is not politics—Marxist, old-fashioned 1960s anti-state politics. It is important, and it is the role of a good teacher or lecturer to have concern for their class. That is all that the Government were asking them to participate in. I hope that they reconsider.

I want to focus more on the Pursue strand, highlighting some of the challenges. I have no real problem with the Government's efforts in that area. I think that the regional hubs have been a success. It is not a new model, of course; it goes back to the tasking and co-ordinating groups in Northern Ireland. The hubs have helped to eliminate the traditional budgetary arguments and fighting over territory, and have ensured that tasks are carried out with priority, no matter who is effectively in the lead. That is a success, and I hope that it grows and gets the results that we should all expect from it.

One of the real challenges for the special branch departments in each police force—I think that they have been renamed counter-terrorism branches—is the huge amount of intelligence that they now have to map on communities. Before 2001, there was effectively no mapping of those communities and individuals or ranking of individuals by how much of a threat they were or were likely to be, or perhaps by whether they would play a role in radicalisation.

When I first took over an intelligence cell in Northern Ireland, we had 20 years of intelligence stacked up in computers and files. Some of it, I must say as an aside, was incredibly dodgy, probably because it was based on internment, but nevertheless the communities were well mapped and it was easy to move in, take over the role and hand over.

Bob Spink: The hon. Gentleman mentions 2001. Will he acknowledge that the Government have been successful in their policy in that since 2001 they have disrupted 12 major terrorist plots? They are achieving at least some success in their activities.

Mr. Wallace: I have not come to criticise the Government; I am trying to highlight the challenges that they face. What is important is that the process does not result in fragmented forces.

Each force and each special branch or counter-terrorism office will do some things differently, and it is important that we are quick off the mark in spreading best practice throughout those offices and among police officers to ensure that we do not end up, as we often do with IT systems, with every branch and police force having its own technology, people losing the thread and people slipping through the net. That point is important and not to be underestimated, because it is how we can allow for a long legacy in counter-terrorism. If we rush or ignore it—I know of some police forces that are not giving it the priority that they should—we will reap the whirlwind.

There is still work to be done on the interface between the security services and our police officers. More and more, our police officers and forces are becoming the executive extension of the security services. When the

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security services want something done—searches, arrests or surveillance—they go to their local branch and use the police.

We may be moving piece by piece towards having an FBI, and I make no secret of the fact that I sometimes think that that might be a better model, but we should keep an eye on that interface and never forget that the security services are not an executive body but an intelligence analysis body. We must ensure consistency.

The Government should always be on the lookout for new offences. I find it amazing that people are known of in this country whose job is to recruit young men to go and fight abroad in Islamic jihads around the globe. What came out in the inquiry after 7/7 was the fact that some people were discarded not because they were not terrorist threats, but because they were not recruiting in relation to Britain. I remember that one individual had been involved in recruiting people to go and train in camps. Surely that should be an offence in this country. We should be considering ways to cut off the activities of such individuals.

I still have concerns about some of the other strands, such as Protect. I am not sure that we have done enough in our infrastructure—for example, radios in the London underground and detection of the use of chemicals in certain vulnerable zones. Four or five years ago, the United States had already bought detection for the New York subway—off the shelf, from a British company—and had funded a lot of work on detecting suicide bombers. We are not there yet, and we should be at the forefront, given our experiences. We must keep an eye on that. It perhaps needs better examination by one of the Select Committees involved.

It is easy to forget lessons learned. There is a saying in the armed forces that generals delight in writing books about lessons learned. Of course, writing books about lessons unlearned would be physically impossible, as there is so much material and history. Time and again, Ministers say, "This is not the IRA. This is al-Qaeda. It's a new terrorism," almost as though that sometimes excuses the lessons that we have learned, but there are plenty of similarities.

The two are not the same. I do not pretend that their aims are the same or that some of the individuals are the same, but vulnerabilities in counter-terrorism or counter-insurgency are fixed principles that do not change through history. People are vulnerable, whether they are religious fanatics or not. They might be loners, need money or be jealous. Those are all things—the same things—that attract people to being recruited as informers and they do not change. When the state gets its balance wrong and takes shortcuts on terrorism, as with the 42 days, it can damage the resources that have been so good in the past.

We should not forget that the IRA used to have more anger than capability. It was good at being angry in the '50s, '60s and early '70s; it was not very good at terrorism. The first time IRA members fired an RPG-7, they fired it from inside a Mini, managing to kill themselves and miss the target. They could not make explosives. Then they stopped, went to university and developed their engineering skills. They changed anger into skills and the IRA became a very effective terrorist organisation.

At the moment, some members of the radical Islamic groups out there make better angry mullahs than fighters, but it will not be long before they change, learn from other terrorist organisations and return to our streets with equipment that works, rather than does not work. We must not forget the lessons we have learned, nor think that, because those people are new terrorists, they do not have the same vulnerabilities. All terrorists survive in their communities. If the community does not want them—if it disagrees, wants to expose them and wants them out—and if the Government are prepared to recognise legitimate grievances, if there are any, and to take the right steps, perhaps towards making people feel more British or more involved, we can begin the proper process of counter-terrorism.

There are, however, no shortcuts in counter-terrorism. Another counter-terrorism Bill is passing through Parliament—I was on the Committee—but the Government appear to be playing into the hands of the tabloid media by suggesting that such shortcuts can be found and that terrorism can always be stopped. In reality, however, we must be more resilient, because we will not always prevent the plots and people will not always survive—terrorist attacks will kill people. Despite the best efforts of our security services and the police force, some terrorists will slip through the net. We will just have to live with that.

That is what the people of Northern Ireland did for 25 years. We must not ratchet up the tabloid-type media hype that says, "Let's dive in there and lock everyone up; let's have internment and 42 days; let's take away people's rights and alienate more people, rather than solve some of the problems." As MPs and community leaders, we have a duty to send out the message that we must recognise the fact that this is a long-term problem that cannot be solved overnight by Downing street summits.

The report "Preventing Extremism Together"—I think that the "Together" has been dropped as people argue over which Department should take the lead—took three months to produce its initiatives. We cannot do that; we cannot have gimmicks; we must invest for the long term. The Government have done predominantly the right thing with Pursue and are getting there with Prevent, but let us not undo all that work with shortcuts in counter-terrorism.

10.12 am

Dr. Julian Lewis (New Forest, East) (Con): By a happy process of self-selection, the three elements of any successful counter-terrorism strategy have been encapsulated by the first three speakers—the deep-thinking intellectual, the counter-terrorist soldier and the counter-subversion propagandist.

The Parliamentary Under-Secretary of State for the Home Department (Mr. Vernon Coaker): Who's who?

Dr. Lewis: Wait for it! My hon. Friend the Member for Wycombe (Mr. Goodman) is the deep-thinking intellectual, my hon. Friend the Member for Lancaster and Wyre (Mr. Wallace) is the counter-terrorist soldier and I have the much humbler and more disreputable role of counter-subversion propagandist. However, I am happy to follow on from the points made by my hon. Friend the Member for Lancaster and Wyre, who

said that there are plenty of similarities between the current threat and former threats—that is the main theme that I shall develop.

Listening to my hon. Friend the Member for Wycombe—I am tempted to call him my hon. and learned Friend, even though he is not a barrister—I had a welcome sense of déjà vu when he spoke about the background to and the depth of concern in the Muslim community about the radicalisation process. I had that sense of déjà vu because I was reminded of probably the most intelligent academic I have ever met—a lady called Dr. Françoise Thom, who is a senior lecturer at the Sorbonne. In the days of the Soviet Union, she was a very prominent Sovietologist, and it was a real pleasure to listen to her talking about Marxism and debating communism with Marxists and communists, because she knew far more about the doctrines than the militants who professed to follow them. The same might well apply to my hon. Friend.

I put this proposal to the House: the battleground with which we are concerned is the community, the technique used by our enemies is ju-jitsu and the currency of the conflict is ideology. I want to say a word or two about each of those strands. First, the message that the battleground is the community came through loud and clear in the first two speeches. In this conflict, we have the same situation as we had in previous conflicts with militants—namely, in a given community where an attempt is being made to stir up subversion or even insurgency, there is a militant minority and a moderate majority. If we ever reach the point of thinking that we do not have a moderate majority in the Muslim community in this country, we have already lost the battle.

I am sometimes rather worried by some of the messages that we get from people who are well qualified to talk about the issues because they have lived them. In particular, I recall a meeting in the House at which a very brave lady called Ayaan Hirsi Ali addressed MPs who were interested in the subject of her experiences with Islam. Of course, after all that she has suffered—she was persecuted and received death threats in the Netherlands, where she spent much of her life, although she now leads an existence that she well deserves in the relative safety of the United States—it is not surprising that she takes a very jaundiced view of the religion into which she was born.

Nevertheless, I was seriously worried by Ayaan Hirsi Ali's main message, which seemed to be that the logical consequence of being a Muslim is to be a fundamentalist extremist. I do not accept that any more than I accept that the logical consequence of being Jewish or a Christian is to be a violent extremist. Yet we need only roll back time a few hundred years to see "Christians" burning heretics at the stake, usually because of some relatively obscure doctrinal difference of interpretation of the religion of the day. I believe that there are continuities here, which we ignore at our peril. The main continuity is that this is a classic case of fanatics and militants trying to hijack moderate majorities.

I ask those who are old enough to cast their mind back and remember what they read about the Third Reich and what some of us, at any rate, experienced during the cold war. Essentially, there is a continuity: Nazism was about the superiority of one race, Marxism and communism were about the superiority of one class, and what is called Islamism—I shall address that terminology in a moment—is about the superiority of one religion. Essentially, however, they have one thing in common, which is that the fanatic at the top of those respective movements possessed the one holy grail and the one true doctrine, and that anybody who stands against that, or even criticises it, deserves to be exterminated without mercy.

That continuity has traditionally been met by mobilising the silent majority—an overworked, but nevertheless accurate term—against the militant minority to isolate those people from the majority and so that they can be spat out and neutralised.

I said that the technique—the second strand—is ju-jitsu. The militant minority use that technique to try to polarise as much of the majority on its side as possible, so that when the minority does outrageous things, it does so not only to hurt the wider non-Muslim community, but to try to make that community hate the Muslim community. We fall into that very trap when we overreact to militant outrages by taking it out on the moderate majority and the people in the Muslim community who have nothing to do with those outrages.

How many members are there of the Muslim community in the United Kingdom today? At the very least, there are 1.6 million—that is the figure that I often hear, and it may well be larger—yet the number who have been engaged in outrages, either carried out or all those that have been frustrated, on which we congratulate the police and the security services, is 0.000001 of 1 per cent. of the community. If that statistic does not suggest that engaging in outrages is in part a desperate attempt to try to make us overreact against the moderate majority, thus making those people feel more resentful and therefore more vulnerable to recruitment, I do not know what does.

The third strand—the currency—is ideology. Indeed, the battleground on which the day must be won has to be a counter-ideological offensive, which is where the work of the counter-propagandist comes in. My hon. Friend the Member for Wycombe referred to some of the organisations that are beginning to speak out, at last, in favour of moderate interpretations of the Muslim faith, showing that those people who seek to promote what is called violent extremism are distorting that faith.

There is nothing so valuable in an ideological struggle as people from the target community speaking out against and denouncing, from their direct knowledge of the issues at stake, the misinterpretations by the militants. Who was more effective against communism than the disillusioned Marxists who broke with it and realised its fundamental evil? I pay tribute to those people who were involved in militant so-called Islamic or Islamist groups but who have turned against them.

One aspect of fighting that battle is that we have to be very careful and, indeed, selective about the language that we use to describe it. I sometimes give as an example the attempt that has been made to distinguish between Islamic and Islamist ideology. It is a worthy attempt to try to draw a distinction and say, "When we are talking about Islamism or Islamist extremism, we are not really getting at you, the moderate majority of Islamic Muslim people." Frankly, that is to make a distinction without a difference. Instead, I ask people to think of the following imaginary parallel.

Let us turn the clock back to when there was an upsurge of terrorism in Palestine directed against the

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British Army by organisations such as the Stern gang. If the Government of the day had made a great effort to denounce what they called "Jewish terrorism", referring to those attacks on British servicemen in Palestine, which was still under mandate, members of the Jewish community in Britain would have felt somewhat defensive, even though they almost overwhelmingly did not support the attacks on UK servicemen.

Would it have made much difference if the Government of the day had said, "Okay, we'll take care of this by calling it not Jewish extremism or Jewish militancy or Jewish violence, but Jewist violence."? It would not have been terribly reassuring to the Jewish community in Britain in those days or in that context. Similarly, it is not terribly reassuring to the moderate Muslim community in Britain today to be told that the issue is all about Islamism or Islamist extremism.

I have suggested that we should put our mouth, as it were, where our belief is. Our belief is that such extremism is a distortion and a misinterpretation of the Muslim faith, and indeed, if it is, we ought to say so in the way that we describe it. I believe that the correct way to describe what is going on is un-Islamic extremism. I have suggested that in the past, and I have been quite gratified to see some of the reactions on the internet from various Muslim organisations. They can see that to call something un-Islamic, if that something is being done in an attempt to hijack the Muslim religion, is not in any way insulting to the moderate majority.

We are concerned about preventing an appeal from an extreme interpretation, or misinterpretation, of a great religion from going out to individuals who can be recruited, and who do not need to be recruited in anything other than small numbers, to carry out violent atrocities in this country in the hope of polarising the non-Muslim and Muslim communities.

One feature of the people who are recruited is that often they have terrifically low self-esteem and have made a mess of their lives. They are then targeted and given a purpose, a role to follow and a belief that, having been the dregs of society, the outcasts, the criminals or the drug takers, they can suddenly become holy warriors and experience a form of redemption by carrying out some act in the name of something larger than themselves. Totalitarians have played off the vulnerabilities of people with low self-esteem for generations. They did it as Nazis, they did it as communists and now they are doing it as un-Islamic extremists.

One role of the counter-propaganda campaign that we need to promote is setting out positive role models for Muslims in our society. We should be proud of the role that Muslims play in our society and make it absolutely clear that when moderate Muslims wish to stand up against militants, they will have the support of the entire spectrum of British society in that all-important struggle.

10.28 am

Tom Brake (Carshalton and Wallington) (LD): Westminster Hall debates are often the antidote to the venom of Prime Minister's questions, and today's debate has been very successful. It has given Members an opportunity to set out their expertise and to bring to the debate their professional background. It is an all-party, consensual matter, so it is a great pleasure to follow the hon. Member for Wycombe (Mr. Goodman), and I congratulate him on securing the debate.

I was interested in the reference that the hon. Member for New Forest, East (Dr. Lewis) made to ju-jitsu. When I was living in Hackney about 20 years ago, I thought that I should take it up as a sport, but I very soon came to the conclusion that the person who was at greatest risk was me. I was more likely to get a broken arm or nose inflicted during training than to learn how to protect myself, and perhaps that is a lesson for those who seek to adopt such an approach.

To get to the meat of the matter, the Government's clear view, which we support, is that the principal current terrorist threat is from radicalised individuals who use a distorted and unrepresentative version of the un-Islamic—I mean of the Islamic faith. I made a Freudian slip there, but as was said, the threat is very un-Islamic and we should perhaps treat it that way, rather than describe it in another.

We also concur with the Government's view that the current threat from terrorism is serious and sustained. That is the reason why the monitor in Westminster Hall today shows that we are at a "severe" level in terms of the risk in Parliament. However, we need to look at whether the Government's Contest programme, which other hon. Members have referred to, is up to the task of addressing this issue. I must say that as I was reading my notes on the train this morning I thought that one aspect of tackling this issue that had perhaps not been covered was being a little more careful with secret documents on trains.

I would like to look at the four aspects of the Government's programme, focusing principally on the Prevent aspect, which is about tackling the radicalisation of individuals, both in the UK and elsewhere. It would perhaps have been appropriate for there to have been a little nod—only a little one—towards the role that foreign policy can play in preventing terrorism and radicalisation. However, foreign policy is not referred to in the "Preventing Violent Extremism: A Strategy for Delivery" document; it may be that there are references to it in other Foreign and Commonwealth Office documents.

The Prevent strategy is also about tackling disadvantage and supporting reform; deterring those who facilitate terrorism by changing the environment and engaging in the battle of ideas, which hon. Members have referred to on a number of occasions so far; and providing the resources to ensure that this strategy can be delivered.

It is worth highlighting that the "'Preventing Violent Extremism: A Strategy for Delivery" document advocates a support and prevention agenda, which is very much the "carrot" side of policy. However, the majority of the time that we spend in the House on this matter is much more about the "stick" side of policy—the 28 days versus 42 days argument, for example. So this debate is very welcome in focusing more on the "carrot" side, rather than on the very high-profile "stick" approach that we have seen in relation to the argument about 28 or 42 days.

The Prevent strategy also refers to societal or social exclusion and routes into radicalisation, but it talks almost exclusively about Muslim communities as separate,

insular entities. Can the Minister confirm that that is not the case and that Islamophobia plays a part in radicalisation? If so, should the Prevent strategy not also address the views and beliefs of the wider community and their understanding of Islam?

I do not want to disrespect the very good community projects that are taking place, and clearly a lot of positive work is being done. Regrettably, however, that work does not seem to feed through into the national media in raising awareness of what is happening. That is not entirely the Government's fault; the media need to pick up on those issues, because it seems that they have not wanted to focus on them particularly. That is regrettable. Page 9 of the Government's document highlights the fact that

"communications are of critical importance, to ensure that the way in which we communicate counters, rather than fuels, the terrorist narrative."

We need to get those good news messages out into the media, so that people understand what is being done in a very positive way through these different community projects.

On prevention, the Government are rightly focusing on prison imams and how they can address radicalisation within the prison population. However, I hope that the Minister can say something about what is being done to identify individuals going into prison who may already be radical, and whether there is a way of addressing radicalisation through that route rather than trying, possibly after the event, to halt radicalisation through prison imams, as far as they can do so.

I will briefly move on to the Pursue strategy, which is about gathering intelligence and, of course, bringing terrorists to justice through prosecution—an issue that we discussed at great length during our deliberations on the Counter-Terrorism Bill. Some very positive measures will come through from that Bill regarding intercept evidence and post-charge questioning, which should assist in the process of bringing terrorists to justice.

There is a role for the seizing and freezing of assets, but we would all acknowledge that the amount of funding needed for home-grown terrorism is neither here nor there. The freezing of assets is not of great importance if we are talking about the purchase of large quantities of very cheap products, such as fertilisers, and the fact is that very little is needed to support that sort of network within the UK.

The Protect strand is about reducing the vulnerability of the UK and UK interests overseas to a terrorist attack, and specifically strengthening border security. I am sure that the Minister is aware of Lord Carlile's report, particularly what it has to say about general aviation, and the Association of Chief Police Officers' proposal for a border force. I understand that the latter issue will be addressed in the Green Paper on police reform, which I assume will come out this week; it is coming out in June, so if it is not available this week it will be early next week. Perhaps the Minister can confirm that when he responds.

I also ask the Minister to respond to what Lord Carlile had to say about general aviation. The Government have said in the Department for Transport response that they are looking at the potential threat from light aircraft, and that EU discussions are also under way. Can the Minister update us on the time scale for that EU review, so that we can see whether it will address this issue within an appropriate time frame? If he cannot update us now, perhaps he could do so in writing later.

I also hope that the Minister can give us some sort of reaction, if only his personal response, to the proposal from ACPO for a single border police force. I know that that issue will be covered in the Green Paper, but it would be interesting to hear whether he favours that idea and, if so, where he thinks the 3,000 staff for that force would come from and how it would ensure proper co-ordination with other forces and with the UK Border Agency.

In the Protect strand, protecting key utilities is one of the central roles. I hope that the Minister can say something about any discussions that have taken place with the utility companies since the most recent incident on 27 May, when two power stations went down and it seemed that the rest of the grid could have gone down with them. If mechanical problems can cause the grid nearly to fail in peacetime, there is clearly a need for the Government to look carefully at what might happen if there were a terrorist threat.

Finally, the Prepare strand shows that the Government are working hard on preparing for the consequences of a terrorist attack, ensuring that we train appropriately and know how to respond.

The Government, the police and the secret services are fighting a daily battle to stop those who would kill and maim our citizens. The different strands—Prevent, Pursue, Protect and Prepare—are central to that battle. We support this programme but we hope that, as a critical friend, we can be in a position to improve it, and I hope that the Minister will accept my comments in that vein.

10.38 am

Mr. David Ruffley (Bury St. Edmunds) (Con): I am particularly pleased that this debate has been held. First, we have had the opportunity to listen to a magisterial analysis from my hon. Friend the Member for Wycombe (Mr. Goodman). The debate highlighted the fact that the Conservative party has an interest and a real professional understanding of this complex issue. My hon. Friend the Member for Lancaster and Wyre (Mr. Wallace) gave us a contribution that drew upon his professional experience and reminded us that there are no quick fixes; in this area, the work must be patient, careful and for the long term. The other distinctive contribution, which was based on a great deal of knowledge, came from my hon. Friend the Member for New Forest, East (Dr. Lewis), who reminded us of the ways in which the terrorist threat must be analysed and dealt with. He also spoke eloquently about the nature of Islam.

I reiterate the request that if some of the points raised by my hon. Friend the Member for Wycombe cannot be answered by the Minister today, given that time is short, they be answered in writing. I would like to dwell on some of the things in my hon. Friend's speech that strike me as important.

First, do we now actually have a lead Department for counter-terrorism? Secondly, how will we as a country measure the success of the Prevent strategy? The Government are extremely keen to measure things across whole swathes of public policy, sometimes with complicated indicators and measurement standards. How will we measure the success of their Prevent strand?

[Mr. David Ruffley]

On Channel, we need some answers to the questions that my hon. Friend tabled in March, including, among others, those about how individuals' interests will be protected against loose gossip and grudge settling. We heard about the vulnerability of those in prisons and universities, and in particular about a virtual caliphate. Will the Minister tell us how many prosecutions—this is on the enforcement side—of extremist website uploaders or providers have actually taken place?

Finally, from my hon. Friend's contribution, we need to know much more about the Government's response to preventing violent extremism in education institutions and mosques. How can the moderate side of Islam, if I can put it that way, be disseminated more simply and effectively? My hon. Friend made a point about more intelligent and moderate discourse in our universities and gave the example of how we might be able to fund an institute of British Islam that would provide a bridge between modern western democratic tradition and the moderate Islamic tradition, and how that could be encouraged in practical terms and made stronger by Her Majesty's Government, because it will not happen on its own.

I would like to flag up a question on the Prevent strategy that has not been raised. It is about measurement. Obviously, the strategy is well intentioned, but widely reported in newspaper articles in autumn 2006 were comments allegedly from the then head of MI5 that there were 1,200 people who posed a terrorist risk to the state. By November 2007, it was being reported that the figure had grown to around 2,000, and there was a warning that the number of potential terrorists living in this country could run up to about 4,000. If those figures are correct, it does not seem that the Prevent strategy to challenge the growth of radicalisation is being terribly effective. Could the Minister comment on those numbers?

On the Pursue strategy, I have one simple question about intercept evidence. There is, of course, some limited use of such evidence in control order and deportation cases, but the Opposition have prosecuted a strong argument that its use in court would reduce the pressure for longer pre-charge detention in terrorist cases. Can the Minister rapidly give us the Department's latest thinking on our proposal on intercept evidence? Where are we on that?

I would like to close by touching on another counter-terrorism issue that I believe is important to the public. Are the Government doing enough to deny entry to those whose presence in this country is not in any way conducive to the public good because of their extremist views and preaching of violence? I have in mind what looked like dithering by the Government at the end of 2007 and beginning of 2008 over al-Qaradawi entering the country and the failure in 2007 to stop al-Moussawi from visiting the UK and attending a speaking tour at the beginning of 2008. The Government are unable to get a strong message across to the British public that they will act effectively and decisively to stop such people coming across our borders. We need to hear more about that. Those cases are symbolic. When extremists preaching violence and hatred come into our country, the question the man and woman on the street will ask is why the Government are not doing something about it.

For all those reasons, we have had a terrific debate. The contributions have been based on a great deal of experience. There were proper contributions from the Opposition but we did not hear anything from Labour Members, which was surprising and disappointing. We have put many questions to the Minister in a spirit of consensus, and I know that he will do his best to answer them.

10.46 am

The Parliamentary Under-Secretary of State for the Home Department (Mr. Vernon Coaker): It is a pleasure to serve under your chairmanship, Mrs. Dean. I apologise on behalf of my right hon. Friend the Minister for Security, Counter-Terrorism, Crime and Policing, who normally deals with these matters. Unfortunately for the purpose of this debate, he is giving evidence to a House of Lords Committee on the impact of surveillance and data protection. I hope that those who spoke will understand that his absence is not meant as disrespect to anyone. Clearly, this is an extremely important issue.

I sincerely and very much agree with the hon. Member for Bury St. Edmunds (Mr. Ruffley) who commented, as did the hon. Member for Carshalton and Wallington (Tom Brake)—the three of us are speaking from Front-Bench positions for our respective parties—on the quality of the debate. I reassure hon. Members that although this is not my area of responsibility, I have been extremely interested in the points that have been made and will ensure that my right hon. Friend reflects on the debate. I will personally discuss with him some of the issues that have been raised. I also agree with the hon. Member for Carshalton and Wallington who said that often in Westminster Hall we discuss issues and sometimes—not always, but sometimes—get to the core of the issue.

In saying that, I particularly praise the excellent contribution of the hon. Member for Wycombe (Mr. Goodman). I know how much he works in his constituency on these matters. As he pointed out, he has a significant Muslim community in his constituency. He should be given a great deal of credit for the way in which he tries to learn from that experience and not only represent his own constituents but put matters into the national context and try to influence the debate nationally. As he made clear in his remarks, he has to influence the national debate to serve his own constituents. I agree with his colleagues that it was an excellent contribution, and he is to be congratulated on it.

I hope that hon. Members will allow me to make a few general points before I come to some of the specific questions. I have about 600 notes on important points. I will endeavour to deal with some of them in the time that I have left, but, as I promised the hon. Gentleman outside this debate, I will write to him on points that I do not manage to cover. If he agrees, it may be helpful if I provide copies of that information to other Members who contributed to the debate—I hope that that will meet with their satisfaction—and, perhaps, to you, Mrs. Dean, as the Chairman of our proceedings.

Unfortunately, the threat to the UK from international terrorism remains serious and sustained, and the current level is severe. The police, Security Service and intelligence agencies continue to work hard to protect the British people from terrorist attack, and we are grateful to them.

The numbers of terrorist cases coming before the courts give an indication of the scale and nature of the threat that we are facing. In 2007, 36 people were convicted in 14 significant terrorism cases, with 21 of those individuals pleading guilty. So far this year, 31 people have been convicted in nine significant terrorist cases. Of those 31, 11 individuals have pleaded guilty. Over the next 18 months, terrorism cases will come before the courts on all but a few days. Faced with that serious and evolving threat, it is the Government's responsibility to protect the public and our national security, always seeking to find the right balance between individual freedom and collective security. As the Home Secretary said recently, there is no contradiction between pursuing our counter-terrorism objectives and defending our freedoms and civil liberties.

Terrorism is an assault on everyone's civil liberties, whatever community we are from, and an assault on our democracy and our values. Our response, therefore, must continue to be based on these values and liberties, as the hon. Member for New Forest, East (Dr. Lewis) said, and must ardently be pursued through our democratic framework—primarily, our criminal justice system.

Since 2003, the Government's counter-terrorism response has been governed by the Contest strategy, which aims to

"reduce the risk from international terrorism, so that people can go about their daily lives freely and with confidence".

Both of those aspects are important. The Contest counter-terrorist strategy, for which the Home Secretary is responsible, is divided into four strands: Pursue, which is about stopping terrorist attacks; Protect, which is about strengthening our protection against attack; Prepare, which is to do with mitigating the impact of attacks; and Prevent, which means stopping people becoming involved with or supporting violent extremism.

A major area of work since 2007 has been the refreshing of our Prevent strategy. The new Prevent delivery plan, launched by the Home Secretary with my right hon. Friend the Secretary of State for the Department for Communities and Local Government on 3 June this year, has five key objectives: first, undermining extremist ideology and supporting mainstream voices; secondly, disrupting those who promote violent extremism and strengthening vulnerable institutions; thirdly, supporting individuals who are vulnerable to recruitment by violent extremists and creating mechanisms for supporting them; fourthly, increasing the resilience of communities to engage with and resist violent extremists; and fifthly, effectively addressing grievances, whether real or perceived.

This morning's debate is important, as a number of hon. Members have said, because it gives us the opportunity to look at the Prevent side, as the hon. Member for Wycombe did in his speech, rather than debating some of the other aspects, as we have done over the past few weeks, important though that is.

I agree with the point that the hon. Member for Wycombe made. I hope that other hon. Members will bear with me while I try to answer some of the points made by the hon. Gentleman. The function of the mosque is crucial. We need to support mainstream Islamic opinion. I support some of his ideas, which are consistent with some points that the Government are making about working with Muslim scholars on these issues. As he said, we are looking to establish a United Kingdom board of Islamic scholars and to work with them to see what we can do to combat violent extremism.

I agree with the hon. Gentleman about the need to support communities. The Government have, as he knows, committed £45 million over the next three years through the Preventing Violent Extremism programme, the money being given through the DCLG. However, let us be clear that this is difficult territory. If we are to win the battle for hearts and minds, there will have to be robust debate and engagement. Of course, we have to ensure that we do not inadvertently support or fund the wrong people, individuals or groups.

We have a robust procedure. We try to ensure that the police are involved in determining where money goes—whether to individuals or groups—but let us be clear that to win this debate we have to support mainstream Islamic opinion and we must be confident that we can win the battle for hearts and minds. As the hon. Member for New Forest, East said, we have to show the distortion of the truth of the Islamic faith and we need to expose that. Judgments are involved in doing that, so we need to try to ensure that robust procedures are in place and the best judgments are made.

On the success of the strategy, this year we have agreed for the first time a public service agreement, led by the office for security and counter-terrorism in the Home Office and submitted to the Chief Secretary of the Treasury on 3 April. The reporting period began on 1 April, including measurements, targets and metrics for all strands in the prevent strategy. That should help us. Again, the hon. Member for Bury St. Edmunds made that point. We have a specific PSA target.

In answer to a question asked by the hon. Members for Wycombe, for Bury St. Edmunds and for Carshalton and Wallington, the Home Office is the lead Department and the Home Secretary is the lead Minister. The director general of the office for security and counter-terrorism within the Home Office is the senior responsible official. I hope that that clarifies things.

I assure hon. Members that parliamentary questions will be answered much more quickly. My right hon. Friend the Minister for Security, Counter-Terrorism, Crime and Policing has apologised to the hon. Member for Wycombe about that.

Work is being done in prisons. Some £6 million has been provided this year for a programme to prevent radicalisation and manage risk in prisons. We are looking to expand that programme into probation. That is important. All prison chaplains are vetted and trained, regardless of their faiths. Again, we are trying to take measures in that regard.

I think that the hon. Member for Wycombe mentioned national indicator 35 on building resilience to violent extremism in communities. He will know that local area agreement negotiations about whether local authorities include NI35 are ongoing. The indication so far is that a substantial number of authorities are taking up NI35 and we are encouraged by that.

The hon. Gentleman raised concerns about the Channel project. We are trying to ensure that, when we try to identify at-risk individuals, we involve not only the police, but all the agencies, including the faith organisations, local people and all types of community organisations. The whole purpose of that project, as he knows, is to try to prevent individuals from slipping into extremism—*[Interruption.]* I am sorry, Mrs. Dean. I have just received

[Mr. Vernon Coaker]

a message about staying five minutes longer and it has rather thrown me. I apologise to the hon. Gentleman. The answer is yes.

On a point of order, Mrs. Dean. Does that mean that I speak for five minutes more?

Mrs. Janet Dean (in the Chair): No, Minister. You should wind up as usual on the hour at 11 am, but we could need you to be here for five minutes afterwards.

Mr. Coaker: Hon. Members can see why I was a little confused by the note I received.

The Channel project is about trying to support individuals locally and trying to involve everybody in doing that.

Are we countering al-Qaeda's single narrative? Yes. The research, information and communications unit was established last year to do exactly that: to tarnish the al-Qaeda brand and ensure that we challenge its distorted world view and distortions of Islam. I agree with the points that hon. Members made about the need to ensure that we tackle extremism in universities. The police are involved in discussions with universities. Although we are not compromising academic freedom and freedom of speech, we should recognise the responsibilities that all of us have to tackle extremism.

Hon. Members asked about sharing good practice in respect of counter-terrorism work. We have established the police counter-terrorism board, which sets the strategic direction for police counter-terrorism work nationally and provides a forum for sharing good practice.

The hon. Member for New Forest, East made an important point. We agree that terrorism is un-Islamic: the Home Secretary said so in a speech to the Smith Institute on 3 June, describing it as "anti-Islamic". That is why Muslims across the world, including in the UK, reject terrorism and violent extremism.

Lord West of Spithead has conducted a review of the critical national infrastructure and his recommendations are being taken forward.

I thank all hon. Members for the quality of the debate and will write to them about various points that have not been covered. I thank everyone for an important contribution to all these matters.

Planning and Housing Estimates

11 am

Andrew George (St. Ives) (LD): I am pleased that the Minister was able to rush hotfoot into the Chamber just in time. It would have been a pleasure if the Under-Secretary of State for the Home Department, the hon. Member for Gedling (Mr. Coaker) had joined us in this debate, but I know that he has other matters to get on with.

I was pleased to secure this debate, which is important for my constituents. Other parts of the country may have an interest in how the Government's macro-housing targets impinge on the microclimate of their areas and the related planning issues. My purpose is to relate the Government's macro-housing targets to the reality and challenges of meeting local housing needs in our communities. The background is, as Matthew Arnold said, that it is the desire of a centralised state to render its dominion homogenous.

My concern about the Government's approach is that although I understand that at the macro level there will be a demand, following Kate Barker's review and assessment, for 2 million properties to be built by 2016 and 3 million by 2020, the problem is that when one applies that national macro figure to the micro level, I fear that the consequences will be counter-productive for the Government's intention, which is to address specific housing needs throughout the country, and particularly in local areas such as mine.

It may sound counter-intuitive to argue that the best way of meeting local housing needs in many areas is to control the development of housing to a far greater extent than the Government intend, but I shall try to explain why that is so in an area such as west Cornwall and the Isles of Scilly. The target for Cornwall is for almost 70,000 properties to be built during the planned period to 2026 within the regional spatial strategy, and that figure is incorporated into the local plans for each district in Cornwall and for Cornwall as a whole.

There are some key questions. First, are there lessons to be learned from Cornwall where high levels of housing growth have not resulted in an improved climate for local families in housing need, or from the Isles of Scilly where a different planning approach has been adopted, as I shall explain later? Secondly, is it appropriate to use the blunt instrument of externally imposed high housing targets, especially in a dysfunctional market? In Cornwall, it operates to reward those who see homes as an investment, or who are fortunate enough to be able to buy more homes than they need, but sends a message to local families who are most in need that they have no right to be living there, and if they do they must expect to endure extortionate rents, poor conditions and tremendous insecurity. Thirdly, are the high house-building rates part of the solution or part of the problem of resolving the extreme, extensive, serious and long-standing housing needs of local families in places such as my constituency?

This debating Chamber does not lend itself to PowerPoint presentations, but the key point that I would get across to the Minister—I am sure that he is aware of it—in voluminous truckloads of documentation is that Cornwall, and west Cornwall in particular, is among the most economically deprived areas in the country with the biggest mismatch between the lowest earning levels and

high house prices. There is also a long housing waiting list, which is available for scrutiny in the public domain.

The housing problems are serious and severe for people who stand no chance whatever of getting a property through the local housing register. They are left to the private rented sector, the climate of which is extortionate in the extreme and represents tremendous insecurity. I am pleased that my hon. Friend the Member for Truro and St. Austell (Matthew Taylor) is here today, because I know that the situation is the same in his constituency. Many people who must endure the private rented sector live with six-month shorthold tenancies and uncertainty about what will happen.

In advance of this debate, I sent the Minister not only an indication of what I intended to say, but the results of a recent survey of estate agents. It is the third of three that I have undertaken to illustrate how the market operates in west Cornwall and the Isles of Scilly. I have undertaken it more or less every 18 months for the past few years. Among many things, it illustrates that, last year, three times as many properties were sold to second home buyers as to first-time buyers. That is not a surprise to local people, but may be a shocking statistic to people who do not know my constituency. It shows that the second home market largely dictates market conditions, and that with the migration into the area, the local population stands little chance of being able to purchase properties in the local market.

The survey shows a number of other things, which will not be a surprise to the Minister or to other Members of Parliament, where the housing market has more than doubled in price in the past 10 years. However, the survey period was between March and May this year, and estate agents are anticipating a fall in the market of about 3 per cent. over the calendar year. The survey shows many other figures, which the Minister has.

I shall explain my background to the subject. I am not a Johnny-come-lately. I was a professional working in the sector for many years before being elected to Parliament in 1997, and tried to introduce affordable housing schemes, mostly in rural areas in Cornwall and previously in Devon. I was also engaged with others in the planning process, and wrote a book published 20 years ago—"Cornwall at the crossroads?"—with two more intelligent and articulate people, Ron Perry and Bernard Deacon. It addressed the question then of the relationship between housing and population growth, and meeting local housing need. It raised a number of issues that are pertinent today.

Mr. Philip Hollobone (Kettering) (Con): The hon. Gentleman's comments are extremely interesting. Is not the context of people's difficulties in finding suitable accommodation the fact that there are about 800,000 empty properties throughout the country, and that the Government should do far more to ensure that they are used for home ownership?

Andrew George: There is an issue with empty properties. Those in my part of the country are mainly second homes, and offering 50 per cent. council tax discounts—the Conservatives also did that—did not help that general trend. The hon. Gentleman is absolutely right that there is an issue.

I know that the Government are trying to relate the use of property to need, but they are clearly failing in my area, where properties are purchased and used for investment and recreation, and do not meet local housing need. Clearly, it is a dysfunctional market in which the available housing supply does not relate to the needs of the local community.

The first point that I want to emphasise—and one that I have already raised in correspondence with the Minister—is that the application of the top-down high-level housing growth figure is part of the failed strategy of the past 40 years. Cornwall has seen the kind of housing growth that the Government and the Minister desire to see over the next 15 to 20 years. Cornwall's housing stock has more than doubled over the past 40 years, which is a sustained period of very high housing growth. Cornwall is the third fastest growing place in the UK, so no one can accuse it of being a nimby. We have allowed the development to take place, but at the end of that period, the local housing problems have, if anything, become significantly worse. One conclusion that we can draw—and the Minister may say that it is a simplistic one—is that simply building houses in itself does not resolve Cornwall's housing problem.

Matthew Taylor (Truro and St. Austell) (LD): Does my hon. Friend agree that another myth is that the present fall in the housing market will resolve the affordable housing problem in areas such as ours? Even with very extreme falls in house prices, which are not currently predicted by most people, prices would still not be affordable. In fact, in the present market mortgages are more expensive and larger deposits are required, which is obviously difficult for first-time buyers, and the drying up in house building is having an impact on the supply of affordable homes, as 60 per cent. of affordable homes are on commercial development sites.

Andrew George: My hon. Friend is absolutely correct. I know that, in a couple of weeks' time, he will be informing the Government of that and other related matters. If we had a 3 per cent. fall in house prices in Cornwall in the coming year it would be more than wiped out by the changes in the fiscal arrangements within the housing market and the lending policies of the institutions that provide finance for first-time buyers. I am not persuaded by the idea that a flattening or fall in the housing market will result in the meeting of local housing need.

My first point, therefore, is the failure of successive Government policies over the past 40 years. The second point is the inappropriateness of a south-west Government zone construct as the building block for establishing the house growth figures for an area such as Cornwall. It was clear from my survey of estate agents that the market is affected by the way in which developers market properties in Cornwall. Often they will market family houses as ideal holiday accommodation, and mostly they will be marketing them in the south-east and not in, say, Stroud, Bournemouth or Bristol. The market in Cornwall does not relate to those places at all. In fact, it has almost become a satellite of the south-east rather than being connected to the south-west.

My third point relates to the Isles of Scilly. Effectively, the Government are permitting them to adopt a locals-only house-building strategy, which I strongly endorse, as part of their plan. It is essential to sustain an island community. In effect, what is being said is that the only

[Andrew George]

house building that will take place there will be to meet the housing need of those who have been living on the islands for 10 years or who are key workers—a key worker, as defined by the islands, could be an electrician or engineer, and not just a doctor or nurse. It seems entirely bizarre that they have to adopt figures that are set out by the regional spatial strategy, which are inflexible, arbitrary, and entirely irrelevant to the Isles of Scilly. It is simply an entirely inappropriate process.

Mr. David Drew (Stroud) (Lab/Co-op): I cannot talk about the Isles of Scilly, but I can talk about my own constituency in which the RSS is a construct that has come up with site-specific allocations. That cannot be a sensible and appropriate way for the RSS to function.

Andrew George: The Government's planning approach has been created not to cater for a region that has its own internal integrity and community of interest but for the purposes of bureaucratic convenience. It has been defined by the Government and is, therefore, entirely inappropriate. However it is drawn up, the assumption that the regional spatial strategy or the Government zone of the south-west is able to create a community of interest within a bureaucratic construct is clearly bizarre and throws up lots of bizarre consequences, such as the one highlighted by the hon. Gentleman.

Finally, I have three very quick points. I apologise to the Minister for overrunning on time, but I have had to deal with a number of interventions. What Cornwall really needs is the creation of an intermediate market. It sounds counter-intuitive, but it needs to control house building in order to drive down land prices, and to work with housing associations to build shared-equity and other intermediate market properties. That will not happen while the hope values on land in Cornwall and the house building targets remain sky high, which is counter-productive.

My second quick point relates to the impact of second home ownership. I have had meetings with the Minister's colleagues and with the Prime Minister. I hope that the door is still open—I have my foot in it at the moment—to consider ways of using planning policy, perhaps through a new use class order, to introduce a method by which we can control second home ownership. I recommend that the Minister uses the Isles of Scilly as a trial base for such a policy. It would be a microcosm of much of the rest of the country and it would not have a knock-on effect on other areas. It would be a very appropriate place for the Government to trial a new planning method to control second home ownership.

As my hon. Friend the Member for Truro and St. Austell said earlier, how will the Government respond to a flat or slowing-down housing market and how will that adjust the house-building targets? I am concerned that this top-down approach to planning is counter-productive, and I hope that the Minister has taken on board both the material that I have sent him and the questions that I have raised today.

11.18 am

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Iain Wright): May I say what a pleasure it is to serve under your chairmanship, Mrs. Dean? I congratulate the hon. Member for St. Ives (Andrew George) on securing the debate. I had the pleasure of working with him earlier this year on the Housing and Regeneration Bill. I have to say that he brought expertise, professionalism, knowledge and insight into the Public Bill Committee that really raised our game and helped to ensure that the legislation went to another place in much better shape, so I thank him for that.

Let me mention three broad points that the hon. Gentleman and others have mentioned: the private rented sector; second homes, which are very pertinent in his own region; and housing and planning figures within the confines of the regional spatial strategy process, which will occupy the bulk of my remarks. We had a very interesting debate in this Chamber yesterday on regulation of the private rented sector. Many of the points touched on by the hon. Gentleman were discussed there. I hope that he is aware of the review of the private rented sector undertaken by Julie Rugg at the centre of housing policy at the university of York. Many of the things that she touched on, such as how we raise standards and increase professionalism for landlords, will be considered in the review. I hope that he has had a chance to submit evidence to that review.

One of the things that we discussed yesterday was security of tenure, and I was very taken with what the hon. Gentleman said about that today. The review will consider the issue when exploring what more needs to be done to improve the experiences of private sector landlords and tenants. I mentioned yesterday that some constituents tell me that short-term tenancies do not provide security in their lives and that that insecurity affects their employment prospects. I am sure that he receives similar representations from his constituents. The review will consider that issue and will report to Ministers in October. I look forward to receiving it.

The hon. Gentleman is a strong campaigner and a strong performer in this House on the issue of second homes. I recognise that it is an issue in his area and in that of the hon. Member for Truro and St. Austell (Matthew Taylor). It is a matter of concern in the south-west, but that must be put in context. I understand that there are about 50,000 second homes in the south-west region, which is about 2.2 per cent. of the region's total housing stock. I imagine that the hon. Member for St. Ives might intervene on me on this point. I understand that those 50,000 homes will be concentrated in certain areas of his constituency.

The hon. Gentleman mentioned his dismay at the Conservative Government's decision on the discount on council tax. I hope that he is pleased with the steps that this Government have taken on that issue in enabling local authorities to reduce the discount on second homes from 50 per cent. to 10 per cent. I understand that local authorities in his region have responded to that opportunity by levying a 90 per cent. council tax charge on second home owners.

On the Housing and Regeneration Bill Committee we discussed the importance of planning policy statement 3 on housing. The planning framework is strengthened by PPS3 because it allows rural authorities more flexibility over requiring affordable housing provision in small developments. In a wider strategic sense, it requires local authorities to consider future housing need and demand in their areas through a strategic housing market assessment. That means considering the issues that the

hon. Gentleman mentioned, such as what accommodation is needed for families with children and for single-person households and asking what the future demographic needs of the area will be. I think that PPS3 is a powerful tool for local authorities in determining the housing needs in their areas.

I now come to the bulk of my remarks, on housing and planning numbers within the confines of the regional spatial strategy process. The hon. Gentleman is aware that we have touched on this issue a number of times during debates in the House. The last time was in an Adjournment debate secured by the hon. Member for Tewkesbury (Mr. Robertson) in early May.

The hon. Member for St. Ives knows that I have to disappoint him on a whole range of matters. I understand how important strategic planning for housing is to him and his constituents. I will sum up where we are in the process, but he is aware that because of the quasi-judicial role of the Secretary of State, I am limited in what I can say. He is a strong campaigner for his constituents and he is an excellent MP on the issue of housing, where his knowledge is exemplary.

The function of regional spatial strategies is to determine how much housing is needed and the general location in which it should be built; the priorities for new infrastructure and economic development; the strategy for protecting countryside and biodiversity; and the policy for reducing carbon emissions and safeguarding natural resources such as water and minerals.

Responsibility for the initial drafting of the strategy for the south-west rested with the South West regional assembly, as the hon. Gentleman is aware. The assembly submitted its draft to the Government on 24 April 2006. A 12-week public consultation gave the opportunity to put comments to an independent panel. The panel was appointed by the Secretary of State to test the soundness of the draft regional spatial strategy.

An examination in public was held between April and July 2007 to discuss and test the draft regional spatial strategy before the panel. The length of the examination in public reflected the level of interest in the draft RSS, with the panel reviewing comments from almost 2,000 different parties. In total, 191 organisations and individuals took part in public hearings held in Exeter. The panel's report was submitted to the Government on 10 December 2007 and was published on 10 January 2008. It contains recommendations to the Secretary of State on all aspects of the draft regional spatial strategy. However, representations were not invited on its recommendations.

Hopefully, I have set out the background to the draft RSS. However, I hope that hon. Members will understand that because of the nature of the process I am constrained in what I can say at this stage about the detail of it or the recommendations of the independent panel, particularly with regard to housing numbers. In taking quasi-judicial decisions under the planning Acts, there is clear guidance for Ministers based on advice from the Law Officers and first Treasury counsel. A copy of that guidance can be found on the Department's website and I could provide copies to the hon. Gentleman and others who have participated. The guidance outlines that Ministers should not enter into discussions with interested parties on the changes that might be made to a draft RSS while consideration is being given to the panel's report. That is to ensure that the process is fair and transparent and that representations to the Secretary of State are channelled through the proper statutory consultation process.

I am sure that the hon. Gentleman and other hon. Members would wish me to explain what the next stages are in the process. The Secretary of State is considering the panel's report along with all the representations previously submitted, and aims to publish her proposed changes this summer. There will be a 12-week public consultation when the proposed changes are published. That will be the opportunity for those interested in the content of the RSS to make their comments known. Following consideration of the comments and views arising from that consultation, the Secretary of State expects to publish the final regional spatial strategy for the south-west before the end of 2008.

At the local level, which the hon. Gentleman is very concerned about, the transitional One Cornwall planning team has started work on preparing a One Cornwall core strategy, for submission by the new Cornwall unitary authority, which is due to come into being next year. That approach is supported by the county council and the six district councils in Cornwall. Community involvement in the production of the strategy is likely to start early in 2009.

The core strategy will be the first and most significant development plan document produced in its entirety by the new authority. It will contain a vision for Cornwall, strategic development locations up to 2026 that reflect the emerging regional spatial strategy, and a delivery strategy that integrates policies and programmes including the sustainable community strategy and the Cornwall European convergence programme.

At the same time, detailed planning is proceeding at the two main growth points in Cornwall. The Truro and Threemilestone area action plan is being produced by Carrick district council and aims to produce 3,500 homes by 2016. The Camborne, Pool and Redruth area action plan is being produced by Kerrier district council and aims to provide 3,400 homes by 2016. Both areas are regional priorities for housing delivery and regional convergence. Camborne, Pool and Redruth is a regional priority area for regeneration and has an urban regeneration company, while Truro is a new growth point.

Andrew George: I accept that the Minister is constrained in what he can say, but does he accept my primary point that despite all the growth, we cannot build our way out of this housing crisis simply by heaping thousands of houses in an area such as Cornwall? Why does he not adopt an approach similar to that which has been permitted by the Government on the Isles of Scilly? That is not a market-led approach, because that would mean that locals would not stand a chance of buying most properties. Instead it is a need-led approach. Why can that approach not be used?

Mr. Wright: I like and respect the hon. Gentleman a great deal, but I will not be drawn in by his smooth way of trying to get me to comment on these matters. He knows that I cannot comment on planning and housing numbers in his area or the wider south-west because of the quasi-judicial nature of the Secretary of State's role in making a decision on the regional spatial strategy. I hope he understands that. I understand that he is

[Mr. Iain Wright]

disappointed about that; I have disappointed him on a great deal of matters in other debates. I am unable to comment on the specifics of the regional spatial strategy.

Knowing the hon. Gentleman's high calibre, I am confident that he will continue to represent his constituents' views diligently and energetically when the proposed changes are published in the summer. Once again, I congratulate him on securing this debate and on the knowledge that he brings to the House on housing and planning matters. I look forward to debating with him again in the future.

11.30 am

Sitting suspended.

Teaching (London)

2.30 pm

Ms Diane Abbott (Hackney, North and Stoke Newington) (Lab): I am glad to have the opportunity to talk about a subject that is at the heart of the Government's thinking—education—and to raise the question of under-achievement in inner-city schools, and in particular black under-achievement, a subject on which I have campaigned for many years. I want to talk especially about the teaching work force in London.

Given the part of the country that the Minister comes from, he might think that black under-achievement in schools is a narrow subject. However, the majority of children in the inner London boroughs are black or minority ethnic. Given the demographics of London and other big cities, we cannot raise standards unless we address the causes of under-achievement among many of the minorities. Not every minority ethnic group in London under-achieves—some over-achieve. However, in borough after inner London borough, a long tail of Afro-Caribbean boys is bringing down the overall results. That is not only bad for the statistics and for the Government's stated aim of raising standards, it is a tragedy for those boys, their families and the wider community.

Inner-city schools and under-achievement, and black boys and under-achievement—it is a complex matter. There are many issues. They include peer group pressures, gang culture and the disproportionate rate of black pupils excluded from school, which I have mentioned before. Indeed, I wish to follow up the latter subject today because I did not get a satisfactory reply to some of the points that I raised in the earlier debate. There are other issues, such as low expectations. I believe that we still lack a clear, concrete policy line from the Department on how to deal with black under-achievement.

There is also an issue with teachers. Having spoken to many schools and educationalists, and above all to many teachers, I have no doubt that we need more men in the classroom, particularly in our primary schools. We need a more diverse teaching work force. We need a teaching work force in London that looks like London. I do not say that because I believe that only black people can teach black children, or that only Asian teachers can teach Asian children. I believe that if the work force—the staff room—matches the ethnic composition of the children, the team as a whole will have a better emotional and intellectual understanding of the children that they are trying to teach. The best heads in London, whatever their colour, are very positive in trying to recruit a diverse teaching force. They put a lot of energy into that, because they understand that in order to have a team that is culturally literate it must be diverse.

Before I come to the question of how to achieve a more diverse teaching work force in London, I would be doing the hard-working teachers in London and throughout the country a disservice if I did not first touch on some general issues. I have nothing but admiration for teachers. The Government have put a lot into education. They have increased salaries, and salaries for young teachers are now much more competitive than when Labour came into office in 1997. However, teachers throughout the country are suffering from market forces. There is a decline in pupil numbers in some areas, but large numbers of migrant children arriving in others—often rapidly so.

With the best will in the world, it is difficult for teachers to adapt. I have visited schools that a few years ago were largely Afro-Caribbean and Irish but are now mainly Polish and west African. It is difficult for people not from London to understand the demographic turnover in those schools, which can be rapid. The reality for teachers is that, however committed they are and however good they are, they almost have to deal with a whole new community every five, six or seven years. The schools lose their stability and continuity, and their community and institutional memories, which makes things so much more of a challenge than for the more stable communities that the Minister represents.

There may be issues about turnover and changes in pupil numbers, but there is also the problem of the retirement bulge. Putting it bluntly, a generation of teachers in London who bought their houses in the 1970s, when one could buy a house in Hackney on a teacher's salary, is now poised to retire. What will happen when that generation of teachers leaves I do not know. Not even on the vastly improved head teachers' salaries for which the Government are responsible can one buy a property in most areas within zones 1 and 2. The retirement bulge will be a real problem, because of what has happened with the housing market in London and other big cities. There is also the changing profile of people coming into teaching, the changing profile of pupil populations, and the serious challenges of community cohesion that many of our schools face in the aftermath of 7/7 and 9/11.

There are other specific issues, and one of the most important in the context of today's debate is the under-representation of men in the teaching work force. Female teachers represent 88 per cent. of primary school teaching staff. Even in secondary schools, they represent 58 per cent.

No one would expect me to say that female teachers are less good than male teachers. However, I ask the Minister to imagine a young boy living on an estate in Hackney in a single-parent family. The head of the household is the mother; perhaps, for all his friends, women are the head of the household. That boy may never have seen what I used to see every day of my life—a father getting up, going out to work and coming home on the Friday with a wage packet. That boy then has to go to a school run by women. What sense is there of a positive and constructive male role model over and above the gangs that inhabit the fringes of the estate, the street corners and the alleyways?

Although I wish specifically to address black male under-achievement, many of the issues that I shall raise are relevant to white working-class boys of any ethnicity. What image of the world will they have if they live on an estate and in an environment where they never see working males fulfilling their responsibilities? In school, the only people they see exercising their authority and fulfilling their responsibilities are women. One can meet too many little boys in school who, in a confused way, think that books and education are for girls. What are they to think if nine out of 10 teachers are women?

There is an issue about the under-representation of men in the teaching work force. However, it would be wrong of me not to mention the matter of unequal pay between male and female teachers. In 2006, the Equal Opportunities Commission said that there was a pay gap of 11.5 per cent. in favour of male teachers, and the National Association of Schoolmasters Union of Women Teachers found that female teachers were less likely to progress in the leadership scale. We need to look at that. The Teacher Support Network has raised questions about the fact that many lesbian and gay teachers feel unsupported in their schools.

Apart from those specific issues, we cannot underestimate the pressure and the stress that teachers throughout the country now face in the classroom. Teaching nowadays is a far cry from "Goodbye, Mr. Chips". In one further education college, a teacher carrying out health care checks found students with drink and drug addictions, injuries from fighting, learning difficulties that had not been identified and supported, students being taken out of care at the age of 16 to live on their own, and students with children to look after. That was the result of an ordinary health survey in an FE college. How can young people like that focus on education?

Questions have been asked—I should be glad if the Minister were to address them—about the extent to which support assistants are being used not to help fully trained teachers but to substitute for them. That is unfair on the assistants and the children. If the assistants are good enough to act as teachers, they should be paid as such. If they are not good enough, they should not be used as if they were properly trained teachers. It was pointed out to us by a teaching assistant in Redbridge that qualified teachers get extra money for working with special needs pupils, but teaching assistants do not.

Then there is the question of over-large class sizes. Large class sizes are one thing. In primary school, I was in a class of 42, and we learned by sitting up and reading from a chalkboard in front of us—

Jeremy Corbyn (Islington, North) (Lab): You did well at it.

Ms Abbott: Thank you very much. That was perfectly fine. However, when classes are that size and some of the children do not speak English and some have special needs, it is difficult for teachers to manage them.

There is also the big issue, which I touched on earlier, of the discrepancy between salaries and living costs in London. When the cohort of teachers who bought homes in London when London homes were affordable on a teacher's salary finally retires, teaching recruitment in London will be in crisis. One cannot buy a home in inner London on a teacher's salary, not to mention affording all the other costs. The danger is that London schools will rely increasingly on young teachers who start out in London but move on when they want to buy a home and have a family, and on teachers from overseas—New Zealand, South Africa and even the Caribbean—who come but do not stay. The danger is that year by year we will lose a stable cohort of teachers because of the discrepancy between salaries and living costs.

The Minister will have heard from many people about teachers' concern about the increasing amount of paperwork. I know that the Government do their best to keep paperwork to a minimum, but it would not be fair on the teachers and teachers' unions to which my staff have spoken in the past few days if I did not mention that point.

The Minister might say, "Yes, Diane, but why does it matter if all the teachers are women or all the teachers

[Ms Abbott]

are white as long as they're good teachers? Surely that's the main thing." Well, there is a large discrepancy in London. In many inner London boroughs, more than half the children are from minority ethnic—

2.42 pm

Sitting suspended for a Division in the House.

2.55 pm

On resuming—

Ms Abbott: I want to return to the subject of the disproportionately low number of ethnic minority teachers in London's schools compared with the pupil population, and the fact that in most inner-London boroughs the majority of children are black or ethnic minority. The latest figure that I saw for the number of black or ethnic minority teachers in London was 12 per cent., I think. For the reasons that I set out earlier—cultural understanding and children seeing people like them teaching and in leadership positions—that is wrong and is not helping any of our children to achieve their best.

I turn to the ethnic imbalance in governing bodies. In 2006, the Institute for Policy Studies in Education researched London governing bodies and found that although those in the study had a gender balance, they were ethnically imbalanced. Ministers, and politicians on both sides, are very keen to talk about empowering parents, which is all well and good when dealing with a stable, homogenous community. In inner London, where people in £500,000 houses live cheek by jowl with some very grim estates, the mix of children in primary schools is fine, but governing bodies are all too quickly captured by a clique of middle-class white parents who are not concerned about the wider issues, as long as their Chloe and Dominic get into the school of their choice—whether fee-paying or not.

Tensions have arisen in my own borough that have nothing to do with diversity in schools. In fact, diversity in inner-London primary schools is one of their strengths—all parents value the fact that they can send their children to the best state primary schools in London where they can mix with children of all colours and races, and learn a lot just from that cultural mix. I am talking about governing bodies and how they can be captured by cliques of parents. Owing to the Government's dogma about empowering parents, they do not understand that in the inner-city they are empowering not parents as a whole, but the loudest and most confident and educated parents, sometimes to the detriment of the Government's stated aim of raising achievement across the piece.

A difficult situation arose in a school in my borough when a clique took over a governing body, after which the popular black head teacher left. I do not want to comment on what really happened, but there is a sense in the community that the head teacher's face did not fit—in the opinion of the clique of lawyers, business people and sometimes even MPs now running the school. Ethnic balance is as important for governing bodies, therefore, as it is for the teaching work force. More needs to be done to train and support governors in the inner city and to make heads aware of the importance of a governing body that reflects their pupil intake, so that we can avoid some of the tensions that I have seen in schools in Hackney.

Jeremy Corbyn: My hon. Friend makes a very important point. Some schools in my constituency simply cannot get governors of any sort. Often parents are too absorbed in trying to survive frequent house moves, because they live in temporary accommodation and so on. As a result, head teachers must often carry the entire load with no support at all. I strongly endorse her point, therefore, about training and supporting potential governors, particularly if they are genuinely to represent the local communities.

Ms Abbott: I am grateful for my hon. Friend's intervention. My point, which perhaps I did not make properly, is that sometimes the reason why such governing bodies become imbalanced is not, to be fair, the Machiavellian intent of some parents, but the fact that other parents—working-class parents, or parents who are asylum seekers or refugees—are working when they should be at governing body meetings, English is not their first language and generally they feel intimidated by governors who appear to know so much and to be so fluent and confident.

So, even when such parents sit on governing bodies, they do not feel able to say anything, and others like them are frightened of going on such bodies—perhaps unreasonably, but they are frightened all the same. They think that they will be put to shame, because they cannot read all the paperwork and do not understand the big words and the jargon. That is how we end up with skewed governing bodies. As I said, there is not necessarily any Machiavellian intent, and if I gave that impression it was unfair, but skewed governing bodies can lead to tensions.

Owing to the demographics of inner London, people who in relative terms are very wealthy send their children to school alongside quite poor and socially disadvantaged children. I want to talk, however, about the plight of black and minority ethnic men and women who go into teaching. The university of Exeter did some research and found that teacher trainees who experienced racism in their placement—sometimes they were placed outside inner London—did not necessarily have anywhere to turn for support. The university set up a diversity resource officer in its school of education, but apparently that is the only such post in the UK. The officer said in a recent interview:

> "If trainees encounter racism in the classroom, it's important that they feel supported... but a lot of schools find complaints of this nature very embarrassing and difficult to discuss. It's like the 'Don't mention the war' sketch in Fawlty Towers: other teachers know you are black but insist they haven't noticed."

The officer continued:

> "Some of our BME trainees found that some staff in schools seemed to believe that racial issues and problems belonged to a bygone era and that we have somehow gone beyond racism being an issue. This made them feel in some way 'separate' from the main thrust of the school."

I know that phenomenon.

When I first started talking about black under-achievement in schools, many teachers got very upset and felt that they were being accused of racism. Basically, their position was, "I went on an Anti-Nazi League

march in 1972; how dare you say I do not understand racism." Teachers are more defensive than any professional group that I have dealt with, and that includes the police force. When asked to address issues of institutional racism, they insist on taking it as personal criticism, rather than as an inquiry into how their institution works in practice.

Loughborough university and the universities of Newcastle and of Hertfordshire undertook some research in 2001 with black and minority ethnic teachers, and they found that many black trainees made considerable financial sacrifices to become teachers because they tended to go into teaching not straight from university, but as mature students. They tended to be older than their counterparts, they had a bigger financial struggle because they were more likely to have young children at home, particularly if they were women, and many of them had part-time jobs while they were studying.

Those universities recommended easing the situation for mature students through funding, by offering taster courses and specific support as the university of Exeter has, and by removing barriers to international students training in this country. Later, I shall return to the question of international students. Similar results were found by academic research in 2006, looking at the number of minority ethnic trainees who drop out of teacher training courses, and in 2007, looking at the perception of racism in teacher education.

The university of Cambridge faculty of education, which undertook research on behalf of the Department for Education and Skills, said in its report:

"Minority ethnic teachers, particularly African Caribbean teachers, have argued that their communities have, for the past few decades, been consigned to the outskirts of the education system by a profession which has consistently formed pre-conceived and stereotypical notions of their communities based on unfair assessments and the mis-education of their children. For these teachers, the denial of their professional expertise and status within the profession, and associated neglect of minority ethnic communities' needs is at the root of these groups' disillusionment with the education system and distance from the pursuit of a teaching career."

The former Mayor of London and former Member for Brent, East, Ken Livingstone, commissioned a report on black teachers in London and found many concerns about staff development and promotion. Most recently, research by the Institute for Policy Studies in Education at London Metropolitan university found that white teachers with 10 to 15 years' experience were twice as likely to be heads or deputy heads than their black counterparts, and that teacher trainees from the black community were twice as likely to fail their initial teacher training. Those are some of the issues that black and minority ethnic men and women who attempt to become teachers face.

There is also the question of the preparation and training that we give to all teachers to deal with diversity. A 2005 teaching survey found that only 35 per cent. of newly qualified teachers felt that they were well prepared to teach pupils from diverse backgrounds. The Minister might say, "What does it matter in the west country whether you know how to teach children from diverse backgrounds?", but in 2008, in an increasingly globalised world, all our teachers, even if they never, ever encounter a child from an ethnic background, which will be increasingly unusual, ought to feel confident that they have been trained to deal with diversity issues.

The figure of 35 per cent. is not good enough, but I am not calling for changes in the law, because the legislative framework already exists. As a result of the Race Relations (Amendment) Act 2000, the General Teaching Council for England produced guidelines for schools in 2008, and since May 2002, schools have specifically been required to have a race equality policy, to assess the impact of all their general policies on pupils, staff and parents, to monitor the impact of policies on race and to take reasonable steps to publish the results of that monitoring. However, the GTC found that not all schools were doing that, and in 2005 Ofsted voiced concern that certain education authorities were not implementing the 2000 Act.

In 2006, a GTC report found that only 64 per cent. of teachers knew about their school's policy on race and ethnicity. In 2007, the Black Training and Enterprise Group found that some schools were implementing the spirit and the letter of the law, but that others were struggling to conform to the minimum requirements. Unusually for a Back-Bench MP, I am calling not for new legislation, but for the meaningful implementation of existing legislation. The GTC has suggested that schools and teachers need more support and guidance on the issue.

So, the picture shows a very low level of black and minority ethnic teachers in London's teaching work force as compared with the demographic of the pupils whom they teach, that those who go into teaching often struggle to do so because they go in as mature students and need specific support, and that even in the classroom teachers report lack of support, promotion difficulties and so on.

In the remainder of my speech, I shall try to touch on the practical things that the Government should do. They ought to say much more clearly that now, in 2008, it is important to recruit and guide into teaching a much more diverse teaching work force for the reasons that I gave earlier. Minority ethnic teachers tend to be local and to stay, unlike teachers from Australia and New Zealand. However brilliant and inspirational they are, in a few years they will go back to Australia or New Zealand, but the West Indian lady who leaves her job in social work, trains in middle age to be a teacher and goes to a local school to teach will be there until retirement and in some ways represents a better investment of Government money.

The Government should think about, among other things, the Teacher Training Agency collaborating with the relevant examination and certification bodies on a wider range of professional certification for teaching, focusing on raising achievement—the specific skills set—among black and minority ethnic pupils. If the training does not focus on that set specifically, it says that the system does not value it and, ipso facto, that perhaps it is easier to exclude the naughty black boys when they turn 13 or 14, rather than, earlier in the process, focus on how to engage them in education and raise their standards.

The Teacher Training Agency and the Department for Children, Schools and Families should collaborate with the UK National Academic Information Recognition Centre in commissioning research on how overseas degree providers could address the issue of degree equivalence. The largest cohort of black and minority ethnic teachers in London schools is made up of those

[Ms Abbott]

who have qualified in the Caribbean and Africa, but it is hard for them to achieve qualified-teacher status because their degrees are not recognised.

It is strange that we can bring in teachers from eastern Europe, New Zealand and South Africa who may never have stood in front of a classroom full of black children, but that experienced, quality teachers who have trained in the Caribbean under a system that is very similar to the British system have problems with degree equivalence. We should look at that, because there are people teaching in our schools who cannot get what a fully trained and qualified teacher can get and who face all kinds of uncertainties because of the issue of degree equivalence.

Before Ministers say, "Diane wants us to turn all these second-rate teachers from overseas into fully trained, fully paid teachers," let me say that one of the best teachers my son ever had was Nigerian. He had served in the Army in the 1950s and worked miracles with my son and his maths—it was extraordinary. However, he could not have taught properly in a British school because of the issue of degree equivalence.

Jeremy Corbyn: My hon. Friend makes an important point about overseas teachers. Like her, I welcome the work done by some of the very good, dedicated teachers who come to this country. One of my local primary schools has a good system for exchanging teachers with an equivalent primary school in Ghana. The school in Ghana sends a teacher for a year, and the school in my constituency sends a teacher in return. That has been mutually beneficial to both schools. Does my hon. Friend not think that there is some value in spreading that process more widely so that we do not rely just on teachers from South Africa, Australia and New Zealand?

Ms Abbott: That is exactly right. Let me be specific about the research that I want. The problem is that teaching qualifications from the Caribbean and Africa are not recognised as being equivalent to UK teaching qualifications, but teaching qualifications from Canada, New Zealand, Australia, America and eastern Europe are. I would like research to be done to identify which specific aspects of African and Caribbean teacher training are deficient so that Caribbean and African teacher training institutions can address the issue and move towards establishing course equivalence with the UK.

I would also like teacher training institutions in this country to work with institutions in the Caribbean, such as Shortwood college, and to have exchanges with them. Trainee teachers could do one year in Shortwood and another year here before going back to Jamaica. In that way, they would end up with a qualification that was recognised in the Caribbean and in England. Education in both places would benefit from that.

The Teacher Training Agency should have much clearer and more exacting recruitment targets for black and minority ethnic teachers. It should look at implementing a London-wide overseas teacher training programme to maximise the number of London-based black overseas teachers who can obtain qualified teacher status.

The agency should also look at developing a business secondment programme targeted at black graduates, who could be seconded from their place of work to fill two-year or part-time teaching placements. The programme could be like Teach First, but be tailor made and targeted at black graduates who might want to return to their profession as an accountant or business person, but who would be enthusiastic about teaching for a year or two if the structure was there. In addition, the agency should further develop joint black community outreach programmes with local authorities and teacher training providers.

We need to look at more financial support for mature trainee teachers. As I said, disproportionate numbers of black and minority ethnic men and women who go into teaching are mature students and often have families, so they simply cannot manage on the financial support that is currently available.

The Teacher Training Agency should work in partnership with Ofsted to ensure that all teacher training providers in receipt of Teacher Training Agency minority ethnic recruitment funding deliver training on race equality issues to their staff, in line with the requirements of the Race Relations Act 1976. The agency should also provide much more extensive support to teacher training providers to assist them in developing their recruitment of black and minority ethnic teachers.

In London and our other big cities, we need a genuine recruitment and retention strategy that is targeted specifically at black and minority ethnic teachers. It should set targets, offer pre-interviews, facilitate a student network, provide mentors for teachers and ensure that publicity materials and outreach are targeted at London's ethnically diverse communities.

A new approach to increasing the number of black and minority ethnic teachers and a better recruitment and training model could be introduced in London and extended London-wide. That would make sense because half the country's ethnic minorities are in London, but the disproportion between the number of teachers and of pupils is very bad.

I do not intend to blame teachers for the underachievement of any child. When we look at the job that teachers do in schools in Hackney in 2008, we have to give them every respect. Despite the fact that the Government have put up teachers' salaries and put in more resources, and despite the fact that we have had an excellent academies programme—certainly in my borough—the teaching, social work and guidance role that teachers take on is more challenging than ever.

Often, children will come from grim estates and chaotic family backgrounds, and there will be the ever present threat of the gang culture, with gangs telling children, "You either join us or suffer the consequences." For those children, school is the only haven of peace and order, and the only place where they have possibilities in their lives. Their teachers play an invaluable role in that respect.

Teachers in London could do even better, however, if the teaching work force looked more like London. Although Ministers have expressed an interest in the issue, more concrete steps could be taken London-wide to create a more diverse work force, which would result in better outcomes for all our children and probably in a more stable teaching work force—as I said, there are all sorts of problems ahead as one cohort of teachers moves into retirement.

I raise this issue, as I have raised other education issues over the years, because I am a child of immigrants

and I believe that education is the single most important issue for our migrant and minority communities; it is the one thing that will help them to play their fullest part in our society and our single most important weapon in promoting community cohesion. Teachers in our schools in London are doing a great deal, but a more diverse teaching population could do a lot more for schools, children and our society.

3.8 pm

Jeremy Corbyn (Islington, North) (Lab): I apologise for missing the fist few minutes of the debate. I compliment my hon. Friend the Member for Hackney, North and Stoke Newington (Ms Abbott), my parliamentary neighbour, on the way that she introduced the debate and on the work that she has done on boys' underachievement in our primary and secondary schools. She is particularly supportive of the black community in her borough and across London, and she should be strongly commended for her work on the issue.

Like my hon. Friend, I represent an inner-city London constituency and its problems are very similar to those that she faces in her constituency. I endorse the last point that she made: primary school is the only place of safety and friendship for many children in our constituencies and the only place where they have some space. If a child grows up in an overcrowded privately rented flat or in temporary accommodation, their opportunities for doing homework or any kind of craft at home will be zero because there is simply no space. As a result, their school is their only playground, their only space and the only place where they can stretch their imagination.

I have the greatest respect and regard for the work that is done by primary and secondary teachers in schools in my constituency. I can think of many occasions when I have been in a school to do my Friday advice bureau, which often lasts for six or seven hours in the evening, and I have found a teacher who has been waiting with a migrant family for that whole time to come in and explain their problem, translate where necessary if they are proficient in the relevant language, and show them support.

It is easy for the popular press to condemn teachers for having long holidays and all the rest, but my experience of teachers is that they are dedicated and hard working, and understand the importance of their job and the inspiration that they can give kids in schools. We should use this opportunity to say something positive about them and to recognise the social problems that teachers in London face because of the nature of London society.

I shall come later to the issue of salary and conditions, but I want first to say a big thank you to the Government for the amount of money that has been put into our education system since 1997. I have represented Islington, North for 25 years, and during that time I have had head teachers on the phone in tears because the roof was leaking in the main hall, they have had to close classroom after classroom and crowd the kids into another part of the school because they could not get repairs done, the heating would not work or a boiler needed replacing or they were using summer fairs to raise money to buy computers.

There was disgraceful underfunding when the Conservative Government were in charge of our education system. Not only did they abolish the Inner London Education Authority, which was an iconic authority in many ways and very imaginative in what it did for education in London, but they underfunded our schools.

That does not happen now. The money that has gone into improving our buildings and buying computers and other equipment is important, and so, above all, is the money that has now been provided for the employment of teaching support staff, learning mentors and all such ancillary and related staff—who, again, are often the butt of jokes on television and in the tabloid press, yet they are essential.

A deeply disturbed child, particularly one of secondary school age, may be involved in an awful lot of very bad and nasty activities outside school—perhaps gangs, knives or even guns. It is all there; it is true. What happens when that child, who unfortunately is usually a boy, comes to school? The misbehaviour continues and the option for the school is to exclude the kid who is disrupting the class. It ends up expelling him and he moves from school to school, being excluded and expelled.

Such children are completely lost to education by the time they are 13 or 14. By the time they are 16 or 17, they are in a young offenders institution, and after 18 they end up in prison. We must do something for the kids who are grossly underachieving in our society. That is what the education system must provide for.

Ms Abbott: Is my hon. Friend aware that a former director general of the Prison Service, Martin Narey, said that on the day a child is permanently excluded from school they might as well be given a date and time to turn up in prison? That is the correlation between permanent exclusion and a criminal career.

Jeremy Corbyn: Martin Narey was absolutely right; it was a prescient remark, which I understand, support and endorse. I would therefore be grateful if the Minister said something about rights of appeal against suspension and expulsion from school. I understand that there are elements of behaviour that may be so bad that they lead to suspension. I do not say it should never happen or that no one should ever be excluded. We can never say never, but it should be absolutely the last resort and everything should be done in the meantime to give support. However, the system of justice that applies to a number of secondary school bodies does not bear much examination in terms of natural justice.

The evidence used against individuals who are suspended from school is often very vague, governing bodies are often reluctant to overrule the head teacher on a suspension or expulsion and it is difficult for parents who may not be very well versed in dealing with bureaucratic procedures to represent their case. We need a pretty robust code of conduct to ensure that there is a proper, defendable system of appeal.

Ms Abbott: Does my hon. Friend agree that when children are about to be excluded they are often behaving in ways that are appalling and people would not want them in a classroom with their child? Is it not the point that it is better to intervene on behaviour issues much earlier, at primary school age, which is why I want a more diverse teaching work force, with more men? On the whole, they are better placed to intervene on some of the behaviour problems of little boys. Also, what happens after the children are excluded? They end up in pupil referral units, which are just waiting sheds for prison.

Jeremy Corbyn: I endorse what my hon. Friend says and fully understand that point. We are not in disagreement, and I do not think that the Minister disagrees particularly either. There must be a system of recognising when boys in particular are underachieving, misbehaving or seeking attention—whatever it happens to be, for there are lots of reasons—and giving them the necessary support very early on.

Investment in teaching support staff and learning mentors is good investment, and so is taking such children out of class if necessary and giving them special support in school. That is all good practice and good investment. After all, we all have the responsibility to ensure that all the children going through the education system can achieve the best they are capable of. We should give more support to the learning mentor and support systems in schools and be very tough on the question of suspensions and expulsions.

Taking a youngster—usually a secondary school boy of 13, 14 or 15 who is suspended, excluded or possibly expelled—to a pupil referral unit is not a cheap option. Those pupil referral units are often more expensive than the most expensive private schools in the country, and I am not sure how much they achieve in some cases. As they are very expensive, a question of investment arises.

I do not want to take up too much time, as other hon. Members are waiting to speak, but I want to make a couple of points about my constituency before saying something about teachers' conditions. There are six secondary schools in my constituency of Islington, North. Because of the system of choice, as it is termed, on moving to secondary schools in our part of north London, the tradition is that children from Hackney schools try to go to Islington, children from Islington schools try to go to Camden, children from Camden schools try to go further out and so on.

There is a process of crossing London and moving outwards, which often means that the most able children with the most articulate parents get into selective schools on the outskirts of London, whereas others, who cannot afford to move house to live nearer an appropriate secondary school, or whatever they might need to do, end up going to the local schools. The intake is therefore not a universal local intake, and in the past the local schools have become almost the schools of last resort. I do not want them to be that.

I commend what the Government have done in investing large sums of money in buildings and other improvements to secondary schools. That has borne a lot of fruit and all six of those schools in my constituency are doing well. They are all getting new buildings, more staff and more support, although they may not yet have all achieved the magic rate of 30 per cent. of pupils achieving A to C GCSE grades. I can well understand the difficulties they have in achieving that, but I was furious when, two weeks ago, the Department announced that three schools in my constituency—Highbury Grove, Holloway and Islington Arts and Media—were on the list of the 643 schools around the country that are of concern.

I am angry about that for lots of reasons. One is that the teachers in those three schools feel attacked, criticised and demoralised as a result. They are doing their best. Secondly, alarm bells start ringing for parents of children who may move to those schools in September. They think, "Is this school a disaster area? Is it failing? Come September, can I entrust my son or daughter to it to be educated? What is going to happen to it in the future?"

I have been in touch with all three schools; I have visited two of them and will be seeing the third next week. I had a group of youngsters from Highbury Grove down to the House this morning to do an education Department tour. Those schools are doing well, going places and achieving. I was, therefore, very angry that they should be labelled in such a way. I have written a letter to my hon. Friend the Minister, inviting him to join me on a visit of the three schools. We can start early in the morning, no problem. Any time the Minister can do, we will be there. I want him to see that we have three schools that are trying hard, doing well and achieving. I want him to reassure the staff and the parents on that.

During the Division, I was talking to my hon. Friend the Member for Hayes and Harlington (John McDonnell), who is similarly angry. Three schools in his area have been named: Mellow Lane, Harlington and the recently developed academy. He feels that the staff have been demoralised. When the Minister replies to the debate, I hope he will explain why the list has been produced. Would it not be far better to support the schools that are doing well, rather than getting involved in naming and shaming schools, which does not do much good in the long run?

My last point concerns the teachers themselves, because they are, after all, the subject of the debate. Teachers in London have a very difficult job. They have to face many problems, the biggest of which is housing, which is incredibly expensive. To buy any kind of flat in my constituency requires at least £250,000. We have had some flats developed specifically for teachers, and we have shared ownership schemes and all the rest of it for key workers.

I went to a shared ownership fair last Saturday that was held at the Arsenal stadium. It was interesting, but a lot of those flats were out of reach of teachers—they were just too expensive. When we recruit young teachers to our primary and secondary schools, we need to get them somewhere to live in the community. We also need to help them to remain in the area when they have families and children of their own and need a bigger space. If we do not do those things, our schools will lose out and, as a result, our children will lose out. We need to think through the housing issue and the housing needs of our teachers, because teachers are an important part of the community.

Our teachers try very hard. We have children from all over the world, children living in bad housing conditions and children who are growing up in a society in which there is great deal of violence and an awful lot of commercial pressure on schools. We have examples of schools that achieve the most fantastic things and we feel inspired by them. For instance, a group of children were fairly alarmed about a violent poster near their school that was advertising a new DVD. They asked their teacher how they could object to it. The teacher explained that such things had to be done properly and that they had to go to the Advertising Standards Authority. So, a group of 30 children wrote letters, went to the ASA, dragged out someone from its offices, protested about the poster and the whole thing was stopped and withdrawn.

That was a brilliant lesson for those children in achieving something for themselves and understanding what a democratic society is about. That kind of inspiration does not come easily, so we need to value and support our teachers.

I hope that the Government think again on the pay policy towards teachers. Teachers have had substantial, and well-deserved, increases since 1997. However, if we ask them to accept a three-year deal that is below the rate of inflation, which is, in effect, a reduction in their standard, that will make them angry and will not attract people into teaching.

As my hon. Friend the Member for Hackney, North and Stoke Newington said when she opened the debate, we need teachers who are dedicated, representative of the community as a whole and inspirational. The other day, I was talking to a young man who is working as a teaching assistant in one of our secondary schools. He said that if we had more black teachers who could show real inspiration to kids who were feeling marginalised and driven away from the norms of society, a great deal more would be achieved by our education system.

We need to remember that and use this debate as a way to encourage more young people to go into teaching, which can be a rewarding and inspirational job. Teaching is something that we all need and rely on.

3.34 pm

Mr. David Laws (Yeovil) (LD): I start by congratulating the hon. Member for Hackney, North and Stoke Newington (Ms Abbott) on securing today's debate. She indicated, as does the title, that the debate is largely designed to focus on issues that are relevant in London. She questioned whether all the issues would instantly resonate with a Minister who represents the South Dorset constituency. She might also have mentioned a shadow spokesman who represents Bognor Regis and Littlehampton and a Liberal Democrat spokesman who represents Yeovil, which is in Somerset. However, she then pointed out that issues such as low aspirations and other aspects that are behind underperformance are relevant right across the country.

I recognised in the comments made by the hon. Member for Hackney, North and Stoke Newington many problems that I have seen in my own constituency. I am sure that the Minister and the hon. Member for Bognor Regis and Littlehampton (Mr. Gibb) have seen the same across the country. Certainly, we have seen the effects of a chaotic home environment and the deprivation that can have an impact on many schools, particularly those sited in the toughest catchment areas. Admittedly, London and some other cities experience that problem to a greater degree than other areas, but it is present in one way or another across the whole country.

The issue of the large number of students from ethnic minorities who may not speak English as a first language is obviously acute in many parts of London, but it is increasingly relevant right across the country. Many hon. Members might be surprised to know that even in my constituency of Yeovil there is an infant school with a majority of youngsters who speak English as a second language. That will not be exceptional for the hon. Member for Hackney, North and Stoke Newington and some of her colleagues from inner-London constituencies, but it is exceptional for Somerset. Such radical change has been taking place in many parts of the country over the past few years.

The hon. Lady also mentioned the issue of underachievement by black pupils and said that it is relevant to other categories of student, including, most notably, white working class boys. We see that in Somerset and across many other parts of the country.

The hon. Lady also talked about role models in the teaching profession and the gap that there is in London in that area, particularly in relation to black and ethnic minority teachers and pupils. That is not quite so relevant in Somerset, but her points about the gap in the teaching force in relation to the male-female split are certainly applicable. Many primary and infant schools in my constituency have no male teachers.

Quite often, head teachers will mention to me, as no doubt they do to other hon. Members, the fact that there are few male role models outside school for many youngsters in those environments. Sadly, the problem of family instability and chaos outside the school environment is not one that relates only to the areas of greatest deprivation. We see it across the country. Much of what the hon. Lady said relates directly to London, but it also has wider relevance.

I also enjoyed the speech from the hon. Member for Islington, North (Jeremy Corbyn). I recognise and agree with a lot that he had to say, but on two points—I hope he does not think this too Liberal Democrat a statement—I felt that I could only half agree with him.

Jeremy Corbyn: You are a Liberal Democrat.

Mr. Laws: I make the jokes about Liberal Democrats. On exclusion, I do not recognise the hon. Gentleman's concern about schools excessively using temporary and permanent exclusion. My experience is that most head teachers are extremely reluctant to use that particular vehicle. However, I recognise his points about the problem of students getting excluded, particularly permanently, and the consequences for them of exclusion because of the lack of proper support outside the school environment.

Jeremy Corbyn: I am not suggesting that head teachers routinely or recklessly exclude or expel large numbers of children—I do not believe that to be the case—but I recognise that there is a problem. I also recognise that it is quite possible for a youngster to be excluded or expelled from school on the basis of an unfortunate concoction of evidence by fellow pupils or things such as that, which could result in the youngster being accused of something that they are not guilty of. Also, there may not be a sufficiently fair or robust system of appeal to the governing body, which should dispassionately examine the evidence.

I am not saying that exclusion is a huge issue, but for any child who is excluded or expelled from school, that exclusion or expulsion is a huge factor in the rest of their life and we should be conscious of that.

Mr. Laws: The hon. Gentleman makes an important point. He is certainly right when he says that many of the pupil referral units that excluded youngsters go into are often difficult environments that youngsters struggle in. Many of those units have been picked up by Ofsted and identified as not performing effectively, which is a major challenge for Government policy.

[Mr. Laws]

I also fear that I only half agree with the hon. Gentleman on the issue of the so-called failing schools. I am pleased that the Government are focusing on schools that have performed poorly, particularly at GCSE level. I am not convinced, given the right resources, leadership and support, that there is an excuse for any school in the country to have more than 70 per cent. of its youngsters failing to achieve the benchmark that the Government have identified. However, I agree strongly with him that the spin behind the announcement that the Government made a week ago, which seemed to have more to do with media management and creating headlines than with improving schools, was extremely unfortunate.

I have received a lot of feedback from schools across the country and they believe that the publicity relating to that announcement was damaging to their efforts to improve. After all, many of the schools that the Government identified last week are academies, which is exactly what one would expect, given that academies are set up in areas that already have underperformance. Therefore, it is unhelpful to label such schools, which the Government have championed, "failing" schools.

When the Minister responds, he will tell me that I have got all that wrong and that the media spin put the "failing" tag on those schools.

The Minister for Schools and Learners (Jim Knight): Hear, hear.

Mr. Laws: Before the Minister cheers too loudly, I refer him to the statement made by the Prime Minister in response to a question from one of his Labour colleagues at Prime Minister's questions last week. Even the Prime Minister went off-message and referred to these schools as "failing" schools, when they are supposed to be categorised in some other way, which the Minister will no doubt tell us about.

Ms Abbott: On exclusions, I wanted only to make the point that I have counselled many a mother whose son has been excluded. They sit before me in floods of tears, because mothers, including black mothers, take exclusion badly. They always insist that their child is as innocent as the day is long, that their son has been the victim of tremendous injustice and that this is the first incident of bad behaviour that has ever happened. However, when I inquire further, I often find a gruesome catalogue of wrongdoing. That is why my emphasis is on diverting those young men and on what we do with them after they have been excluded.

Mr. Laws: The hon. Lady is exactly right to make those points.

We have only a brief time for the debate, so I want to touch on only three or four issues that the hon. Lady raised, and I will do so in short order. However, before I continue, having congratulated her and the hon. Member for Islington, North, I pay tribute—no doubt the Minister will do so at the beginning of his speech—to the progress that has been made in London over the last 10 years, because large parts of London, particularly inner London, produced an appalling performance in terms of school standards 10 years ago. Indeed, some of those areas still have low school standards today.

With the extra financial resources that have gone in, the emphasis on better governance and some work that has been piloted in London on reading recovery and on other areas of education, it is notable that there has been a sharp improvement in London, particularly in some of the poorest performing parts of London, over the last decade. It is good to see that improvement recognised not only through the published statistics, but through the national recognition given to people such as Sir William Atkinson at Phoenix high school in London, who received a well-deserved knighthood a few weeks ago to acknowledge the progress that has been made there.

Once some of those problems have been sorted out, any Government will want to look beyond London at other parts of the country, where the improvement in performance over the last 10 years has not been nearly as impressive. Those are areas where the headline statistics look satisfactory but there are issues about whether their schools are doing anything like as well as they should be, given their catchment areas.

The hon. Member for Hackney, North and Stoke Newington raised at the outset the issue of black underachievement. She mentioned that underachievement is also a problem with white working class boys. She also mentioned, quite rightly, the fact that many other ethnic minority communities seem radically to outperform some poorly performing ethnic minority communities and that that is not always related purely to issues of deprivation. As she suggested, sometimes ethnic minority communities with similar apparent disadvantages achieve different results.

I am sure that all Members here who frequently speak to head teachers and others, and who are also aware of the relevant statistics, will be conscious of the fact that not all those differences in performance can be explained away simply by social factors and that there are issues about aspirations in the home environment in different communities. Those aspirations can make a real difference.

The Liberal Democrats want greater emphasis on developing a coherent system for funding across the country, which would target disadvantage more effectively than the existing system. It would also help some of the individuals whom the hon. Lady talked about in her speech, who live in parts of London where the deprivation funding does not get through effectively. That may be more of a problem outside London, where pockets of deprivation are more widely dispersed than in some inner-London boroughs.

Nevertheless, there is a need for the Government to reform the funding formula that relates to deprivation—I know that they are looking at that now—and to ensure that the amounts of money that go to disadvantaged youngsters are much greater to help to compensate for some of the great challenges in those communities.

The hon. Member for Hackney, North and Stoke Newington also mentioned the issues that clearly do not relate purely to deprivation and economic disadvantage—work force issues and the bias, particularly in primary schools, against men. I agree very much with her comments on the latter issue, and I would like some of the measures that she mentioned to be introduced to encourage more men into the primary school teaching work force.

The hon. Lady also referred to the gap in London between black and other ethnic minority pupil populations and the teaching work force. She was right to make the observations that she made in that regard. I know that she was criticised by some people nationally during her previous campaign on the issue, because their emphasis was on getting good teachers into schools, regardless of their ethnic background. I am sure that she is not suggesting that we should compromise teaching standards to get more black and other ethnic minority teachers into schools.

There is a cultural problem with some of our communities and much of that relates to aspirations. That issue is one of the difficulties in many schools, but it is most effectively challenged by good leadership. Therefore, it is important that youngsters in those communities see that going on to teach or to aspire to success in an academic environment are things that individuals such as them ought to be doing.

I do not want to hark back too much to Sir William Atkinson's school, but I recollect that, when I visited it, he had lots of large photographs around the school of youngsters from previous years, with their GCSE performance listed underneath. The message that he is trying to send out by having those photographs around the school is that people like the pupils—with the same ethnic background and from the same community or estate—can achieve to that high standard.

I will not go back over all the points that the hon. Lady made—she will be pleased to know that—but she raised a number of issues about how the Government might tackle this particular ethnic minority gap, if I may put it that way, and I hope that the Minister responds to her suggestions.

There are a host of other issues relating to the teaching work force in London that we ought to refer to, but time does not allow it. I hope that the Minister touches on one particular issue—that of teacher shortages. Those shortages are especially acute in London, compared with other parts of the country, and they may become even more acute in this environment of pay restraint.

3.49 pm

Mr. Nick Gibb (Bognor Regis and Littlehampton) (Con): I congratulate the hon. Member for Hackney, North and Stoke Newington (Ms Abbott) on securing this very important debate. Nothing is more important than education. It is the only route out of poverty and the only route to a fulfilled life. It is key to enabling people to enjoy and contribute to the culture of this nation.

From listening to the hon. Lady on "Desert Island Discs", which was very enjoyable, including the music—there was no Abba, which was good—it is clear that education has been important in her life. She went to a grammar school in Harrow and then on to Cambridge, and went on to break down barriers in the civil service and politics.

The hon. Lady referred in her opening remarks to the long tail of underachievement, and she cited black boys in particular, but the phrase frequently appears in commentaries on and outside audits of the British education system. For example, the Programme for International Student Assessment report talks about the long tail of underachievement in this country, particularly in reading.

I regret that I am introducing the phrase "synthetic phonics" so early in my speech, but it is important that reading is taught properly in our primary schools, in reception class and in year one. Synthetic phonics closes the gap between boys and girls, between socio-economic groups, and between ethnic minorities and the rest of the population. It works, and it works particularly well for all those groups.

The hon. Lady is also right about the gender imbalance in the teaching profession at secondary level and particularly in primary schools. A recent survey by the Training and Development Agency for Schools found that most boys thought that they behaved better with a male teacher—42 per cent. said that they worked harder, and 44 per cent. said that it made school more enjoyable. If we want to encourage men to go into teaching, it is important that we provide anonymity for all teachers when accusations are made against them by pupils, because most of the accusations are false and most are made against men. I am sure that that deters many men from going into education.

It is also important that we do everything we can to assist overseas trained teachers to acquire qualified teacher status, and that they do not lose their job and, potentially, their immigration status as a consequence of the rules that are coming into force shortly. I hope that the Minister will be able to say something about what is being done to assist those people in acquiring QTS. I agree with the reasoning behind the approach—to ensure that we have properly qualified teachers with all the requisite skills—but we do not want to leave our London schools with some 11,000 fewer teachers as a consequence of the new rules.

The hon. Member for Islington, North (Jeremy Corbyn) is right when he says that schools in difficult circumstances can achieve. I am sure that they can, and I will come to some examples of that shortly. There is no doubt that London has experienced some serious problems with its school system, and that in some parts it continues to do so today. There is also no doubt that the London Challenge has been successful in raising achievement levels in London schools, with 47.9 per cent. of pupils now achieving five or more GCSEs at grades A* to C, including English and maths. But even though the rise in standards in London during the period of the London Challenge has been greater than the rise nationally, it is not acceptable that more than half of London's 15 and 16-year-olds are still not achieving five or more good GCSEs including English and maths. The children's plan aims for 90 per cent. of children to achieve five high GCSE grades, which should include English and maths. As the hon. Member for Hackney, North and Stoke Newington said, in too many schools there is a culture of low expectation that really is not acceptable.

On Monday, I visited the London Oratory school, which is a fantastic school where every child, regardless of their ability or background, is expected to work hard and achieve. I found that behaviour was immaculate, pupils stood up when an adult entered the classroom, they studied the three separate sciences, a modern language is compulsory to GCSE level, extra-curricular activities are extensive, competitive sport is important, the uniform of blazer and tie is strictly enforced, and 96 per cent. achieve five or more GCSEs at grades A to C, including English and maths. One can understand why the former Prime Minister sent his children there.

[Mr. Nick Gibb]

London Oratory is a comprehensive school. Its pupils have a genuine array of abilities and social backgrounds, albeit that it is a Catholic faith school. Instead of obsessing about its intake, we should seek to replicate its approach to education generally.

As the hon. Member for Hackney, North and Stoke Newington correctly pointed out, there is a real teacher recruitment problem in London schools, and the teacher vacancy rate is twice the national average. There is also a higher teaching staff turnover rate in London—at 22.3 per cent., it is significantly higher than the national rate. In London, 35 per cent. of teachers have fewer than six years' experience, compared with 29 per cent. nationally.

Those problems are not encountered at the London Oratory, where staff turnover is just 5 per cent. That provides the stability that the hon. Lady mentioned during her contribution. The school has no problems recruiting academic specialists in their subject, whether it be physics, French, Latin, history or English, and that is because the school is a happy, well-ordered and calm place where children are free to learn and where the ethos is that pupils are expected to study hard and to do extensive homework every evening.

I accept the hon. Member for Islington, North's point about facilities for doing homework. If children have difficult backgrounds, if there is no place for them to do their homework, and if there is no peace and quiet in the home, the school really should be making provision for them to do their homework at school in homework clubs after school. That is the right approach. There certainly should be no excuse in such circumstances for not doing homework, or for not setting it.

Jeremy Corbyn: I am certainly not in favour of schools disregarding homework because of home facilities. I agree with the hon. Gentleman that they have to provide the necessary support and facilities during lunch breaks and after school, and through breakfast clubs and so on. The school must do the best that it can. But I caution him against measuring every school in London against the London Oratory, which is not exactly a community comprehensive school of the sort that I have in my constituency. It takes pupils from a wide range across London. After all, as a faith school, it is entitled to select a proportion of its intake.

Mr. Gibb: I accept the hon. Gentleman's point about the London Oratory. It is a faith school and it does take in pupils from a wide area of London, but it has a socially diverse mix of pupils. The mix may not be as diverse as some schools but, nevertheless, it is diverse.

The curriculum at the school is very academic. It is based around the foundation subjects, and teachers have the challenge and enjoyment of teaching their subject at A-level as well as to pupils as young as 11 or, in some cases, as young as seven. They also teach less able children in their own subject and children with special needs—there is a special needs unit at the London Oratory. In all cases, the atmosphere is one of good behaviour, respect for others and hard work, and that is why the school has no problem recruiting high-calibre teachers and why its staff turnover is low.

To take on directly the hon. Gentleman's point, the same ethos applies at Mossbourne Community academy in Hackney—I believe that it is in the constituency of the hon. Member for Hackney, North and Stoke Newington—where 50 per cent. of the school's intake qualifies for free school meals and 40 per cent. speak English as a second language. It has the same focus on academic standards and achievement, the same approach to behaviour and uniforms and the same high expectations for the children. I believe that when GCSEs are taken for the first time next year, the results will approach those of the London Oratory. The only difference between the London Oratory and Mossbourne academy is the age of the school, with the former being more than 100 years old and the latter just four or five years old.

If we are serious about raising educational standards in London, we need to look at both those schools and ensure that we replicate their approach across all schools in the capital.

The hon. Lady raised some important issues about ethnic diversity among the teaching profession. In London, about 11 per cent. of teachers are from an ethnic minority. The proportion is far lower than the population that they serve: across London, about one fifth of pupils in primary schools are from an ethnic minority. We need to understand the reasons for the discrepancy.

Many teachers from ethnic minorities have reported having to deal with incidents of racial harassment or discrimination. An internet survey carried out by the Teacher Support Network in 2006 found that 61 per cent. of the 238 respondents reported being harassed or discriminated against by managers within the school. That is totally unacceptable, and of course will deter someone from entering the teaching profession. There is also evidence that teachers are encountering racism in the classroom. Raising standards of behaviour in our schools is key. We have to give head teachers the powers they need to exclude persistently disruptive and abusive children. Poor behaviour is one of the prime reasons that teachers give for leaving the profession.

We should also consider whether educational opportunities for many children from ethnic minorities are as available to them as they are to the rest of the population. Schools in the inner cities, which have tended to be weaker and to have lower expectations than schools elsewhere, tend to be the ones that serve poorer populations and those from ethnic minorities.

In my view, the school must be regarded as being at fault, not the children. At Mossbourne community academy, 80 per cent. of the children are from an ethnic minority and 50 per cent. qualify for free school meals. However, having visited that school, it is difficult to distinguish it from one of the better performing independent schools: its only distinguishing feature is its modernity.

Despite all that has been achieved in London schools, more needs to be done to raise standards. Some 20 per cent. of pupils are still not achieving level 4 in English at key stage 2; 24 per cent. are not achieving level 4 in maths; 52 per cent. are not achieving five or more GCSEs at grades A to C, including English and maths; and the average A-level score per candidate in London was 259 in 2006, compared with 289 nationally. High expectations and structured, consistent behaviour policies are key to raising standards and being able to recruit high-calibre teachers. We also need to make it easier for new schools to be established by parents and by education

foundations, including the United Learning Trust, the Mercer's Company, ARK—Absolute Return for Kids—the public schools, the Woodward Trust and so on.

There is no doubt that the London Challenge has made some progress, but there is still a long way to go before we can be content that standards of education and behaviour in London schools are at an acceptable level.

4.2 pm

The Minister for Schools and Learners (Jim Knight): I congratulate my hon. Friend the Member for Hackney, North and Stoke Newington (Ms Abbott) on securing this debate. I thank her for raising the important issue of the teaching work force in London and particularly for mentioning the levels of achievement of black boys. She has championed that cause and has real expertise in that area and it is right that she should continue to challenge us on the issue. If she wants to meet me and the Training and Development Agency for Schools to discuss teacher recruitment further, I should be happy to do so to tap into her expertise.

Despite what my hon. Friend said about the area of the country that I represent, I was brought up in this city, but in outer London rather than inner London. Our capital city is, as she described it, a paradox of wealth and disadvantage in close proximity. It is an international powerhouse of business, innovation and economic success, yet it houses some of the most deprived areas in the country. The Government are committed to treating those pockets and concentrations of deprivation to lift people out of poverty through education, among other things, give them the opportunities to succeed and ensure that those opportunities are for all, not just luck of the draw. That is what this Government stands for: removing the juxtaposition of privilege and disadvantage that exists not only in our London communities, but can exist as a division between our schools, too. I am grateful to all hon. Members for paying tribute to the London Challenge programme, which has gone a long way to making that happen.

In this Chamber last week, I described my noble Friend Lord Adonis as a hero of the labour movement for what he has done in London. I reiterate that in respect of what he has done for the London Challenge, supported so ably by Tim Brighouse and, now, by Mike Tomlinson, who did such particularly good work in Hackney prior to taking on the London Challenge role.

Some 10 years ago, our capital limped behind the national average in GCSE results, both in the number of students gaining five higher level GCSEs, including English and maths, and the number simply gaining five or more GCSEs in all subjects. Now, London is ahead on both counts, improvement across the capital's schools is faster than anywhere else and we are closing the gap. On the GCSE measure, there has been an extraordinary 24.5 per cent. improvement in inner London schools since 1997.

My hon. Friend is committed to the philosophy of equality, fair access and high standards, as she has shown in her valuable work, for example, through her London Schools and the Black Child initiative. She shares my conviction that every school should be a good school. That ambition begins with the work force. We can invest in buildings, equipment and facilities, and we do so. I am grateful to my hon. Friend the Member for Islington, South—

Jeremy Corbyn: North. Where Arsenal is.

Jim Knight: Sorry, I mean of course my hon. Friend the Member for Islington, North (Jeremy Corbyn). I am grateful for his kind comments in this regard. It is important that we continue such investment. However, what makes the biggest difference between a good education and an average one is the quality of our teachers. Investing in that human resource—in our professionals—is vital if this country is to become a world leader in education: it is vital for the transformation of local communities, with children in school learning and fully aware of those who live around them, and vital for our young people, who will be given a real chance in life to fulfil their potential, realise their talents and be all that they can be.

We inherited a decline in people taking up teacher training. By 1999, numbers of new trainees had been in free fall for eight consecutive years. We have managed to break that fall by introducing incentives and training bursaries. Now, we have more teachers than ever before. In England, we have almost 2,000 more full-time equivalent regular teachers than last year and more than 40,000 more than a decade ago, which is almost two more teachers for every school in England on average, and in London, local authority schools have 7,500 more than a decade ago, boosted by 6,500 occasional and full-time equivalent unqualified teachers, instructors, overseas-trained teachers—I will talk about those later—and so on. Last year, the teaching sector was the second most popular choice for graduates leaving university, which is a massive step forward from where we were. Recruits are up, vacancy rates are down and even in London the vacancy rate is only 1.2 per cent., against the national average of 0.6 per cent. So I would hardly call it a crisis. However, there is, of course, more to do.

In addressing some of the points raised by my hon. Friend the Member for Hackney, North and Stoke Newington, I start by saying that, of course, my Dorset constituency does not reflect the ethnic make-up of and rich diversity in London. I represent an almost homogenous white community, except for the young offenders' institution on Portland. The vast majority of the inmates there are from London and are black and many of them have special educational needs and were excluded from school. I have visited that institution and talked to the governor and the prison staff, who tell me that some of the problems in London are reflected in the prison, in terms of gang trouble and so on. Talking to the young people there and hearing about the experience of growing up in London reinforces my determination to do more along the lines that my hon. Friend has described.

We need to continue to address underachievement with black boys. The hon. Member for Yeovil (Mr. Laws) was right to say that, after Gypsy and Traveller children, the biggest area of underachievement is actually white working class boys, but there is still a significant issue with black boys that we need to address.

Ms Abbott: This is a much-contested piece of statistical information. What we might call the league table varies in different parts of the country, but in London black boys are actually still the lowest-achieving group.

Jim Knight: I do not have the detailed breakdown for London. My hon. Friend may well be right and there is no reason for me to disagree with her on that. Like the hon. Member for Yeovil, I think that it is important that we pay tribute to some of our positive role models, such as Sir William Atkinson at the Phoenix school, whom I congratulate on his knighthood. I was delighted that Tim Campbell, the former winner of "The Apprentice", who grew up in Newham in east London, is now working with us on promoting the diplomas and is a positive role model. I was delighted today to visit the Guru Nanak secondary school in London, the only Sikh secondary school in the country, which achieves 73 per cent. five A* to C grades, including in English and maths, and almost 100 per cent. of the pupils are achieving at that level despite having English as an additional language. That is a fantastic school.

A lot of the things that the hon. Member for Bognor Regis and Littlehampton (Mr. Gibb) said about his favourite schools, I could say about Guru Nanak and I recommend it to him. It is an example of a school with a high proportion of ethnic minorities doing well, but in that case they are largely from the Asian sub-continent by ethnic origin rather than being black Afro-Caribbean pupils. It can be done.

My hon. Friend made some points about governors. We are addressing the matter with a review of governance, and part of our agenda is to examine community cohesion and representation on governing bodies. I am also interested in the role of parent councils. I had a meeting yesterday with some people from Hackney with expertise in parent councils, which have a role in reflecting the parent voice more accurately and the range of parent voices properly to reflect the community

The issue of more male teachers is equally important, and my hon. Friend was right when she said that there has been a decline since 1997 when there were 17 per cent. male teachers in primary schools and there are now 16 per cent., and in secondary schools there were 48 per cent. and there are now 43 per cent. We are concerned about that, and when recruiting we are trying to use more images of men teaching. We are trying in various ways in our recruitment advertising to promote the profession to men without breaking discrimination law.

Similarly, in trying to recruit more minority ethnic background teachers, there is an agenda for widening access, but the figures are more encouraging. In 1999, there were 6 per cent., in 2003-04 there were 9 per cent., and in 2006-07 there were 12 per cent. The latest recruitment figures for initial teacher training have exceeded the 10 per cent. target and we are recruiting close to 13 per cent. into the profession. We take that very seriously with TDA, but I shall be happy to discuss it further with TDA and my hon. Friend.

We can and should do more through public relations and otherwise, as well as with refugee teachers, and my hon. Friend has raised that in the past. The Employability Forum has recommended that refugee professionals wishing to access jobs in education are helped to do so, and we have provided more than £1 million for that.

There are issues about overseas-trained teachers, to which I would respond if I had time, because there is a good answer to be had. Issues about housing have been raised and I could respond, but housing costs in Dorset are prohibitive for newly qualified teachers, so the problem is not just in London.

The Government have done more than just address the previous decade's fall in teacher numbers; we have done more than just redress the balance of reward and recognition; we have included individuals from a more diverse cultural pool; and we have started to shape the educational landscape to help high standards to flourish and to weed out underperformance. We must do more, and I am happy to work with my hon. Friend on that, and to get rid of the juxtaposition of wealth and disadvantage, and of uneven opportunity that London epitomises so that our education society is fairer.

Post Offices (Plymouth)

4.13 pm

Linda Gilroy (Plymouth, Sutton) (Lab/Co-op): I recognise that Post Office Ltd faces a big challenge to right-size its network for the 21st century. As we have heard many times, traditional services, including benefit payments, are now available in other ways online or directly through banks. People who were Teddy boys in the 1950s are now pensioners, and as each generation progresses towards retirement, fewer of their number will do things in the traditional way that the Post Office represents. More will want to conduct their business online. There are other pressures on Departments to do things cost-effectively. Indeed, MPs are under pressure from the Treasury and taxpayers, and the wish list for Government support is probably two or three times as long as the public purse will stretch to.

In 2002, we thought that the urban reinvention programme in Plymouth had achieved the right size of post office network for the city. Indeed, for reasons that I shall set out, I believe that we did achieve a sustainable network of post offices for Plymouth. I believe that that remains the case, and that we are being asked to contribute over and above that to the wider network sustainability, which is much more challenging for the rural network, particularly in Devon. I cannot be sure of that because Post Office Ltd does not make the figures available on that basis.

Plymouth is a special city. It is special because of the particular challenges that it has had to meet over the past decade or so, and the way in which it has risen to meet those challenges, but also because of its ambitions for the future. We maintain a truly extraordinary regeneration agenda, and have growth point status which will be equivalent to a new market town. That regeneration is a response to the situation that I inherited in my constituency when I was elected in 1997. Plymouth, Sutton contained the poorest ward in England according to the index of local conditions. Today, Plymouth as a whole is rated the 76th most deprived local authority in the country, with a high population of low income households.

As the largest city on the south coast of England, Plymouth is also the largest centre of population in the counties of Cornwall, Devon and Somerset. It has a population of about 250,000, but that population base does not give us the critical mass to support the range and quality of facilities found in other major urban areas. There are ambitious and well-laid plans to increase the population from its present level to 300,000 or more by around 2026, with about 30,000 new homes in the next 20 years.

The Devon area plan on post offices was launched in May 2008 and is open for consultation until 30 June. Devon currently has a network of 379 post offices. After the review, it will have 333, as 45 are scheduled for closure and a number will be replaced by outreach services. Four of the scheduled closures are in my constituency, leaving 43 in Plymouth, including 14 in my constituency.

After urban reinvention in 2002, I think that the city probably had about the right sized network. Even if that were not true, the ambitious plans for growth, much of which will take place in my constituency, should give pause for thought. Some of the developments are going up across the city as we debate; indeed, there are four developments in the catchment area of Pennycomequick post office.

There are also other important considerations when it comes to the Pennycomequick post office. The distance to and from alternative post offices is very different from that laid out in the access report accompanying the plan. Cecil street was described as being 0.7 miles away, when it is in fact 1 mile away, or 1.1 miles on the return because of how the roads work. Mutley plain was down as 0.7 miles away, when it is in fact 1.4 miles away.

Cecil street is difficult to reach on foot. Residents must cross Victoria park and face 49 steps and a steep hill to reach the post office. I went to a meeting that was well attended, considering that it was early on a wet Saturday morning, where many people told me of their fears and difficulties. One elderly lady over 80 had been mugged on the way to that post office and now uses the Pennycomequick branch. Several older people expressed similar fears and experiences. The community served by Cecil street post office is deprived, and it is possible that the post office has been protected for that reason. I have visited it. It deals with a number of drug addicts and other difficult-to-serve customers, which is a worry for some of the people who have contacted me.

My survey had a large response. There were more than 500 responses on all post offices from across the city, and half of them dealt with Pennycomequick post office. I also had lots of letters, including some from community groups and sports teams supported by the sub-postmaster, Abdul Terasder. He is clearly popular and well thought of. There were lots of comments about the helpfulness of the staff, who also work with local businesses, which wrote to express their concerns.

A large new sheltered housing complex is being built at St. Barnabas and new housing in Central park. The report places the post office in the 500-to-749 transactions per week bracket, but I have been there on several occasions recently, and it seems a great deal busier. Beaumont road post office, on which I received about a third of the survey forms, serves and is in the middle of what I would describe as a natural community. There are some 6,100 adults on the electoral register in its catchment area, so it will be like closing the only post office in a town the size of Crediton or Cullompton. As for the other post offices, four out of 10 households in the area do not own a car. It is in the 1,000 to 1,500 weekly transactions bracket, and many customers migrated to Beaumont road when three nearby post offices were closed in the 2002 urban reinvention programme.

There is no bus service from Beaumont road to Embankment road. Buses are available to Royal Parade, but post office users would then need to negotiate two busy roads before reaching a very busy post office. In reality, there is no parking for elderly or disabled people at either of the alternative post offices, because parking is on the arterial road to Embankment road. Although a car park is situated on the opposite side of the large city centre roundabout at St. Andrew's cross, it is almost always full. St. Andrew's cross is not a sub-post office, but a Crown post office, and is often very busy—10 to 20 minutes in the queue is not uncommon. It is my local post office, so I know that its size means that the personal touch, care and attention shown by David and

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Diana on Beaumont road, about which so many have written to me, is not likely to be possible, even though its staff are hard-working and knowledgeable.

Walking is not an option for most people. It is 0.9 miles to St. Andrew's—I have checked it and agree with the branch access report on that one. From the top of Mount Gould to the post office is another 0.9 miles, which means a walk of almost 2 miles to St. Andrew's cross, and 1.7 miles to Embankment road. A sheltered housing development and an Age Concern residential complex are situated within 2 minutes of the branch, as too is Mount Gould hospital, which caters for elderly people and those with learning difficulties. Beaumont road post office works with the hospital as part of its skills development, which is made possible by the ease of access and smaller, friendlier atmosphere of the sub-post office. Neither St. Andrew's cross, nor—I fear—Embankment road, could offer that, given the access difficulties. I am very concerned about the errors made in the access reports on both branches; it suggests that Post Office Ltd's homework was pretty sloppy.

Post Office Ltd's branch access report on St. Levan valley post office points out the lack of bus services between both its suggested alternatives and the St. Levan branch. It also notes that the terrain is very hilly—that cannot be stressed enough. The branch is at the very bottom of a steep-sided valley, with hills that are almost vertical immediately behind the post office, including Ryder road, on which it is situated. The incline is probably 1:3, but when I walk up it, it seems almost 1:2. Will the Minister issue crampons to the post office customers for when they visit that post office? Neither alternative is accessible to elderly or infirm residents, and I have researched further how they manage with their general shopping. They do not tend to shop locally, but are often taken shopping, and removing their local post office will mean that they will have to rely on others for help in collecting their pensions, sending eBay parcels or just buying a stamp. Although parking at Wolseley is easy, parking in Stoke village is not. A couple of spaces are provided on the arterial road, but they are rarely available, and when they are, neither is easy to park in. It is a busy post office with 1,000 to 1,500 transactions per week, and again the care and attention from sub-postmistress Polly and her team is greatly valued.

West Hoe post office is also the local general store—a true general store that is much needed and used by the community. Little other community general shopping is available in the area, which is home to about 1,500 people—the fact that such a small community post office processes 500 to 750 transactions a week demonstrates how well used by the community it is. The demographic for retired people in the area is 19 per cent., which is high, and half of all households do not own a car. Postmaster Ravi is interested in taking on some of the new work that Post Office Ltd is considering, such as biometrics. He is a progressive and enthusiastic operator and would be willing to work with Post Office Ltd. Closing that post office would be a lost opportunity in that respect.

I have also spoken to Post Office Ltd about "Post Office Light", which is a new concept being piloted that I think would work well in St. Levan valley and West Hoe, and which both post offices have mentioned to me as being something that might enable some level of service to continue in their communities, should all else fail. If that becomes the only option, those post offices should be supported to stay open until the new options can be explored.

Finally, it is important to note again that Post Office Ltd has a difficult job. The Government have agreed to a cash injection of £1.7 billion, which is an awful lot of taxpayers' money, into sub-post offices. A condition is that POL must limit—slim down—the network, so that that money is used to create viable post offices, and not be spread so thinly that all post offices are once again put under threat. However, my case to the Minister is that it is uniquely unfair to expect Plymouth and its particularly significant challenge of regeneration and growth—there is not another place in the country that has the extent of that challenge—to be brigaded with one of the most sparse rural networks in the country. Of the 43 post offices proposed for closure, some 13 have weekly transactions above the 500 bracket. That includes seven post offices with fewer than 49 weekly transactions, one with fewer than 100 and four with fewer than 200. How many tiny post offices, escaping this time round, simply cannot be viable in future, whereas in Plymouth we seem to be closing viable ones in a growth area, a lot of them in my constituency? I will repeat, business seems unlikely to migrate—certainly not at the 80 per cent. level mentioned in a recent edition of Post Office Ltd's news of the network.

I do not think that it is right for the taxpayer to pay the Post Office £17 to issue a stamp, as someone suggested. We cannot simply subsidise every post office without thought for cost. That does not mean that well used, highly regarded post offices should close. I understand the arguments about rural post offices and their importance to villages and small communities, but urban communities also depend on post offices, especially in cities such as Plymouth, where people lead very local lives, with many on low incomes and benefits. As I said, the proposal is to remove one post office serving an area the size of a small market town. I believe that all four of those selected in my constituency are or have the potential to be profitable. They are heavily used—1,000 to 1,500 transactions per week in Beaumont road and St Levan's valley, and 500 to 750 in Pennycomequick, which is growing, and likewise in West Hoe. Meanwhile, how many of the 1,600 post offices that serve fewer than 20 customers a day, costing £8 for every transaction, will be left under the Devon plan?

I think that POL could well be cutting off its nose to spite its face when it comes to closing those post offices. A large proportion of the business will certainly not go from Beaumont road to other post offices—it will simply be lost. I think the same will be true of the other post offices, especially Pennycomequick, in view of the particular problems that I spelled out. In the case of Plymouth, Post Office Ltd ought to give us sufficiently detailed figures to allow us to appraise whether our post office network is sustainable when viewed across the city, and how it can become so as our population grows at the fast rate of 2,000 people per year.

Plymouth is of course included in the Devon area plan, which means that we have a city with many deprivation and regeneration growth challenges brigaded with a rural county that must have the biggest of

sparsity challenges. I have based my arguments not just on the individual value of specific post offices in my constituency—valued though they are—but the overall future viability of the cluster. I honestly believe that, far from providing a more sustainable network, including those post offices in the closure programme will damage the network. Indeed, two of those post offices are among the third in my constituency that I would never have guessed could have been at risk when thinking about it before the programme was announced.

I hope that the Minister can look at the arguments. Better that POL should face up to some hard decisions now than it should seek to lead the Minister into believing that it has done so only to find that, because it loses much more than it gains from the Plymouth closures, it has to revisit the whole idea of closures in the near future. Instead of making the network sustainable, it is making it less viable. Quite simply, the POL's Devon area plan has, for all the reasons set out, got the balance wrong.

4.29 pm

The Minister for Employment Relations and Postal Affairs (Mr. Pat McFadden): It is a pleasure to serve under your chairmanship today, Mrs. Dean. I want to begin by congratulating my hon. Friend the Member for Plymouth, Sutton (Linda Gilroy) on securing the debate. She spoke eloquently about the challenges facing the city of Plymouth and the way that it is rising to meet them with ambitious plans for demographic growth. I am also pleased that she acknowledged that life in Britain had changed a lot in recent decades. The image of the Teddy boy pensioner will stay with me, but she is actually right because what we think of as the traditional image of the pensioner is changing over time, due to lengthy and, we hope, more prosperous and healthier retirements for most people.

One of the features of these debates is often the ease with which the Government are blamed for the consequences of the changes in life that my hon. Friend set out. The Government have a duty to respond to those changes, but it would be wrong if they placed themselves in the way of modernisation, choice or change in how people live their lives. She talked in great detail about the individual post office closure plans in her constituency. She will know that, as a Minister, I do not play a role in decisions to close or retain individual post offices. That is quite rightly a matter for Post Office Ltd, after the consultation process that she is currently taking part in, involving Postwatch, local people, MPs and other representatives.

What is happening in Plymouth is part of the wider programme that was announced last year by the Secretary of State at what was then the Department for Trade and Industry: up to 2,500 closures, with 500 new outreach services planned alongside. The reason the Secretary of State had to come to such a difficult judgment is that some of the lifestyle changes that my hon. Friend talked about are having a profound impact on Post Office finances. The post office network loses around £500,000 every day and it has lost 4 million customers a week. At the extreme she is right; this involves small rural branches with few customers, where the subsidy per transaction can be up to £17, but alongside that, in urban areas we have 4,000 post offices, with six or more branches within a mile competing for the same customers. The difficulties and the challenges affect both urban and rural areas.

Let us look at some of the changes that are taking place. Eight out of 10 pensioners are now having their pension paid directly into their bank account. New services such as car tax online did not even exist a few years ago. One million people a month now renew their car tax online—that is 1 million people a month on one service alone who are no longer going to the post office to carry out that transaction. In addition, there is competition from other networks such as PayPoint, which won the contract for the BBC TV licence. There is lifestyle change in how we expect to receive money, there is technological change in terms of the use of the internet and the way in which people communicate with one another, and there is competition from other networks. Those three things all mean that our post office network faces big challenges in terms of the size of the network and the distribution of the branches.

Linda Gilroy: I am following carefully the arguments that the Minister is advancing, which are familiar to me. I ask him to consider two points: first, in respect of the BBC licence, am I not right in thinking that PayPoint has perhaps over-extended itself in describing how well it can do that, when the collection of BBC licences is actually going down? There is a value-for-money issue there. Secondly, is the Minister not also concerned about, and will he deal with, the value-for-money issues that I raised? He and the Secretary of State are responsible for the £1.7 billion investment and I do not think that what is happening in Devon represents good value for money.

Mr. McFadden: The point I am making about competition is that Post Office Ltd can no longer be guaranteed the streams of work that it used to rely on when that competition was not there. That is the point that I make about PayPoint. My hon. Friend asked about the £1.7 billion and she also made a point in her speech about the right size of the network. Before this closure programme began there were about 14,000 post offices in the country. If Post Office Ltd had run just as a commercial network without Government support, the number of branches would be around 4,000. Three out of four post offices run at a cost to Post Office Ltd.

My hon. Friend said she thought that the branches in her constituency were profitable. I take part in a lot of these debates and every MP says that the post offices that they are talking about are profitable. However, three out of four post offices in the network are not and rely on subsidy to stay open. Without the high level of Government support on behalf of the public, thousands more post offices would be under threat. The Government subsidy is £150 million a year, which is part of an overall programme of £1.7 billion. Without that support, thousands more branches would be under threat. I accept that that may be cold comfort to somebody affected by post office closures, but given the size of the challenge facing the network, the Government response has been very large indeed.

Linda Gilroy: I hope the Minister understands that I have taken those points in. I set them out very clearly in my speech. However, the tension between sparse rural

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Devon and growing, ambitious, regenerating Plymouth is such that the balance is simply wrong. We are talking about busy post offices. Every time I go into them there are queues.

Mr. McFadden: It may help my hon. Friend if I outline the loss per branch in rural and urban areas. Average losses range from about £12,000 per year for some rural post office branches to about £20,000 for some urban branches. She said that Post Office Ltd would not give her figures on this matter. My understanding is that it will give figures on the cost per branch to MPs. It is sometimes wary of giving full details of sub-postmasters' pay or other commercially confidential information, particularly given that it is up against competition from other networks for part of its business.

I will move on to some of my hon. Friend's other points. She rightly and understandably talked about distances, transport routes, gradients and so on. Such concerns are precisely the reason for the consultation. It enables the public and hon. Members to make those points to Post Office Ltd. If it has got it wrong, there is a process of review involving Postwatch, which can ask Post Office Ltd to look again at particular branches. I do not pretend that the consultation is just a referendum on whether people want to see post office closures. The decision was announced by the Secretary of State last year. I am sure that Post Office Ltd will have heard the points that my hon. Friend has made today. It is right that hon. Members can make representations about such things.

On the issue of whether it is wrong for Plymouth and Devon to be together in one plan, it is not unique for a city and rural areas to be in the same area plan. I am sure that my hon. Friend will argue that her area is unique. Many hon. Members argue that their constituencies are unique in one way or another. Although it is never popular to close post offices, I hope that the area plan process is not unfair to any part of the country.

In the area covered by the closure plan for my hon. Friend's constituency and others, some 92 per cent. of customers will see no change to their nearest post office. More than 99 per cent. of customers will see no change or will remain within a mile in road distance of the alternative post office. Although this is a difficult process, most customers will see no change to their local post office.

Linda Gilroy: It would be good to be able to look at whether we have a sustainable network in Plymouth, for all the reasons that I have given. I have talked about the particular challenges of regeneration in Plymouth. We have gone from having the poorest ward in England and some other very poor wards to having hugely ambitious growth. No other city in the country is doing anything remotely resembling that.

Mr. McFadden: As I said, the points that my hon. Friend made about transport and future house building are perfectly fair with regard to a consultation. The consultation exists so that information like that can be fed back to Post Office Ltd, and I think that she will ensure that the Post Office is aware of the things that she has said, not only in this debate but outside the House.

With regard to the future and where we stand with the post office network, there is a big issue coming up on the future of the Post Office card account. That is a decision for the Department for Work and Pensions, not for me, but I understand how important it is to the post office network. New products and new reasons to come through the door will also be needed. I have set out the position with regard to pensioners, as eight out of 10 no longer collect their pension at the post office. Indeed, that figure is now nine out of 10 for new pensioners, so there have to be new reasons to use the local post office.

One bit of good news that I can tell my hon. Friend is that the Post Office has been making significant progress on developing new products. It is now the largest foreign currency dealer in the country and is expanding its role in car and household insurance. She also mentioned a potentially significant area when she referred to her local sub-postmaster who was interested in biometrics. Although the Post Office, like any other body, would have to bid for the contract properly and win it, it could potentially play a role in relation to the biometric data and information necessary for driving licences, passports and possibly identity cards in the future. That could be a significant area of work in the future, so there are reasons for the Post Office to look forward.

Linda Gilroy: May I ask the Minister to encourage Post Office Ltd to look at "Post Office Light", with regard to the two post offices that I mentioned?

Mr. McFadden: Part of the future lies in finding new ways to deliver services, and outreach in rural areas has been part of that. What my hon. Friend refers to as "Post Office Light" is something akin to an urban outreach, and the Post Office made an announcement about that in April. I will certainly watch that going forward. I appreciate that this is difficult for my hon. Friend's constituents, but I believe that the closures are unfortunately necessary to stem the losses and create a viable network for the future in urban areas such as her constituency and rural areas.

Fuel Poverty (Norfolk)

4.43 pm

Christopher Fraser (South-West Norfolk) (Con): I am pleased to have the opportunity to raise this vital issue with the Minister today. I shall start by setting the debate in context. Eradicating fuel poverty is not only a moral issue, but a statutory requirement. In 2001, the Government pledged to end fuel poverty for vulnerable households by 2010 and for all households by 2016. They are almost certainly set to fail in that duty and are facing court action from Friends of the Earth and Help the Aged.

Figures released by Age Concern and National Energy Action suggest that around 4.5 million people in Britain are currently living in fuel poverty. NEA also estimates that 12.7 per cent. of households in the east of England live in fuel poverty. However, in some of the more isolated areas of south-west Norfolk that figure might be twice as high. I am hugely grateful to NEA for providing me with those figures. The latest fuel poverty advisory group report reached a scathing conclusion. It stated that

"it appeared as if the Government had given up rather than looking hard at the position and re-assessing its policies in a radical way when the fuel poverty target started to look very difficult."

How does the Minister respond to the charge that the Government have been complacent on fuel poverty? Does he agree that if the Government had taken sensible, positive action when times were good and oil prices were much lower, people would not be facing the difficulties that we are talking about today?

Media focus has been principally on the rising cost of motoring. In south-west Norfolk—a largely rural area—public transport links are very limited. The private car is a necessity rather than a luxury for many people, and never more so than now, when essential rural services are closing down. We have lost rural banks and shops, and my constituency will shortly lose 15 sub-post office branches. People are forced to use their cars to go to work, and even to buy a stamp, and to go to the bank or buy food at ever-increasing prices. Trips are increasingly expensive.

Constituents are starting to tell me that they cannot afford to drive to work, but they have no other option. Why is fuel at the pump in the UK so expensive? The Government have pointed the finger at growing demand and higher oil prices, but the extortionate tax placed on fuel by the Government also plays a huge part. Before tax, the UK has the second cheapest unleaded petrol and the cheapest diesel in Europe, but we pay the highest fuel tax. A recent report from accountants Grant Thornton indicates that the recent rise in oil prices will generate more than £1 billion in VAT on petrol—more income than the postponed 2p increase in duty. Some estimates have put the figure at nearer £5 billion this year. The rise in duty has been postponed only until October, and hangs like the sword of Damocles over our heads. Is it not time for the Government to confirm that they will scrap that next rise?

Does the Minister accept that, for people in rural areas, fuel poverty can strike as a double blow? Those with no choice but to use a car must also contend with rocketing energy prices to heat their homes. On top of already sky-high price increases, we are being warned that gas and oil could face increases of a massive 40 per cent. this winter.

But what about heating oil? Of all the regions, the east of England has the largest number of households with oil-fired central heating because they have no access to mains gas. According to National Energy Action, at least 50 per cent. of households in south-west Norfolk have no access to the gas network, compared with only 10.3 per cent. in England as a whole. The price of heating oil has risen from about 32p a litre last June to over 60p now. People on fixed incomes are being brought to their knees by these rising costs. Recent figures have shown that the poorest quarter of pensioner households saw their income rise by less than 1 per cent. last year. How can they cope when heating oil nearly doubles? Is it a surprise that oil suppliers increasingly have to come to the rescue of those whose tank has run dry because they waited and hoped for a price reduction? Unlike those for gas and electricity users, there are no social tariffs to help heating oil customers. The situation will only get worse as winter approaches.

Shockingly, National Energy Action has confirmed that the number of excess winter deaths in south-west Norfolk was almost double the national average in 2005-06. Where are we three years on? I have had stacks of letters from depressed constituents, many of whom are elderly, who increasingly face the dilemma of choosing between feeding themselves and heating their home. One elderly couple wrote to me recently and said that they could no longer afford to heat their house during the winter. Last year they needed to turn their heating down to a temperature well below the recommended level for the elderly. They do not know how they will cope next winter and dread running out of oil. Another elderly couple wrote to say that the husband is disabled and needs the heating on 24 hours a day all year round, but their pension will no longer stretch that far. What are they to do? It is a desperate situation, which calls for viable and effective solutions. We cannot just shrug and blame OPEC or City speculators.

I am a realist and I know that the Minister will tell me that measures such as the winter fuel payments are designed to tackle the problem, but will he explain why the value of the winter fuel payment has decreased in real terms while energy prices have continued to rise? The Government have given—*[Interruption.]* The Minister has a perfect opportunity to respond at the end of my contribution. If he could be patient and listen to the arguments first, rather than jump in before he has heard my whole speech, he could then help my constituents out with his response.

The Government have given the elderly a one-off cash boost this year, but many, including the constituents whom I have just mentioned, say that the payment is nowhere near enough to cover the cost. One of the Government's solutions to fuel poverty has been the Warm Front programme. The Minister is not now listening. If he did, he might hear what I am saying and be constructive in his response, which I want to hear. Why have the Government reduced Warm Front's budget for the next three years when they will almost certainly fail to meet their legally binding fuel poverty targets of 2001? The reduction amounts to £50 million this year alone, and to set the budget cut in context, the Government receive £400 million a year from VAT paid by domestic energy consumers. The Fuel Poverty Advisory Group was

[Christopher Fraser]

"completely taken aback by their"—

the Government's—

"savagery."

What assessment has the Minister made of the impact of the reduction on the number of people struggling with fuel poverty? And how many fewer households will Warm Front be able to assist?

I suspect that the Minister will also say that the Government are using other measures. In April, they secured the agreement of the big six energy companies to increase their collective spend on social assistance to £150 million a year by 2010 under the carbon emissions reduction target scheme. I am concerned that those receiving help under the CERT scheme will not receive the same help that Warm Front offers. CERT's primary remit is to promote reductions in household carbon emissions; it does not aim to end fuel poverty.

I am not disputing the importance of improving energy efficiency when it comes to fuel poverty, but does the Minister agree that the Government must not allow their focus on reducing carbon emissions to subvert their duty to end fuel poverty? Elderly pensioners who receive improved insulation under CERT will hardly be helped if they then need a new central heating system to take them out of fuel poverty. Interestingly, the Fuel Poverty Advisory Group's report confirms:

"Policies on climate change will raise prices and will make the fuel poverty targets harder to achieve."

EDF Energy also agrees that the social obligations to help vulnerable people and the requirement to reduce carbon emissions can sometimes undermine the efficiency of both schemes. What are the Minister's thoughts on that clash of interests?

The fuel-poor are able to apply for grants under the Warm Front scheme and to receive help from energy suppliers under CERT. However, CERT-registered installers who approach households are not obliged to tell customers that they may also be entitled to a Warm Front grant. Does the Minister accept that more should be done to encourage a joined-up approach between energy suppliers and Warm Front, so that vulnerable households do not miss out unnecessarily? Will the Minister also confirm the marketing policy of CERT-registered installers? It is terribly important to find out, so that people understand the installers' objectives. CERT installers approach households that they believe may benefit from improved insulation, but their approach has left many households in isolated rural communities in my constituency out in the cold. Unsurprisingly, installers are less likely to approach homes that are in severe fuel poverty, simply because it might not be financially efficient for them to do so—they have to travel further, with all the added costs of doing so. Does the Minister accept that the Government must address that problem if they are to continue their shift towards energy supplier-led solutions?

I should like to cover another Warm Front issue. Constituents have complained that work carried out by Warm Front contractors is often more expensive than work quoted for by local contractors. That seems to be a common complaint throughout the country. As a result, grants given to Warm Front applicants do not cover all the costs, and applicants have to pay the balance themselves.

I accept that the independent report published last year found that Warm Front delivers a value-for-money programme, but questions remain. Does the Minister recognise the legitimacy of complaints from Warm Front recipients? Will the Government consider a system that puts customers in control by allowing them to choose a local contractor if the quotation is competitive?

In 2001, the Government set high goals for their fuel poverty strategy. They promised to eradicate fuel poverty by 2016. So far, they have fallen short of delivering on that promise. Will the Minister consider the plight of those who live in rural communities, particularly those in my constituency who are up against crippling prices both at the pump and in their home? I also ask the Minister to consider how we can help those on fixed incomes who rely on heating oil to keep warm or even to stay alive, because without help winter 2008 could be devastating.

I hope that the Minister will take this debate in the spirit in which I have presented it, and not come back with a diatribe of what the last Government may have done or Governments before them. As a Member of Parliament, I am dealing with the current Government. If the Minister wants to put it to the country, I suggest that he talks to the Prime Minister. I would like a positive response to a debate on a current issue that has resulted from decisions taken by the present Government.

4.57 pm

The Minister for Energy (Malcolm Wicks): It is a great pleasure to respond to the hon. Member for South-West Norfolk (Christopher Fraser). I congratulate him on provoking this discussion. I can quite understand why he is able hand out the polemic but does not want to hear the historical comparisons.

Christopher Fraser: People are dying now.

Malcolm Wicks: Please do not give me that. I have some understanding of the problem.

Christopher Fraser: You interrupted me.

Malcolm Wicks: No. The hon. Gentleman may interrupt me. I am happy to have a dialogue in the few minutes that we have left.

Mrs. Janet Dean (in the Chair): Order. We would like a debate without interruption.

Malcolm Wicks: I showed exasperation earlier because I have some knowledge of the subject, and I have a sense of history. Although most of my speech will be about what we intend to do, I am proud of our record. I am not complacent about what now needs to be done, but I find it rather difficult to take lectures from a member of a political party—the hon. Gentleman may not know of its record—that when it left office felt it appropriate for single pensioners on income support to survive on £69 a week. At that time, there was no such thing as the winter fuel payment, energy efficiency programmes were in their infancy, and excess winter mortality was far greater than it is now—

Christopher Fraser: We are here now.

Malcolm Wicks: We are indeed. The hon. Gentleman wants to stir up the politics. I always consider the record when analysing what hon. Members are telling me.

Instead of £69—I am not sure whether the hon. Gentleman is defending that record—the single pensioner on pension credit now receives £124. To me, that seems to be part of the issue that we are discussing: in attacking what we call fuel poverty, we need to recognise that a number of mechanisms, including income maintenance mechanisms, need to be deployed. I am pleased that the hon. Gentleman has given me the opportunity to set the record straight.

I am acutely aware of the impact of rising energy prices on the elderly and families on low incomes. I shall say more about the action that we are taking to tackle fuel poverty, but first I shall respond to the points made about energy prices, which is the serious context of today's debate. The high prices are the direct result of the unprecedented global competition for fossil fuels. That has pushed up gas prices; in the UK, those high gas prices have helped to push up electricity prices, due to the relatively high proportion of electricity generated from gas. Our high prices are also caused, to some degree, by poor liberalisation within the European market. Consequently, the Government strongly support the European Commission's ongoing efforts to improve competition in the internal market. At the recent Energy Ministers Council in Luxembourg, we were pleased to help the move towards legal unbundling, which is a halfway house to the liberalisation that we in the UK have been seeking.

Increased gas storage can also help to reduce future pressures on UK gas and electricity prices. There are now 10 gas and liquefied natural gas storage projects in the UK that have gained consent and are under, or are awaiting, construction. The Government are taking steps to improve and streamline the regulatory regimes for constructing gas storage facilities through the Planning Bill and the Energy Bill, which are currently before Parliament.

Heating oil is of particular concern. Prices closely track changes in crude oil prices, so the increases can largely be explained by the rises in crude prices of more than 100 per cent. in the past year. Because there is no duty on heating oil—there is 5 per cent. VAT—the Government can do little directly to reduce its cost. The hon. Gentleman will know that our Prime Minister was in Jeddah at the weekend, at the request of the King of Saudi Arabia, attending an international conference to discuss the reasons for high oil prices internationally.

Tackling fuel poverty is a priority for the Government, and we have in place a range of measures to help vulnerable households that are struggling to pay their energy bills. I am certainly not complacent about that. Since 2000, £20 billion has been spent on fuel poverty benefits and programmes. The hon. Gentleman may wish that more had been spent, but I hope that he will concede that £20 billion spent on benefits and fuel efficiency programmes is a great deal of money. Warm Front is the Government's main scheme for tackling fuel poverty in England: it provides grants to vulnerable households for energy efficiency and heating measures. Funding for Warm Front will be just over £800 million for 2008-11; that is a significant investment in addition to the approximately £1.6 billion that the Government have committed to date.

5.2 pm

Sitting suspended for Divisions in the House.

5.38 pm

On resuming—

Malcolm Wicks: I should have said before, Mrs. Dean, that it is a pleasure to serve under your chairmanship during what has been a fairly raucous discussion so far. I am sure that behaviour will improve.

Since 2000, Warm Front has assisted more than 1.7 million vulnerable households. In addition, the carbon emissions reduction target means that the major energy suppliers are now obliged to meet carbon reduction targets, which will lead to the investment of about £1.5 billion over the next three years to install better insulation, improve heating systems and implement a wide range of other measures to help the elderly and low-income households. I listened very carefully to what the hon. Gentleman said about Warm Front, but the total help available for energy efficiency for the elderly and other low-income households will rise by £680 million, compared with the previous spending period, to about £2.3 billion.

I listened to what the hon. Gentleman said about the difference between climate change and fuel poverty policies, but of course better insulation in houses helps to tackle fuel poverty. The energy efficiency commitment, which will soon become the carbon emissions reduction target, has a perfectly proper bias towards helping those on lower incomes.

Christopher Fraser: Will the Minister confirm that the Government have reduced the Warm Front budget for the next three years, with a reduction of £50 million this year alone?

Malcolm Wicks: I was trying to make the point that we need to look at the subject in the round, because with the money committed to CERT, investment in energy efficiency will increase.

Christopher Fraser: What about the budget?

Malcolm Wicks: Yes, but the extra money for CERT more than makes up for that. Indeed, we will be seeing enhanced expenditure.

I recognise the particular difficulties for rural communities, which often present greater challenges in tackling fuel poverty. Those without access to mains gas face higher heating bills, and the Government face a challenge in finding ways to help them. Some deprived communities will have encountered difficulties in obtaining gas connections at an affordable price, and it would simply not be economically viable to connect others. Those communities, and the households within them, will be reliant on more expensive or less convenient fuel sources.

The Government have explored the scope, therefore, of helping those communities on two fronts: encouraging gas connections where viable, and considering alternative technologies in other cases. The design and demonstration unit in my Department has successfully developed a model for the provision of gas connections to deprived communities by independent gas transporters. The unit

[Malcolm Wicks]

has also developed models to provide lower-cost household energy from renewable and other technologies for those deprived communities where gas connections are not economically viable. These approaches are being piloted in deprived communities in the north-east, Yorkshire and Humberside, with the approach chosen being the most appropriate one for the particular community. I should say that the results are very promising and we see scope for rolling out similar projects in other areas.

Christopher Fraser: Can the Minister say whether Norfolk is a county being considered for such transfer of energy from one type to another?

Malcolm Wicks: I think that something that I will say shortly will be of some help in that regard.

The work in the north-east, Yorkshire and Humberside suggests that for communities off the gas grid, microgeneration technologies can offer an efficient and cost-effective alternative to mainstream fuels. That is why I recently announced, just a week or so ago, a new pilot project that will create a fuel poverty work stream within what we call the low carbon buildings programme. Some £3 million has been allocated to that pilot, and the work will be undertaken in Wales and in three English regional development agencies to fund the purchase of microgeneration technologies and their installation in households in deprived communities.

One of the regions in which we intend to run that pilot is the East of England Development Agency area. I hope that we will see measures that will not only benefit some of the hon. Gentleman's constituents, but show us how we can best use these technologies more widely at a time when we expect the use of renewables in domestic heating to increase considerably. So I hope that that statement will be of some interest to the hon. Gentleman.

It seems to me that in these rural communities, where there are quite isolated households, and given the price of oil, which is at record levels—the price of a barrel of oil has more or less doubled in a year—and the sheer difficulty sometimes of connecting to the grid, microgeneration offers some hope, including technologies such as ground source heat pumps. Through the moneys that we have allocated for the pilot, we wish to test the hypothesis that microgeneration could be a new mechanism to help with fuel poverty. However, the pilot is of course also a mechanism to help other households that are considering which energy technology might suit their particular location.

Christopher Fraser: Does the Minister accept that ground source heat pumps require a considerable area of ground to install them in, that a lot of people living in houses in rural areas in my constituency simply do not have the land around them to allow for that sort of technology, and that they therefore have a particular problem that must be overcome?

Malcolm Wicks: It is certainly the case that one of the ground source heat pump technologies does require a considerable amount of land, to lay out the pipes as it were, so it is often more suitable for new build. However, there is another kind of heat pump that can be buried in the ground, which does not take up so much space. I now recall that they are called vertical ground source heat pumps—I think that my visual suggested a vertical presentation. Such heat pumps could be useful, which is why I want to pilot them in tackling fuel poverty. Before I go on, I am reminded that there are air source heat pumps, as well, which is one of the new technologies around.

I should add for the record what we are doing on winter fuel payments. We should be proud that the Government have introduced winter fuel payments, which last year helped to keep 11.7 million households in the UK warm in the winter of 2006-07. As alluded to, in this year's Budget the Government announced an additional one-off payment of £100 to the over-80s, making a total of £400, and another £50 to the over-60s, making a total of £250, which will arrive shortly before winter.

Improving the income of households is another key factor in reducing fuel poverty. That is why we offer benefit entitlement cheques to everyone who applies for the Warm Front grant. In 2007-08 those cheques resulted in an average increase in potential income of over £1,400 a year for those found to qualify for additional support.

The Government announced in the Budget action to investigate and tackle the high cost of energy for those using pre-payment meters. Ofgem is conducting a probe into the energy market and will publish its results in September. If we find that pre-payment meter users are being treated unfairly, we will look to Ofgem and the energy suppliers to provide a solution. If they do not make enough progress by this winter, we are prepared to legislate to reduce the differential between pre-payment meters and other forms of payment.

The hon. Gentleman referred to the social tariffs, which the Government have been discussing with the supply companies. Energy suppliers, we believe, have a key role to play in helping to alleviate fuel poverty. They recently agreed to up their collective spend on programmes to help vulnerable customers to £150 million a year by 2010; the spend currently stands at £50 million. Each of the suppliers offers a different form of assistance—for example, social tariffs, assistance with clearing debt, rebates, fixed bills. Our expectation is that the suppliers will continue to provide a wide and varied range of assistance under the new voluntary agreement, but the details are still being discussed.

We are working with the energy companies on those proposals, but also on proposals to see how we can access Government data in a sensitive way, so that we can better target programmes on those who need help the most. The Government have data that could help the most vulnerable—perhaps the over-80s—but we are not able to give them to the supply companies for perfectly proper data protection reasons. The Minister with responsibility for pensions is working hard on cracking that problem. We are in ongoing discussions with him and other colleagues.

I hope that I have left you in no doubt, Mrs. Dean, about the Government's continuing commitment to tackling fuel poverty. More importantly, I hope that I have left the hon. Gentleman in no doubt about that. We have a range of policies in place—from the Warm Front programme, to our pilots to deliver renewables to

communities that are not able to access the gas grid. The Government are committed to maintaining significant investment in fuel poverty programmes and benefits—£2.3 billion for energy efficiency, and £2 billion each year on winter fuel payments. We are committed to looking for ways to improve delivery and to exploring further options for alleviating fuel poverty.

Question put and agreed to.

Adjourned accordingly at twelve minutes to Six o'clock.

Westminster Hall

Thursday 26 June 2008

[SIR NICHOLAS WINTERTON *in the Chair*]

Skills for Life

2.30 pm

Motion made, and Question proposed, That the sitting be now adjourned.—*[Mr. Roy.]*

Sir Nicholas Winterton (in the Chair): I welcome those few colleagues who are here to join us for this important debate. The subject is one that the Minister takes a particular interest in—skills for life. We are debating a Government motion. This is not the case in many Westminster Hall debates, but the first speaker is the Minister.

The Parliamentary Under-Secretary of State for Innovation, Universities and Skills (Mr. David Lammy): I am pleased to be here in the House this afternoon to discuss skills for life, Sir Nicholas, and I welcome the opportunity for a debate on a critical area of the Government's skills agenda.

I know that you, Sir Nicholas, will appreciate that the abilities to read and write, to perform mental arithmetic and to manage money are so essential to modern life that anyone who struggles with those basic skills is at a huge disadvantage at work, in the supermarket, as a parent and as a citizen. In a knowledge economy that places a premium on high-level skills, we simply cannot afford to have any people of working age in that position. We must ensure that people who scrape by without basic skills—whether they are sales assistants, hospital porters, care workers or car mechanics—have the opportunities and encouragement to improve their prospects and realise their ambitions.

Without question, we are in the midst of a global skills race. Every workplace, every further education college and every university will have to adapt, so that Britain's skills base has firm foundations in every area, from basic numeracy to cutting-edge nanotechnology.

Since 2001, the Government's skills for life strategy has transformed the basic teaching of literacy, language and numeracy skills with new national standards, curricula, national testing and an increasingly well-qualified work force. Over the past seven years, we have invested £5 billion in that programme and as a result 5.7 million adults have improved their skills, taking 12 million courses.

Those courses take place not only in FE colleges, but in waste management sites, bus depots, libraries, unionlearn centres and all sorts of workplace settings all over the country. Indeed, earlier this week I was pleased to announce that more than 2.25 million adults have gained first qualifications through that investment, meaning that we have met our 2010 public service agreement targets two years early. Those figures are a tribute to the combined efforts of teachers, colleges, unions and, of course, the learners themselves.

Skills for life has faced significant challenges in generating demand, building capacity and improving the experience of adults who must overcome fear, inertia and many practical obstacles so that they can return to learning. Those adults are now more effective at work, they can help their children with their homework and they are more likely to gain qualifications. I am pleased that the National Audit Office report published earlier this month recognised the progress being made by the strategy, engaging more hard-to-reach learners, convincing more employers of the need to invest in basic skills, increasing the provision delivered outside formal settings and improving teaching quality.

Let us be in no doubt, however, about the challenges that still lie ahead of us. In England, an estimated 5.2 million people aged between 16 and 65 would fail GCSE English and an estimated 6.8 million people lack the numeracy skills expected of an 11-year-old. Skills shortages at that level may cost the country as much as £10 billion annually, in lost revenue from taxes, lower productivity and the needless burden that is placed on the welfare state.

At the same time, the Government response to the findings of Lord Leitch has set ambitious targets in this area. The goal is for 95 per cent. of adults to have functional literacy and numeracy skills—in other words, the skills that are the basis for a decent job and further studies—by 2020. To that end, we expect to spend more than £600 million a year over the next three years on improving adult literacy and numeracy, because we must keep pace with international competition to be a global leader economically and to be world-class on skills.

This afternoon, I want to focus on numeracy because, as the NAO report noted, we have made less progress on that front than on raising literacy levels. Before I do so, let me stress that numeracy represents only one part of our broader skills strategy. Basic numeracy is one end of a continuum that involves introducing functional mathematics in secondary schools, giving all pupils with an aptitude for science the option to study triple science at GCSE and expanding the number of science and engineering ambassadors who inspire young people to aim for careers in those fields.

Our purpose is not simply economic. I have spoken before about how a good grounding in the so-called stem subjects is essential in a democracy that must consider the pros and cons of genetically modified foods, biometric data or nuclear energy. With such a grounding, people are in a better position to make informed decisions for themselves, their families or society.

With no such grounding, however, the dilemmas that people face are much more fundamental. For the innumerate, cooking to a recipe becomes a matter of guesswork, since measurements are meaningless; booking a holiday is a lottery, because they cannot extract information from a table of dates and tariffs; and counting money in a shop is all about looking the part and not about checking to see whether they have been short-changed. We cannot turn back the clock for middle-aged people who, for whatever reason, did not acquire the basics as schoolchildren, but we must address the situation whereby people attempt to muddle through the rest of their lives in shame and confusion.

Perhaps the greatest challenge is to transform a culture of acceptance of poor mathematical skills. We have a tendency to regard people with a genuine interest in maths as "boffins" or "nerds". At the same time, too many people get into debt because they do not understand compound interest. It is a formula for waste and inefficiency, in both the private and public sectors, when staff cannot manage money or their own time. That puts us at a real

[Mr. David Lammy]

disadvantage against countries where there is no cultural squeamishness about numbers and where mathematical ability is held in high regard.

A 2006 study by the National Research and Development Centre for Adult Literacy and Numeracy found that men and women aged 30 with poor numeracy were twice as likely to be unemployed as those with competent numeracy. Moreover, men with poor numeracy were at greater risk of depression and women with poor numeracy were more likely to suffer from low self-esteem and to feel that they lacked control over their lives. Quite simply, without numeracy we struggle to make sense of the world around us.

All told, people lacking basic literacy and numeracy generally opt first to tackle their problems with literacy. According to our research, numeracy is much more daunting, with anxiety about the nature of the courses a contributing factor.

The Government are helping adults to escape the frustration and misery of poor numeracy in several ways, and I want to summarise three of them. The first is about changing attitudes and generating demand for courses. In March, we launched the national numeracy campaign. Hon. Members have probably seen the television adverts featuring hand-based characters, which build on the success of the previous Gremlins campaign. In the first three weeks of broadcast, the helpline received around 10,000 calls, with a further 20,000 people visiting the campaign website. Other approaches that are being considered include, of course, celebrity endorsements, partnerships with supermarkets and a focus on issues around children's homework.

At the same time, we are looking to build demand in the workplace through the skills pledge and Train to Gain, the main skills service for employers. It is vital that employers, with the help of the Train to Gain brokers, first recognise the skills shortages within their own business and then access free skills for life training for their staff through colleges and providers who can tailor what they offer according to specific need. Literacy and numeracy are now available as stand-alone qualifications in Train to Gain and are also embedded in vocational programmes, and the right to request time for training will be a powerful lever for bringing about the skills revolution that we so desperately need.

The integrated employment and skills agenda is similarly important. From 2009, there will be basic skills screening for new jobseeker's allowance and lone-parent income support claimants, with referrals, where necessary, to local providers. Similarly, skills health checks will be available through the new Adult Advancement and Career Service, which enters the pilot stage this autumn. If work-based learning proves too daunting, there are further means to develop skills. For example, family numeracy courses and IT programmes are helpful and will be extended. There is often less stigma associated with admitting poor computing skills, and those courses provide a chance to address numeracy problems as well.

The second area involves ensuring that providers are focused on numeracy. For the current spending review period, we have set separate literacy and numeracy targets. We will expect all providers to screen their literacy students for numeracy skills needs. Above all, no learner should complete a Government-funded course at level 2 without their basic skills being assessed and addressed.

Thirdly, we need more qualified teachers to support adults with unhappy memories of school. We have extended existing incentive schemes, including £9,000 bursaries and £4,000 golden hellos to attract more numeracy teacher trainees. We have funded the development of flexible routes into skills for life teaching involving accelerated and top-up courses. Altogether, we have £1 billion per year for skills for life funding, and I will shortly be launching a strategic plan for numeracy that sets out how we will ensure value for money on that investment—not just for basic skills, but at every level.

We must consign to the past the notion that it is okay to be rubbish at maths. In the same way that it is unacceptable for an adult not to be able to read, it should be unthinkable that any adult cannot perform basic mathematical functions. Anyone in that position needs our help, but they will also benefit from living in a society that regards numeracy as necessary, exciting and enabling.

2.43 pm

Mr. Rob Wilson (Reading, East) (Con): It is a pleasure to serve under your chairmanship, Sir Nicholas, and a great pleasure to take part in such an important debate.

I pass on apologies from my hon. Friend the Member for South Holland and The Deepings (Mr. Hayes), who would have loved to take his place here this afternoon but has been unavoidably detained. I have stepped into the breach at fairly late notice to carry out his responsibilities. However, I assure the Minister that my hon. Friend's absence has nothing to do with the acid put-down that he received in the Chamber this morning from a certain hon. Member who shall remain nameless.

Developing the nation's skills to maximise economic prosperity and improve social justice is an ambition that I am sure everyone here shares. Leitch was right to set policy makers the challenging ambition of making the United Kingdom a world leader in skills by 2020.

In a perfect world, every school leaver would have skills suitable for an independent life and schemes such as this one would be unnecessary, but the dream could not be further from reality now as more than 40,000 young people finish school functionally illiterate or innumerate. It is a scandal that anyone should leave school after 12 years of compulsory education without being able to read, write or count.

Nevertheless, the Government's failure in our schools is no slight against the skills for life programme. In 2001, a report commissioned from the now Lord Moser stated:

> "Seven million people have poor literacy and numeracy skills... This has disastrous consequences for the individuals concerned, weakens the country's ability to compete in the global economy and places a huge burden on society. People with poor literacy, numeracy and language skills tend to be on lower incomes or unemployed, and they are more prone to ill health and social exclusion."

I am sure the Minister agrees that that analysis still holds true today.

The skills for life programme was and, unfortunately, still is important in trying to skill those more than 40,000 school leavers who have been failed by the school

system. I am encouraged that skills for life has met its overall targets this year, and I hope that people who leave school without basic skills use the programme to widen their opportunities as individuals, but the Government should never be complacent, and they should not be happy with the status quo. I am sure that the Minister is not happy with it.

At the beginning of the month, the National Audit Office published the report, "Skills for Life: Progress in Improving Adult Literacy and Numeracy", which outlines several areas where the programme needs to improve to fulfil its potential and increase its value. Ministers should be seriously concerned that numeracy is improving much more slowly than literacy. Only 10 numeracy qualifications have been achieved for every 100 people with numeracy skills below the level of a good GCSE grade A* to C. It is no surprise, therefore, that the report also highlights the lack of numeracy teachers attracted to the scheme. In 2006, the number of numeracy teachers was lower than 6,100, compared with more than 9,000 teachers of literacy. The report also highlighted the fact that only 35 per cent. of the teachers hold relevant qualifications, although it was good to hear the Minister say that a recruitment drive is on to improve the situation.

Following the Leitch review of skills, the Government set a target that, by 2020, 95 per cent. of the adult population should have functional numeracy at entry level 3, which equates to the level expected of an 11-year-old. Bodies such as the National Institute of Adult Continuing Education have expressed serious concern that the target will not be met. Much more attention is needed to boost both demand and supply of classes. It is vital that such issues are addressed thoroughly in the Department's numeracy plan.

The second area that needs serious and urgent attention is the programme's failure to have an impact on the hardest-to-reach adults. The NIACE states that people with the lowest level of skills have barely been touched by the skills for life strategy. It is obviously a huge worry that the target-driven nature of skills for life has, in the opinion of the NIACE, led to providers neglecting entry level provision as

"it does not contribute to the PSA targets".

We endorse the conclusion in the report that to engage hard-to-reach learners, voluntary organisations at the heart of local communities must play a bigger role in skills for life. As the report and the NIACE conclude, local groups are best placed to identify the needs of learners in their community. We urge the Government to implement the report's suggestions.

Another group of people to whom the strategy has given little attention is the elderly, yet that group has the highest concentration of people with literacy and numeracy problems of any in society. One area in which older adults typically need reskilling is financial literacy. Changes to the way people handle their money such as chip and PIN, online banking and an increase in direct debit have left many older people behind. As we continue to find through skills for life, older adults are harder to engage.

A survey by Help the Aged identified several barriers to participation in adult education. For example, 39 per cent. of older people agree that adult education courses are out of their price range, 37 per cent. say they have no access to transport to get to the courses on offer, a disturbing 64 per cent. are concerned about the threat of crime when they go out and 43 per cent. agree that there is not enough information on what adult education courses are available. At the very least, the Government need to consider, before implementation, the impact that policies will have on upskilling and reskilling the elderly.

Surely the cultural barriers to learning for the elderly were enormously exacerbated by the Government's decision to cut funding to adult and community learning. Numeracy rates and engagement with the hardest to reach are disappointing, but if the Government carefully study the NAO report and implement its recommendations, they will find that both are areas that can and will improve.

The one area in which there is continued underachievement is the Train to Gain programme. The take-up of skills for life through Train to Gain was expected to reach 62,808 at the start of 2008. By the end of January 2008, there were only 34,250 skills for life learners. As the NIACE argued, that failing reflects the narrow focus of Train to Gain. The fundamental problems of Train to Gain cannot be underestimated. The NIACE says:

"The concentration of funding on Train to Gain over the next few years (over £1 billion by 2010-2011), and the consequent decrease in funding for other programmes, is dangerously close to putting all our eggs in one basket."

Skills for life has made progress and is to be applauded. We all want a society in which every school leaver has the skills to be able to live a prosperous and fulfilling life, but achieving targets and ticking boxes should not lead to a complacent Government. The NAO report clearly spells out numerous areas in which the programme should improve. It is a moral scandal that in 2008 there are so many people who could not even read the NAO report.

2.51 pm

Judy Mallaber (Amber Valley) (Lab): I am afraid that I do not have the nicely crafted speech of my two predecessors. I put my notes together at rather short notice. I was also slightly uncertain when I saw the title of the debate as to whether we were discussing the narrow skills for life and basic skills agenda, or whether we were considering the skills that we need to develop, improve and extend over a lifetime. Therefore, I will dip a bit between the two, particularly as I could not let today go by without making a few comments about the next stage of our equality programme, which we launched today with the Equality Bill. My hon. Friend the Minister gave evidence to the Select Committee inquiry that I chaired and presented us with a number of good examples of how we could promote opportunities to extend skills for women. I would like to touch on that matter fairly briefly at the end.

My hon. Friend started off by talking about maths, and I have a nice local example to relate on that matter. Last year, the "Aimhigher" campaign invited the schools in Derbyshire to take all their pupils who were capable of getting A to C grades in their maths but were falling behind for a variety of reasons—they could not be bothered, they played around at the back of the classroom, or they had never worked out how to concentrate—to the university of Derby for a day. Those pupils got a flavour of being in a university, which they otherwise would not have got. They also had some specialist

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teaching by people who taught in rather different ways. They were shown how to think about maths in a different way. Being out of the classroom was a new experience. The enthusiasm with which those young people took to it was great. It is important to think of different ways in which to learn. We should also stick with the younger age group. Getting them to have the basic skills by the time they leave school is what we really want.

One of my other nice experiences was going to the reading challenge in our local libraries last year. Derbyshire county council has run such a scheme for many a year, but it has been enhanced by the reading challenge and the fact that Members of Parliament have been given a pile of books to take to our summer reading schemes. Taking children from the Sure Start programmes and getting them into a library to realise what fun it is to read is a great way to enhance learning.

With regard to skills, we have our agenda to ensure that young people stay on in education—either in school or at work. However, raising the skills of future generations of young people is only one part of the story. More than 70 per cent. of those who will be of working age in the UK in 2020 are already over the age of 16. We obviously need to focus on those who do not have the basic skills by the time they leave school and also those whose skills we need to enhance at a later stage.

What we are now doing to give adults a right to basic and intermediate skills training, and to give them a second chance to gain basic skills for employability without having to pay for those courses, is clearly an important and valuable development, which I applaud. There is a role in this area not just for the Government but for employers and others, which leads me on to my most positive examples. For many years, I worked for the National Union of Public Employees, before it became part of Unison, and taking part in union courses was one of the most enjoyable things that I have ever done. Trade unions have played a great role, historically and more recently, in developing training.

I remember many years ago, my union being among the first to try to look at the basic skills of some of its members. I remember a course for staff at the university of London, which the union took forward. The Union Learning Fund's work in enhancing skills is invaluable. My own union in Derbyshire has a Train to Gain programme with Derbyshire county council. I think that we should use every channel that we have to enhance training.

The chair of my local learning and skills council is the owner of the country's largest privately owned construction company, and he is a real advocate for training. I am not sure whether I am meant to say this, but when his employees, or the employees of his subcontractors, are considering taking a health and safety course, his company takes the opportunity to suss out whether or not they have their basic skills. If they do not, the company tries to wean them on to basic skills training.

One of the local schools in my constituency, Aldercar community language college, started to address basic literacy and numeracy problems with a fervour before we, as a Government, started to give it a big push. I remember seeing the room that the school had set aside for those who were falling behind. The school also asked the parents to come along to encourage their children, which gave it the opportunity to help some of the parents who did not have the basic skills. Therefore, we need to use every trick in the book to enhance those skills at every age.

Our local learning and skills council gave me some figures for Derbyshire. We have certainly made progress with regard to those who have reached the skills for life 2010 PSA targets. In 2005-06, 5,935 adults had been helped through all the funding streams—through colleges, community providers, European Social Fund projects and so on—to reach that level. In 2006-07, the figure had risen quite substantially to 7,573. Significant increases are planned at the next functional level— entry level 3 numeracy and literacy—for the next year, and there are 1,719 planned places for functional levels in 2008-09 with the further education colleges alone. Therefore, a lot of work is going on in Derbyshire and in my area and, I am sure, around the country. It is important that that progresses.

I should like to mention other areas of development. The education maintenance allowance has been invaluable in encouraging young people to stay on at school. It is another development that I certainly like to applaud. In the last year in Derbyshire, 7,230 pupils were receiving that allowance at the last count. That has to have had an impact on the rising levels of those who are staying on in education, which is so important. In addition, the schemes and programmes in place to enable young people to carry on education in a work-related environment has to have helped with the progress that is being made to cut the number of NEETs—those who are not in education, employment or training.

I shall give two examples from local schools. I am in debate with education Ministers about whether several of my excellent schools with high-performing specialist status in deprived areas are somehow starting to fall slightly foul of the complicated new formulae that are coming along, but I think that they are doing an excellent job in pushing them forward.

Swanwick Hall school's NEET levels have fallen from 12 to 4 per cent. over three years, and those of Aldercar community language college, which is in a very deprived part of my constituency, have fallen from 9.3 to 4.1 per cent. That shows that we are being successful in keeping people in education and training.

Other programmes that are well worth applauding include the apprenticeship programme which we are developing. It is important and exciting. Apart from what we are planning to do, apprenticeships in Derbyshire have already doubled over the past three years to 2,087, which is above the east midlands and national average, which I am pleased about.

The young apprenticeship programme is important because it enables youngsters who might not be excited about other forms of education to get a feel for it. I had a depressing experience with equalities and gender issues at Aldercar school. A girl wanted to go into the construction programme as a tribute to her Dad, who was in the construction industry, but her father told her that it was not appropriate for her, so she ended up doing a completely different course and not doing what she wanted. She was discouraged by family pressure.

I was delighted when I went to Collis Engineering, which builds signal gantries for the railways, and saw a

young woman of 14 or 15 from one of my local schools who was on the young apprentice scheme. The people working there, of all ages, had adopted her, decided that she was wonderful, and were trying to persuade her not to go back to school, but to remain working with them. That was a positive experience for her of work in an area that she might not otherwise have thought of going into, and where she was able to learn some of the skills of being at work.

Incidentally, when I went there and before going on to the shop floor, I was talking with one of the young managers who asked me whether I had been summoned to see the Chief Whip. That was when my right hon. Friend the Home Secretary was our Chief Whip, and when I asked what he meant, he said that he had been in her class during her last year of teaching. I asked whether she was any good, and he said that she was a fantastically good teacher. So not only is she a good Home Secretary but she was a good teacher, which is probably why she was a good education Minister.

Our apprenticeship programmes are important. We must develop skills for the future to be a high-class, high-skill area. We have pretty good levels of employment in my area, but it is often not well paid or skilled. We need to upgrade skills, although it is an area that traditionally had fantastic skills. With you in the Chair, Sir Nicholas, I must mention the textile industry. We were at the heart of the industrial revolution with the old textile mills and the brilliant skills in the industry. They have transferred to modern textile technology, and the skills still exist and are needed. For example, Advanced Composites in my constituency makes the materials from which formula 1 cars are made. If the drivers knew that that was a textile-based technology, they might be worried.

There are plenty of other areas where we need skills—for example, many apprentices go on to Rolls-Royce for their training. The course that I mentioned for youngsters who were not achieving their GCSE levels had a high-flying maths group and put together a film showing all the jobs requiring maths. It included Rolls-Royce, which for them was rather commonplace because lots of people work there. It included social security offices, where figures are worked out to show what benefits people should be paid, which is interesting. But the one that really hit them was the banking profession, where people were making a fortune. The youngsters' eyes lit up and one could see them thinking that that would not be such a bad job to go into. That was another way of trying to show people that skills are needed and worth developing because something good could come out of that.

I cannot remember exactly what the hon. Member for Reading, East (Mr. Wilson) said about the Train to Gain programme, but he expressed concern about the way in which it could develop. I have been given a number of positive examples of the way in which Train to Gain has been used in a number of Derbyshire companies. The first comes from a local charity, which said:

"As a charity our budget for training is very limited, equally, our staff would not be able to afford to pay for the training themselves, so the Train to Gain service is fantastic. Under the scheme, I currently have three carers training to level NVQ 2 and a new member of staff who is undertaking induction training."

It then expanded on that. A Derbyshire company, Aqua-Jet Specialist Drainage Contractors Ltd, which is unblocking the potential of its staff with help from Train to Gain said:

"In recent years the drainage jetting industry has been labelled as a 'cowboy industry' as it's very common to find drainage contractors on sites without standard PPE or basic health and safety training."

It is now saying that the skills gap is being bridged with the help of Train to Gain in getting people up to NVQ level 2. A glazing company in Eckington said:

"Eckington Glass has always been a family business and the traditions associated with that, such as excellent customer service, are very important to us as we go forward into the 21st Century…As part of our continuous improvement we have arranged for our Office Staff to undertake their NVQ Level 2 in office administration, dealing with subjects such as telephone techniques and promoting our customer service ethic, through Train to Gain".

I hear many positive examples of how Train to Gain can be used to upgrade skills and to persuade more people to obtain the skills that they need for employment. That is important, and should be applauded. We have a number of programmes that are extremely useful.

One programme that I did not mention, but which is close to my heart, is the "entry to employment" programme. In Amber Valley, we have a very good sports development programme, and last week I had the honour of meeting Jonathan Edwards with my neighbouring MP, my hon. Friend the Member for Bolsover (Mr. Skinner), who knew everything about how far Jonathan Edwards had leapt as an Olympic gold medallist. My hon. Friend was a marathon runner and walker in his youth.

As we are focusing on the Olympics, I must mention my local Amber Valley sports development programme, which works with the Learning and Skills Council and the E2E programme. Young people who did not even bother to go in for exams start at a low level as sports monitors putting the mats away, and are gradually pulled into the programme and end up being sports coaches. Some of them have gone all the way through to training at Loughborough college and taking up coaching as a profession. That is another way of enhancing skills and pulling disaffected people into the skills nexus so that they can then develop, and it is encouraging.

I shall briefly mention today's statement on the Equality Bill. Although girls are doing well in getting into universities and other educational areas—there is now often a problem with boys underachieving in schools—girls and women tend to go into specific career choices and we end up with a huge gender pay gap. That was described during the debate in the Chamber this morning.

A number of proposals were suggested by the inquiry that I chaired for the Business, Enterprise and Regulatory Reform Committee on how to encourage and enhance the position of women. One area is how to give women the opportunity to go into non-traditional employment, because they usually go into a limited number of the available apprenticeship schemes. We also looked at the fact that the apprenticeships that girls go into tend to have a lower pay rate than those that boys go into.

As a result of our proposals and moves by Ministers, the Low Pay Commission has now been asked to look at pay rates for apprenticeships to see whether apprentices should be on the minimum wage. Similarly, we have asked the Equality and Human Rights Commission to look at apprenticeships to break down some of the

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barriers. It is interesting that girls will go into hairdressing, which is typically seen as a girls' trade—indeed, it is a very good, portable trade—but that the top stylists, such as Vidal Sassoon, are men. Given what people can achieve, hairdressing can be a good trade to go into, but it does not always work out to have prospects for women.

There are several aspects to enhancing skills and enabling girls and women to get the training and education that they need to break down some of the barriers. In their response to our report, the Government set out several of the ways in which they have responded to some of the issues that we raised. For example, they have introduced proposals to promote flexibility in the training offered by adult education providers so that women can fit their training needs in with their family responsibilities. They are also looking not only at getting women into non-traditional areas of work to break down the barriers there, but at how woman can advance in their traditional areas of work. For example, some of the programmes that are being introduced under the pathways initiative are giving women workers in food manufacturing NVQ 3 training to enable them to advance and become supervisors or team leaders. Such issues are important. Other initiatives include providing funding for skills coaching and the Train to Gain level 3 pilots, such as the one that I just mentioned.

It is important that we tackle education in a way that enables young girls to break down some of the traditional patterns that they would be expected to follow and that enables women to get the training that they need to move into other areas and to progress up the ladder in traditional areas of employment. At the same time, we must prevent women who have gone back to work after having children, and who might have been doing very well before they left, from slipping back because they need additional training to re-grade and upskill themselves. There are therefore a number of areas in which education, the skills agenda and improving basic skills will be critical if we are to meet our objectives not only of upgrading skills but of promoting equality. We will miss out on future economic development if we neglect the skills of a substantial part of the population.

I was pleased with one of the proposals in my right hon. Friend the Secretary of State's presentation earlier, because it tied into proposals from our Select Committee report. It related to the use of public procurement, which is another tool for upskilling people. In two of its reports—one specifically on public procurement and one on the gender pay gap—the Select Committee has argued that the duty on public authorities to promote gender equality means that they must check that the employers to whom they give contracts for goods and services seek to promote equality. That was a major part of the Secretary of State's statement.

There are examples of such practices, which highlight not only the promotion of gender equality—whom employers employ and on what grades—but the use of public procurement to advance apprenticeships and training. As part of its commitment, the Olympic Delivery Authority, for example, has been giving contracts to building firms in the east end of London that seek to get young, black and unemployed people into training.

Similarly, when we were told that we could not legally use public procurement in terms of European law, we contested that. I took the time out to talk to the person putting in bids for contracts for another major building company. He was using the carrot of saying that the company would develop apprenticeships in the local area to persuade one of our local authorities to give his firm a contract under the Building Schools for the Future programme. So these things can work both ways.

If we are to enhance people's skills, we must be imaginative in so many different ways. We must use Government action, concrete programmes and the learning and skills programme, as well as giving people money to enhance their skills and working in different ways at school. Only then will we start to crack the massive problem of ensuring that everybody has the basic skills that they need and that they can extend those skills. When we do that, we will be able to ensure that we have the skilled work force that Britain needs to make its way in the future. People will be able to enjoy their lives, be interested in them and increase their skills, which will ensure that they can work and live their lives to the full.

We are talking about a very exciting agenda, and there are many factors that we must take into account, but there are also many opportunities, and we need to be as imaginative as possible in drawing people into the learning community and into learning for life.

3.15 pm

Mr. Phil Willis (Harrogate and Knaresborough) (LD): Let me say what a pleasure it is to serve under your distinguished chairmanship, Sir Nicholas. This is the first time that I have had the pleasure of so doing, and your reputation goes before you. Let me also say what a pleasure it is to follow the hon. Member for Amber Valley (Judy Mallaber)—taking this agenda into constituency territory brings what we are discussing alive. There is a danger that this afternoon will be a giant love-in because we all support what the Government are doing to deal not only with the wider skills agenda but with the skills agenda for those with the greatest needs.

I compliment the Government on the fact that the series of reports and inquires that we have had over the past 10 years indicate a genuine commitment to resolving what has been an appalling stain on the UK's educational landscape for generations. The principle that education is somehow for our best young people and that skills are for the rest is something that we challenge. I do not say that in a party political sense, however, because we have all been guilty of saying good things but never putting them into practice.

Perhaps I could start, however, with a word of caution. Sandy Leitch's seminal inquiry was incredibly important in directing attention to what must be achieved by 2020. The interesting thing about it was that Sandy Leitch was challenging the British establishment at all levels—not only Parliament, but our employers and our educational establishments, including our universities, colleges and private sector providers. He was challenging everybody to up their game by 2020, and that was the first time that that had happened. We have often seen inquiries about higher or further education or some other aspect

of education, but this inquiry brought everything together. Although there is a lot in Lord Leitch's report that still needs to be challenged, his analysis was incredibly important in concentrating our minds.

However, one thing worries me a little. Since Lord Leitch published his report "World Class Skills", the Government have been at pains to accept his recommendations, and it was important that they did not put such a major piece of work on a shelf somewhere. But what have we seen since then? In November 2007, the Government published "Adult Learning and Skills: Investing in the first steps". In the same month, we also saw "Opportunity, employment and progression: making skills work", "Train to Gain: A plan for growth", which upgraded the Train to Gain programme, and "Raising Expectations: staying in education and training post-16—from policy to legislation".

We had a little break in December, but in January we had another report, "Informal Adult Learning—Shaping the Way Ahead". Indeed, January was busy, because we then had "World-class Apprenticeships: Unlocking Talent, Building Skills for All—The Government's strategy for the future of Apprenticeships in England". January got even busier, with "Ready to Work, Skilled for Work"—obviously civil servants worked all Christmas, and did nothing but produce reports—which was subtitled "Unlocking Britain's Talent". Then in February we had an analytical discussion paper, "Life Chances: Supporting people to get on in the labour market", followed in March by "Raising Expectations: enabling the system to deliver" and in April by "Higher Education at Work—High Skills: High Value".

It has been a hectic programme and perhaps I can say, in a genuine spirit of comradeship—if I can still use that word to a Labour Minister—that there is a danger of the Government's micro-managing a system when they have the will of both employers and the political establishment, including all the political parties, to move forward. There is a need now to allow people to blossom and deliver some of what is envisaged, and be trusted to do that.

The Moser report was for me, as probably it was for many colleagues, a stark reminder, with its figures of 7 million functionally illiterate people and 2.5 million functionally innumerate adults. I was a head teacher for 20-odd years before I came to the House, and a teacher for 32 years, and I felt that that was an indictment of me and my career. It was an example of how the school system had failed so many young people and continued to fail generations throughout my working life. That is quite a hard thing to say in the House of Commons, but we do not say it often enough. The fact that literacy and numeracy are crucial to every section of society, including the elderly, as the hon. Member for Reading, East (Mr. Wilson) mentioned, means that the skills for life programme is of far greater significance than any of the others in related areas that the Government are running. It is crucial.

The fact that the scheme has exceeded its target two years ahead of time, and that some 2.29 million adults have improved their basic skills up to level 2, is something for which the Minister and his colleagues should rightly pat themselves on the back. It is well worth noting. The National Institute of Adult Continuing Education, which is not noted for its undying support for the Government, states in a briefing:

> "Skills for Life is a world-class programme—a strategic, significantly funded and comprehensive attempt over more than one electoral cycle seeking to improve the literacy, language and numeracy skills of a significant number of people."

I echo that. However, NIACE goes on to say—because it always has a "but", as indeed do most politicians:

> "But there is plenty of room for further improvement"—

it is like one of my school reports—

> "and achieving our targets should not make us complacent, as the most marginalised learners are yet to be reached."

That is a stark reminder that we are just at the start of a journey, not its end.

I was struck, during the Minister's remarks, by the fact that he rarely mentioned links with his colleagues in the Department for Children, Schools and Families. If I have one concern about the present agenda, it is about the changes in Government that have split the education world from the skills world. However, those two agendas need to mesh much more closely than ever before. Perhaps the Minister will deal in his closing remarks with ensuring a seamless progression between them, rather than two separate set-ups. It is interesting that in the first three years of the skills for life programme virtually half the resources that were spent by his Department were spent on 16 to 19-year-olds. I do not think that that is core business; it is core business for another Department. The Minister's Department should be raising its game in participating in the agenda that we are debating. Perhaps the Minister will say how that will gel.

There is a need, as we drive forward, constantly to appraise the effective management of the scheme and consider the relevance of targets. The targets need to be changed. Important policy decisions such as those on funding of English for speakers of other languages must be returned to; non-qualification-based access, particularly for the older population and the group of young people not in education, employment or training, is also relevant. However, the No. 1 challenge that I want to set, which is fundamental to the basic group of learners that we are considering, is the confidence of the learner in getting access to training, at whatever level. No matter how much money, training or opportunity is made available, unless people want to take part in it, it is pretty valueless. That is a challenge, because to date skills for life has been successful largely where people have recognised their need and have had the confidence to come forward. They have seen the value in gaining qualifications, which they have often missed at school. There is a danger that we constantly see qualifications as a proxy for skills. In doing so, we turn off, or turn away, those who have been frightened of qualifications all their lives. That is important to remember.

What I am saying applies to entry-level provision, which must be the biggest target for the Government. I should like the Minister to outline what he will do for the relevant group. Analysis of the skills for life figures shows that only roughly 2 per cent. of those who are hardest to reach have been reached. That means that 98 per cent. of the most difficult to reach are still out there. I do not have a clever solution; if I had, I would readily share it with the Minister. It is a big challenge to all political parties and to society in general to solve the problem. However, formal mechanisms will not work—not sufficiently.

[Mr. Phil Willis]

Before I came to the House I was a head teacher in east Leeds. The hon. Member for Leeds, East (Mr. Mudie) was my MP, and both his children were in my school. The hon. Gentleman and I recognised that we were failing huge populations of young people in the Seacroft, Swarcliffe and Gipton estates, and that our kids were not part of the prosperity in Leeds, which was a buoyant financial and commercial centre that was racing ahead. They were kept apart and quite separate. The hon. Gentleman and I, with others, set up the East Leeds Learning Centre, which is still going, and our aim was to try to pick up people who had left school, and the single mums and young adults on the estates, who were without work, hope or future, and bring them into a learning environment. Frankly, it did not matter what they did, provided that they started to engage with it. The centre still operates today and remains highly successful. A significant number of the young people in question have come out of their estates and gone to universities, and have good careers.

We did things differently because the hon. Member for Leeds, East was able to persuade the powers that be in Leeds to give us money to do things outside the box. It is important to do things differently if we are going to get to those who are hardest to reach. That means working in communities. The Minister serves one of the poorest communities in Britain—apart from those who actually go to see Tottenham Hotspur on a Saturday. He will realise that getting those young people and young adults, or even older people, into learning centres is a no-go area. We need the leaders of learning to go out and work with where people are—in their communities, their pubs, the clubs, their social groups and everywhere else—in order to engage them. We cannot engage them by putting a form in front of them and asking them to sign up for a particular course or qualification. It does not work like that. I hope that the Minister will give us some comfort on the flexibility of funding and organisation necessary to achieve something.

If the Minister were to visit Islington, just past King's Cross, he would see the multi-billion pound redevelopment that has taken place in the area, yet some of the poorest communities live on the nearby estates. I visited a project called Spark Plug Yard, where some of the most disadvantaged, switched-off, difficult youngsters were engaged on a motorcycle project. They came in to ride motorbikes. Those youngsters were nicking bikes and riding them around the estates, and the idea was to buy some bikes and let the youngsters ride them at the club without causing difficulty—and they did. Before they were allowed on the bikes, they had to learn how to ride them. That was partly to engage them in learning how the bike worked. One step on was for them to gain basic mechanics qualifications. The next step was for them to train as mechanics, so that they could get jobs and move on. It is that sort of interesting thinking, like some of the things mentioned by the hon. Member for Amber Valley, that will make such a difference at entry level.

The one thing that disaffected learners suffer more than anything else—it is the same with the youngsters in the Minister's constituency as it is in the poorer parts of mine—is a lack of self-confidence. The kids lack self-confidence, their parents lack it and their communities lack it. Unless we can build self-confidence, we will not move forward. Learning must therefore be convenient to the learner. It must be free at the point of entry. The individual skills accounts—I support them, just as I support the individual learning accounts—are one of the best ways to achieve that. Once young people are hooked, we can say, "We not only trust you, but we value you so much that here is a lump of money for you to spend on your future."

That is a really powerful message for us to take forward, but it is risky. The Public Accounts Committee may write a report saying that money has been wasted here and that this could have been better ordered, but I believe that we have to start taking risks. The sums involved will be relatively small compared with the gains that could be made over those individuals' lifetimes. In that respect, I hope that we will see some courage.

The Minister has rightly pointed out on a number of occasions that most of those with literacy and numeracy problems are to be found in the workplace. They are not sitting at home doing nothing, but are active in the workplace. They are poorly paid, and their work is often seasonal. They can be easily dismissed, and often move from job to job, but generally they are working. We spend too much time talking about those who do not work, rather than those who do.

The hon. Member for Reading, East was right about Train to Gain: it is not reaching some of those on the lowest rungs of the ladder. The Government missed their target for January 2008 by 28,630. That was a significant drop. I do not pretend that it is easy, but the employers are being given free money. They are given the money to train people, but the people do not want to be trained and the employers do not want to train them. Why is that? What has happened as a result? It is a real challenge. Will the Minister say what sort of ideas the Department is thinking of?

An employer might say that it was not worth training the hon. Member for Reading, East because he could get someone with reasonable skills from eastern Europe to do the job without training; and the hon. Gentleman—I presume by this point that he has lost his seat—may say, "I'm not interested in training. I just want to do my bit of work, and go home to watch the football" or whatever. We need to break that cycle. Unless we can find a way to break in and incentivise people, it will be difficult.

One billion pounds will be spent on Train to Gain by 2011. Surely it is worth pulling a lump out of that sum to tackle the problem. The reality is that roughly 6 million people are working in unskilled jobs. In 10 years' time, we will need at most 1 million and probably only half that. In other words, 5 million people will have no job. At the same time, we will need another 5 million people with skills in order to run our economy. It is not rocket science to communicate with people, telling them that they will not have jobs in 10 years' time unless we move through this problem. The Chancellor needs to get those people into work in order to get the taxes in order to pay for everything else. A compact needs to be made with those who have low skills or no skills in order to move forward.

I was glad that the hon. Member for Reading, East mentioned the elderly. The hon. Member for Amber Valley said in her opening remarks that she was not sure whether the debate was about learning basic skills or learning for life. I was glad that she said so, because we constantly forget that skills for life should mean exactly

that—the whole plethora of learning. Roughly 9 per cent. of 65 to 74-year-olds and between 7 per cent. and 8 per cent. of the over-75s are engaged in learning. Two in 10 have access to a computer. However, a significant number—nearly 1.5 million—cannot read the forms that their doctor sends them, and cannot access NHS Direct.

It is important that we try to ensure that no one is left out of society because they do not have the relevant skills. The interesting thing—I confess that I have a vested interest in saying this—is that it would be a cost-effective investment for the state to continue to engage the elderly in education and skills training for as long as is humanly possible. What discussions has the Minister had with the Department of Health and the Department for Work and Pensions in order to consider the issue in the round?

I return to the main issue raised by the Minister, that of numeracy. I am pleased that he concentrated on that. I am good at mathematics. I am really, really good. [*Interruption.*] The hon. Member for Amber Valley says from a sedentary position that she, too, is very good at mathematics. The number of people that would make that statement in a public forum can be counted on a couple of hands. It is a badge of honour to say, "I really struggle with reading" or "I can't write". That is okay, but we would be condemned for saying that we were good. We have to deal with that.

On a discordant note, I think that the Minister is falling into the same trap of having low expectations. The Department now includes Professor Smith, who has done major work on mathematics, and the Williams commission is looking at primary mathematics. Two of the leading figures in the world in maths are working in adjoining Departments. I have a lot of hope for that issue.

The Government's target for literacy discusses reaching level 1, but their target for numeracy is for people to reach level 3. They expect 590,000 people of working age to achieve a first level 1 or above in literacy, yet only 390,000 to achieve a first level 3 or above in numeracy. Even though the target for maths is much lower, we expect fewer people to reach it. That sends out the wrong signals, just as it does in schools, where we accept that children can achieve level 4 or 5 in their SATs at the end of key stage 2, but it is somehow okay not to do quite as well in maths. That is certainly the case at the end of key stage 4 with GCSEs. I hope that we will up those targets and set much more ambitious ones in future.

I am pretty sure that I speak for the Liberal Democrats when I say that we want to engage productively in a debate about the whole schools agenda and empowerment through education and training. It is important that the Minister continues to engage the House and the political parties in a constructive dialogue, and that we do not go back to the system where we bandy insults across the Dispatch Box and the only losers are the people who have lost throughout their lives.

3.41 pm

The Parliamentary Under-Secretary of State for Innovation, Universities and Skills (Mr. David Lammy): There are few of us in Westminster Hall this afternoon, but this has been a good debate. I am grateful for the contributions, the manner in which the debate has been held and the passion with which people have talked of the importance of skills for life, literacy and numeracy and the challenge facing this country. That applies to everyone who has spoken. I shall go through the issues raised in turn.

The hon. Member for Reading, East (Mr. Wilson) began by talking about schools in this country. It is important to stress that the context in Britain has arisen over many decades and has included Governments of different colours and descriptions. Britain's industrial heritage has made it possible for someone with low skills to find good employment and provide for a family. He might remember the old CSE/GCSE divide. Many millions of people were streamed off to do CSEs, and many did not attain the highest grade of CSE. Many of those, now adults, require skills for life programmes and the ability to retain maths skills and literacy in a way that was not available to them at school.

In many constituencies across the country, whether in constituencies with multiple deprivation or constituencies with pockets of deprivation, many young people and their parents live chaotic lives and, for that reason, do not receive the kind of education that we all desire for them. The hon. Gentleman is right to be concerned that people have left school and can still do so without the appropriate numeracy and literacy skills, but it is important to put the subject in context as we think about the challenges that lie ahead.

The hon. Gentleman also talked about the scale of the challenge of finding the work force—of finding the teachers that we need—particularly to teach numeracy. I am pleased that we have been able to offer £9,000 bursaries to attract teachers of numeracy. We have a range of part-time and full-time teachers teaching basic skills in the further education sector. We will probably need to double the amount of numeracy teachers at least three times over the next few years if we are to deliver the scale of the Leitch ambition by 2020. Colleagues at the Department for Children, Schools and Families have seen success in schools as a result of their bursary, which is less at about £4,000 or £5,000. I hope that we will increasingly see that sort of success in the FE sector as well, as we seek to attract teachers to the FE work force to join us in the challenge.

The hon. Gentleman mentioned the elderly. I hope that he will be pleased to hear that we are in the midst of a consultation on informal adult learning, which is engaging organisations such as the university of the third age in order to help us ensure that many of the elderly particularly those who are isolated, get access to education, learning and opportunities. I also hope that he will note the work of our unions, which often work with people over 55 in the work force, which of course is ageing. Often, it is not a Minister or a teacher but a fellow worker who has done a course, gives someone a nudge and says, "Have you thought about this?" who makes the difference.

Judy Mallaber: Will my hon. Friend take this opportunity to praise the work of trade union learning representatives? It is important that we as a Government have given them status and opportunities to carry out their work and do precisely what he said. In my experience, unions have been a great force historically for encouraging education.

Mr. Lammy: I was coming to precisely that point. The work of the 18,500 union learning representatives across the country has been incredible, and we must put on record what a contribution they have made. Last week I was at the Boots distribution centre in Greenwich, which will unfortunately close within the next two years. The work of the centre's manager to get people on courses, supported by the Union of Shop, Distributive and Allied Workers, has been incredible. It transforms the lives not only of the learners but of their families. They will leave Boots, but they will move into employment, and some of them will progress into even better employment as a result of those courses. I was proud to give them their certificates.

My hon. Friend mentioned her previous role as a National Union of Public Employees representative. I wish to put on record the work that that union has done over many years. My mother was a member of NUPE. Sadly, she died just a few months ago, so I am in that period of reflecting on someone's life. The other day, I was in the kitchen of my family home, and on the wall were her basic certificates. Without the support of her union, at a difficult time in her life—she had five children to raise on her own without much money coming in—I would not be here today. My hon. Friend is absolutely right to put on record the fact that we have standardised that work and that more funding is available, which makes a huge difference. To some extent, my ability to contribute in this debate is testimony to that.

I was very grateful for the manner in which the hon. Member for Harrogate and Knaresborough (Mr. Willis) made his remarks, and of course he has many years' expertise in this area. He was right to concentrate on the scale of the ambition and to indicate the confidence that is a key issue for the communities and people about whom we are talking. I am sure that he would agree that in parts of his constituency—and certainly in constituencies such as mine—there are five ingredients to success: good-quality education; good-quality and sustained—not jobs just for a month or two—employment; an aspirational culture, which is difficult; the community being at the centre; and far more work on parenting. The real joy of skills for life is that when it works it covers all five areas.

The hon. Gentleman said that he wanted me to give him some confidence that we really understood that. I can tell him then that we are increasing the budget for family learning, because we understand that the family are at the centre of many communities—I am thinking in particular of Traveller communities and others that have been here for many decades, such as the Bangladeshi and Bengali communities. We want to work with mothers and children and help them to make the necessary steps to literacy and numeracy, which is why we are increasing those budgets.

I have talked already about the important work of unions. The hon. Gentleman is right that a lot more needs to be done in Train to Gain, but we should recognise the successes achieved so far. The programme is relatively young—less than a couple of years old. Money is in place for hard-to-reach companies, which we define as those that have not invested recently in training. Across the country, those benefiting from Train to Gain are those who have not had training in the past—this is not dead weight. We are reaching into new places. Last year, employers spent £38 billion on training, and the Government have about £5 billion to spend on skills. It is important that we lever in our money in a way that has the most effect, and that we hit the places that employers might not touch were we not there. That is where skills for life comes in so acutely and importantly.

It is right for the Government to have something to say on qualifications. All of us here probably have qualifications, so if our constituents turf us out at the next election, we would have the means with which to apply for a new job and to demonstrate the skills from which we have benefited. In the past, local short courses, based solely on entry-level certification by a particular college, left people ill-equipped to progress across the system, to more from town to town and county to county and to demonstrate where they had come from and where they were going. That is why we have insisted on qualifications. Given the current low level of skills, ours is a huge ambition: that 95 per cent. of the country have the appropriate literacy and numeracy skills by 2020. We are talking about entry level 3 for numeracy and slightly higher for literacy.

We are starting from a low base, however. As I, and the hon. Member for Harrogate and Knaresborough, indicated in our earlier contributions, at about the age of 12 or 13, people switch off from maths at school, and never switch back on. We will publish further elements of our strategy over the coming months, but we have a big task to get that message across. He will have seen the adverts on television tempting people back on to courses, but he is right to indicate that we must reach out to communities and where people are at. We need a cadre of people with the necessary skills across our work force, which is why we are working with companies such as McDonald's and Microsoft, which has a wonderful online resource. We are working in all sorts of ways to get the message across.

My hon. Friend the Member for Amber Valley mentioned how such work is bearing fruit in her area. The contribution from unions is important, but it is important also to expose young people to different ways of looking at maths early on and to connect that to other opportunities. That is why we believe that participation in education, training or learning up to the age of 18. Too many young people leave school at the age of 16 and miss out on that journey. That is not appropriate. However, work is not just being done in our colleges and by the Government and the unions. We rely heavily on organisations such as the Prince's Trust, Rathbone and Rainer, and the many other voluntary organisations working in communities.

We must remember that in constituencies such as mine many of those whom we are talking about have been in trouble with the law. The hon. Member for Harrogate and Knaresborough be familiar with that. He spoke about estates in Leeds, which I know well and have visited on a few occasions. We have increased the budget for offender learning. Learning in our prisons is much better, and connections are much better between probation services and local colleges for prisoners in the community and for those who are just leaving prison. Right across the piece, we have to be in the business of securing for our population those basic skills. I do not need to repeat the figures that the hon. Gentleman used in respect of the jobs that simply will not exist. One privilege of being a Member of Parliament is the many foreign and international connections that it allows,

and most of us will have visited India and countries in the far east, such as China. We know what is around the corner and what could happen to many jobs, so we understand the urgency with which we must deal with the problem. I was pleased that all Members put on the record their commitment to the Leitch agenda and to the drive that we are making in relation to it.

I hope that I have dealt with the comments in today's debate. It has been a pleasure to lead on behalf of the Government. Some Members, watching or dipping in and out of the parliamentary channel, may have been union learning reps or have benefited from a numeracy or literacy course, and I hope that they will take heart from the fact that all present are committed to this agenda over the next 12 or so years.

Question put and agreed to.

Adjourned accordingly at one minute past Four o'clock.

Westminster Hall

Tuesday 1 July 2008

[MRS. JOAN HUMBLE *in the Chair*]

Parading (Northern Ireland)

Motion made, and Question proposed, That the sitting be now adjourned.—*[Siobhain McDonagh.]*

9.30 am

David Simpson (Upper Bann) (DUP): May I say at the outset, Mrs. Humble, that it is a privilege to serve under your chairmanship? I thank the Minister, who is responsible for security in Northern Ireland, for being here with his staff. I know that he had another engagement this morning in Belfast, and I greatly appreciate the fact that he gave it up to be here.

The debate is about parading in Northern Ireland. I intend to show that the issue is one of a number of outstanding matters that must be resolved before Northern Ireland can truly be said to have reached the end of its long journey towards normality. I intend to show that issues such as parading have the potential to hold back the Province unless they are satisfactorily resolved. I also intend to highlight progress that has been made on the subject of parading, and to speak of matters that still require attention. I hope, too, to point out Government responsibilities in that regard.

I am pleased to have succeeded in securing this debate, especially when I consider the date. That we should meet on 1 July is truly appropriate, and almost poetic. Under the old calendar, it was 1 July 1690 when William, Prince of Orange, defeated King James at the River Boyne. That had massive and positive benefits for the House of Commons, with parliamentary democracy in Britain, the widening of religious liberty, the guaranteeing of the freedom of the press and the protecting and enshrining of civil and religious liberties for all.

Whenever I think of the positive benefits for the United Kingdom as a whole that resulted from the Williamite revolution, commonly called the Glorious Revolution, I am amazed that the Speaker's Office does not join with the Prime Minister's office in hosting a demonstration in Westminster on 12 July. It would be a real confidence-building measure for the people of Northern Ireland, and I would love to see it happen.

That date recalls other collective memories for Northern Ireland. It was on that day that the bravest and noblest of our youth, both Roman Catholic and Protestant, did battle amid the mud and slaughter of the Somme. One writer put it like this:

> "Up sprang the Ulstermen and, without forming up in the waves adapted by other divisions, they rushed the German front line...By a combination of sensible tactics and Ulster dash, the prize that eluded so many that day, the capture of a long section of the German front line, had been accomplished."

The true cost was terrible. By the end of the first day, Britain had suffered 60,000 casualties. When the battle finally ended, Britain had suffered 420,000 casualties, France 200,000, and Germany about 650,000.

As we gather in the Chamber, on this day of all days, it behoves us to remember that the young men in our armed forces, who serve this nation so bravely and gallantly, are not chocolate-box soldiers. Rather, they risk their all for our freedom. As we gather here today, many of them find themselves in arenas of bitter conflict in places like Iraq and Afghanistan. We would do well to hold them in our hearts and remember them in our prayers; we should hold them in high esteem.

To return to the subject of the debate, we should ask ourselves what it was that made former generations stand and fight, often to fall and die, in two world wars and in other conflicts across the globe. Surely it was to preserve the principles of civil and religious liberty that were brought so much to the fore in the aftermath of the Williamite revolution. Sadly, for people in my constituency in the town of Portadown, in other towns in the Province such as Dunloy, and in parts of Belfast, the true expression of those dearly-won liberties and rights is denied them. Sadder still, that denial is facilitated by the actions, and more often the inaction, of Government.

It should be fairly clear to all that, as we look to the future, parading in Northern Ireland is one of the issues that remain outstanding and unresolved. It is not the only such issue. There are others—the need for the IRA and other paramilitary organisations to be completely stood down; the need to move away from mandatory coalition; the need to prioritise matters for the victims and survivors of the troubles; and the need to ensure that Northern Ireland's position as an integral part of the United Kingdom is respected in everyday life. Those are all hugely significant, and they demand close attention. Only when such issues are settled will we be able to say with confidence that we are at the end of what has been a very long road. I trust that we will reach that point.

For years, we have been dogged by republicans threatening to walk away, and time after time, the Government calculated that keeping Sinn Fein sweet was preferable to the integrity of democratic principles, the continuance of democratic institutions and the agreements that they had reached with Northern Ireland parties. Consequently, instead of standing up to threats and telling Sinn Fein to live with their negotiated position and live life on the same terms as every other political party, the Government chose a path that undermined every other political party to Sinn Fein's advantage.

Sinn Fein is again attempting to blackmail the Government, who should break with old habits and call a halt to punishing everyone else because of Sinn Fein's failings. There will be absolutely no toleration of the rewarding of such behaviour. We shall have to wait to see whether the Government pass that test or, as has happened so often in the past, whether they fail in their duty. Today's debate is about one such outstanding issue: parading. There can be little doubt that the question of parading still requires resolution. In making that statement, it is apparent that in my opinion it is not yet resolved. Some progress has been made, and I intend to touch on it, but work still needs to be done.

A lot of work has been done in recent times, and the Government have made a positive contribution in some areas. I think of moves relating to the de-rating of Orange halls and the proposed amendments to the way in which compensation is paid in the aftermath of an attack on an Orange hall. Those were long-standing Democratic Unionist party objectives, and I am pleased that we have seen movement on both issues. I could not let the matter pass without saying that the suggested three-year sunset clause effectively undermines the object of the proposal. Surely the purpose was to remove any

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incentive from people who would carry out such attacks. The insertion of a sunset clause would simply suspend the attacks, not end them, nor bring about the required reduction in insurance premiums. I ask the Government to think again about that measure. I believe that the issue was allowed to drag on for far too long, but I shall not dwell on it: suffice to say that it has been mentioned and noted.

There was concern about the reaction of some people to the Government's compensation announcement on Orange halls. I am thinking, for example, of the reaction of Sinn Fein's Barry McElduff, who complained about it and called it a sectarian move on the grounds that it excluded Gaelic Athletic Association clubs. Nationalist and republican politicians cannot have it both ways. The GAA has long said that it is a sporting organisation, just like amateur football, cricket, pigeon fancying or snooker clubs. Nationalist and republican politicians have long sought to characterise the loyal orders—the institution—as religiously sectarian organisations that display a religious supremist world view. However, when it came to that announcement, people such as Barry McElduff chose to compare the GAA not with other sporting organisations, but with organisations that they have painted as extreme religious sectarian organisations. Nationalist and republican politicians cannot expect to have it every way. Either the GAA is a sporting organisation sitting alongside others, or it is not. The reaction of nationalist and republican politicians revealed what they believe to about the true nature of the GAA and their inner depths. There are clearly issues for nationalist and republican political representatives to resolve, and I trust that they will do so.

Some very good work has been done through the Northern Ireland Assembly on parading and the institution. Two Northern Ireland Departments in particular deserve praise, namely the Department of Enterprise, Trade and Investment, and the Department of Culture, Arts and Leisure. Both have done good work to help promote the positive side of Northern Ireland's parading culture and to offer practical assistance to the loyal orders. DCAL amended the way in which the community festival fund is administered to make it easier for such groups to access funding in the Province. The DETI Minister has linked up with the loyal orders to promote the tourism potential of parading. Those are good developments, and there have been others. The fact that both the Ministers concerned are from the Democratic Unionist party is not lost on me, nor, I suspect, is it lost on our political opponents.

The loyal orders themselves have initiated movement by, for example, controlling the use of alcohol consumption at parades, arranging better marshalling and promoting community participation in the cultural aspect of parading. It is only correct to mention the work of the joint loyal orders working group, which set about creating a new framework within which parades and other high-impact public events could occur. The initiative initially drew together the leaderships of the Orange Order, the Royal Black institution and the Independent Orange Order. They deserve the highest praise for their efforts. People such as Robert Saulters, grand master of the Orange institution in Ireland, and Mr. William Logan of the Royal Black institution, deserve credit for their work. Particular praise needs to be directed to two other people who drove forward the work of that joint task force: Mr. Drew Nelson, grand secretary of the Orange Order, and my party colleague and friend, the late and greatly missed George Dawson, former Member of the Legislative Assembly and grand master of the Independent Orange Order. Working in tandem, Drew Nelson and George Dawson gave shape and voice to what the loyal orders were calling for. In the process, they helped to bring a large degree of healing to the internal wounds with which the Orange family had lived for more than a hundred years. They both deserve the thanks of all Orangemen and women in all branches of the family.

The initiative taken by the joint loyal orders working group led to a review of parading, which was announced by the then Secretary of State for Northern Ireland. That in turn resulted in the establishment of the strategic review of parading chaired by Lord Ashdown, which has recently reported. Among the Ashdown group's key recommendations was the emphasis on dialogue and mediation. It is of huge significance that that initially received a positive response from the loyal orders. In a recent statement, the Orange Order said:

> "We welcome the fact that the recommendations include the establishment of a new legislative framework to govern not just parades but all public assemblies…The Orange Institution—along with the Royal Black Institution and the Independent Loyal Orange Institution—will study the document carefully and respond accordingly. We remain committed to playing a full part in creating a Northern Ireland which is a peaceful, prosperous, stable and fair society, founded on mutual respect and trust".'

That, I believe, was a very positive response. Sinn Fein's John O'Dowd said:

> "Experience teaches us that the resolution to the issue of contentious parades lies in dialogue between host communities and the Loyal Orders. Such a process must be central to any system of resolving these issues."

He continued:

> "The report does contain recommendations including a legally enforceable code of conduct. We will of course want to see the terms of such legislation before passing judgement on its potential effectiveness to curb abuses and sectarian harassment."

Mr. O'Dowd appears to have accepted that the issue of parading remains unresolved and that it must be resolved finally on a long-term basis if we are to move forward.

The only discordant notes came from two sources—one was no great surprise, but the other may surprise some in the House. The entirely unsurprising and utterly predictable rejection came from some residents groups, particularly those from the Ormeau road in Belfast and the Garvaghy road in Portadown. Those reactions came as no real surprise and were entirely expected responses.

Some within the confines of Westminster might be surprised to learn that the other main rejection of the report came from sections of the Social Democratic and Labour party. I said "sections", because there was a very clear division in the SDLP over the report. On the one hand, Declan O'Loan, who is the North Antrim SDLP MLA, said:

> "There are signs that the Orange Order and other parade organisers are more willing to engage publicly with new structures…it is essential that any new system places a real onus on parade organisers to consult with local communities. If local structures including councils can facilitate that, then so much the better…Those in the Nationalist community should remember that it is those involved in Loyalist parades who are now up against it."

When we turn to another SDLP Assembly Member, we get the directly opposite position. Dolores Kelly, who is the MLA for Upper Bann, said:

"I do not like it at all...I don't know what confidence the strategic review group thinks that the community could have in their proposals."

She went on to describe the proposals as "absolute madness".

We are entitled to ask just where the SDLP stands on all this. Is it with Declan O'Loan or with Dolores Kelly? Is it for or against dialogue? Is it for or against engagement? Is it for or against local accommodation? Does it believe that it is acceptable to refuse to engage? Does it believe that a refusal to engage should be rewarded? Given the comments of Dolores Kelly, who serves not only on the Assembly, but on the Northern Ireland Policing Board, those questions need to be answered.

That brings me to what really lies at the core of any move forward on the issue of parades. In recent times, we have witnessed significant movement on many aspects of public life in the Province. Northern Ireland is slowly beginning to move forward from the horrors of the past. Changes have taken place right across society, although some have been difficult for people to accept. There have been changes involving the loyal orders. The joint loyal orders working group on parading has engaged with people as diverse as Cardinal Brady, the SDLP and the Human Rights Commission. It has also indicated a willingness to sit down with and assist the Ashdown review.

The Portadown district, which is in my constituency, recently met Sinn Fein president, Gerry Adams, which was a difficult step for it to take. More than 300 members of the loyal orders were brutally murdered by republican terrorists during the troubles. Gerry Adams himself claimed the credit for Sinn Fein for the disrupting of parades and the denial of basic liberties to Orangemen and women. On one occasion, he said:

"Ask any activist in the North, did Drumcree happen by accident and they will tell you, no."

He was also quoted as saying that such situations had to be "developed and exploited".

Mark Davenport, BBC Northern Ireland's political correspondent, subsequently said:

"The Sinn Fein president never issued an outright denial of these comments which appeared to come from the transcript of a secret recording."

The meeting with Gerry Adams was difficult for the Portadown brethren. Afterwards, Gerry Adams said that it had

"always been the Sinn Fein position that the issue of parading can only be resolved through dialogue between the Loyal Orders and local communities."

One can only hope that what he now says was always Sinn Fein's position represents new thinking on his part and that of his party.

On parading, there remains one section of society that steadfastly refuses to move—some of the residents groups. In Portadown, for instance, we have the ongoing Drumcree-Garvaghy road dispute, which is synonymous with the issue of parading as a result of press coverage in recent years. The local Portadown district has stated openly and publicly that it wants to engage in dialogue. It has said that it will do so without putting any pre-conditions on the table.

The Parades Commission has said that it sees dialogue as the only way to resolve the matter. Every political party claims to believe that dialogue is the way forward, and the Government are of the publicly stated view that dialogue is the way forward. However, the Garvaghy Road residents coalition refuses to consider the matter. According to the coalition, there is nothing to discuss, and any attempt to hold discussions would be to follow party political agendas and attempt to suppress the population. It therefore sees no need for any discussion or dialogue.

Recently, the Garvaghy Road residents coalition said:

"This is not a problem of any individual, but of unionism and Orangeism wanting to return to the days of dominating the minority community in Portadown...The parades issue belongs to the past and should remain there. It must not be resurrected to suit any political party or anyone's narrow sectarian agenda."

In its editorial column, the local newspaper, the *Portadown Times*, has been scathing of that stance. Recently, the Parades Commission complained that it had been unable to set up a dialogue process because of "non co-operation" on the part of the residents group. Just last week, the district master of the Portadown Orangemen, Mr. Darryl Hewitt, repeated their willingness to engage in face-to-face negotiations and dialogue with the Garvaghy Road residents coalition. He repeated publicly that the Orangemen were willing to do so without preconditions.

What was the coalition's response? Brendan McKenna was repeatedly asked live on air on BBC Radio Ulster whether he would engage in that dialogue with the Orange brethren. On each occasion, he refused to give such a commitment. Despite the fact that the Portadown district had publicly repeated its commitment to dialogue without preconditions, Mr. McKenna said that he still saw preconditions in the district's statement. The question that must be asked in all this is just how willing Brendan McKenna and the Garvaghy Road residents coalition are to find an accommodation on the issue of the Garvaghy road.

The Parades Commission handed down the very determination sought by Brendan McKenna. It rewarded his refusal to enter discussions, to engage in dialogue and to participate in negotiations. It encouraged him to continue to sit on his hands and do absolutely nothing to move the situation forward, to improve community relations or to reach any local accommodation with his neighbours. This individual should not hold up progress on finding an accommodation. Equally, he should not hold back the community in the vicinity of the Garvaghy road or further afield across Portadown and Craigavon. Nor should the Parades Commission continue to reward the Garvaghy Road residents coalition for its refusal to discuss these issues. Such a situation would not be good for community relations, jobs, investment or prosperity in the area.

The stance of the Garvaghy Road residents coalition is entirely negative and appears to be designed to prevent rather than assist any engagement or dialogue aimed at resolving the situation. It serves only to reinforce the view held by a growing number of people that there is no willingness on the part of Garvaghy road residents to arrive at any form of local accommodation or at any long-term resolution of the dispute. It also goes some way towards confirming the view that, despite movement on the part of the loyal orders collectively, as well as on the part of Portadown district and the Government,

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who established the Ashdown review, the one constituent part of this dispute that has refused to move is the Garvaghy Road residents coalition.

That, of course, raises questions for the Parades Commission and the Government. There is near-universal agreement that the way to resolve the local problem is for local people to do it. That is also the stated position of the Parades Commission. There is agreement on the part of the loyal orders to work towards a new beginning to parading in Northern Ireland, and on the part of Portadown district to do its part locally. There is absolutely no agreement on the part of the Garvaghy road residents coalition to play its part. Despite that, the Parades Commission continues to reward the group for its non-dialogue, non-engagement and non-discussion, by continuing to issue determinations about the parade that give the Garvaghy road group everything it demands, on the grounds that non-engagement and non-dialogue have made it impossible to establish a dialogue process.

At my last meeting with the Parades Commission I suggested that one way to move the Garvaghy road residents coalition in the direction of dialogue was to issue a post-dated determination to the effect that, if discussions did not begin by a certain date, it would issue a determination that would allow the parade to return to Carleton street in Portadown. That would have pressurised the Garvaghy road residents group finally to get around the table. What was the Parades Commission response? Nothing: zero. Instead it continues to say that it wants dialogue. That dialogue is the way ahead, but it has been prevented, because the Garvaghy road residents coalition will not agree to it. Yet the commission continues to give the coalition exactly what it wants, so what incentive is there for the coalition to talk?

I ask the Minister whether that is acceptable. Should people be rewarded for non-dialogue and non-engagement? Should the Parades Commission issue the determinations sought by the Garvaghy road residents coalition on the grounds that it refuses to play any part in reaching a local accommodation? I do not expect the hon. Gentleman to have all the answers today, but I ask him to give as full a response as he can.

Northern Ireland has been through many difficult times and many dark years. There is a desire among the vast majority of people in the Province to move forward. Only a very small number of people and groups wish to keep us all locked in the past. If the Garvaghy road residents coalition is one of those groups, the Parades Commission has a duty to ensure that that does not happen. If the commission refuses to do its duty, the Government, too, have a duty to intervene and crack Parades Commission heads together.

Brendan McKenna should signal his willingness to move out of the past and towards the light, along with other elements of society. If he fails to do so, the Parades Commission and the Minister should signal their intention to end the intransigence of Mr. McKenna and his organisation. The people of the Garvaghy road, Portadown, Craigavon and more importantly Northern Ireland deserve no less.

10.3 am

Mr. Alan Reid (Argyll and Bute) (LD): It is a pleasure to serve under your chairmanship this morning, Mrs. Humble. I congratulate the hon. Member for Upper Bann (David Simpson) on securing the debate. At the start of his remarks, he reminded us that it is the anniversary of the beginning of the battle of the Somme, and it is important to remember the sacrifice made by the whole community in Northern Ireland at the Somme and other battles in which Britain engaged in the last century.

It is welcome that we can debate the issue of parades in Northern Ireland at a time when the wider context in relation to parades is improving. The 2006 and 2007 marching seasons passed off more peacefully than at any other time in recent history. In fact, 2006 marked the first time in more than 30 years that the Army was not called in to support the police. That was largely due to the efforts of community leaders and march organisers to keep talking, ensuring that a local accommodation was reached in many cases. It is only right that we should pay tribute to their efforts and give them our support as we enter this year's marching season.

Nevertheless, parades remain a source of dispute and a threat to peace, stability, prosperity and the creation of a shared future. The issue of parading and its associated problems is a concern not just for the two sides in any particular dispute, but for the entire community. Disputes relating to parading are both a symptom of much wider community relations problems in Northern Ireland, and a contributory factor to them. Problems over parades are in many respects a by-product of the division of Northern Ireland into a society based around two communities. Territory becomes labelled as belonging to one or other side. When tensions arise over parades, there is a danger of further entrenchment of identity and division.

There is a fundamental choice to be made in Northern Ireland: accepting deep divisions in Northern Ireland and trying to manage them, or working to create a shared and integrated society. In 2005, the Government adopted as policy the document "A Shared Future: Policy and Strategic Framework for Good Relations in Northern Ireland". Subsequently, in 2006, they put in place the first triennial action plan. The Government recognised that the human, social and financial costs of trying to manage a divided society were unsustainable and that the only viable way forward was through the creation of a shared future.

It is critical that the future of parades in Northern Ireland should be considered in the context of the "Shared Future" agenda. In relation to that, there should be a stop to accepting that territory belongs to one or other side of the community. Existing mixed areas such as town centres should be protected from becoming dominated by a particular group and mixed housing should be strongly promoted.

It is unfortunate that parades continue to have a net negative impact on the Northern Ireland economy. In the recent past, violence surrounding disputed parades, public disorder and the blocking of roads, whether focused in particular areas or more widespread, have had direct economic consequences as businesses have closed. In addition, such activity interferes with the free movement of people and goods, and deters economic

and other social activities. The Deloitte report of April 2007 on the financial cost of the divide in Northern Ireland set out the costs of lost inward investment and tourism stemming from the troubles and a segregated society. For example, the problems arising from the Whiterock parade in September 2005 had a direct negative impact on inward investment.

The Deloitte report considers the various negative impacts of the divide. The Northern Ireland economy remains underdeveloped—in particular its tourist sector. For a considerable portion of the month of July, much of Northern Ireland slows down or even closes down. In particular, a greater range of businesses close on 12 July than on any other day of the year, with the exception of Christmas day. Northern Ireland has a potentially strong tourist product to offer, but during July there is a net loss of population in the region and many hotels and guest houses have their quietest period. The situation has, however, improved over the past two years, and it is important to look to the future. However, the economic consequences of disputes about parades, and the resultant impact on the entire community, must be recognised.

Disputes over parades often come down to a clash of claimed rights: a right to parade and a right to prevent a parade that is not consistent with the ethos of an area. I do not believe that either of those claims is absolute. As well as the right to take part in a parade, it must be recognised that there is a right for people who are not taking part in a parade to have freedom of movement, and for businesses to conduct their affairs without interference.

Ten years ago, the Parades Commission was established with the following duties: to promote greater public understanding of issues concerning public processions, to promote and facilitate mediation as a means of resolving disputes concerning public processions and to keep itself generally informed of the conduct of public processions and protest meetings.

David Simpson: The hon. Gentleman mentioned the establishment of the Parades Commission and its duties. Does he agree that, by and large, it has failed to carry out its duties?

Mr. Reid: No, I do not agree. I think that the situation has improved, particularly in the past two years. There have been tremendous strides forward, and the Parades Commission has played a part in that. It is by no means perfect, and changes must be made, but we must recognise that the situation has improved since its establishment.

The commission has powers to facilitate mediation between parties to disputes concerning proposed parades and to issue determinations in respect of particular proposed parades. I have concerns about the Parades Commission's mandate; I do not believe that the dual mandate to arbitrate and mediate is sustainable in the long run. One major problem is that, in determining whether a certain parade may pass along a certain street in a certain area, the Parades Commission effectively determines which community that street and area belong to. The commission has also been restricted by having to prioritise judicial concerns over any sense of what is considered reasonable. Furthermore, it has restricted certain behaviour and symbols to certain areas rather than determining acceptable behaviour and display in general.

It would be helpful if any future arbitrator of parades had the ability to determine, for example, that a single parade in a certain location is reasonable but several such parades, even by the same people on the same route, are not; that certain types of behaviour such as the display of paramilitary symbols, drunkenness, high noise levels and so on are universally unacceptable; and that certain standards of behaviour can be expected by all people whose businesses or homes are affected by the parade, regardless of their community background or political affiliation or those of the parade organisers.

The strategic review of parading in Northern Ireland, chaired by Lord Ashdown, published an interim consultative report in April. The review team outlined a number of principles to be followed in relation to parading, such as the need for local dialogue and local agreement, standards for the conduct of public assemblies and independent adjudication. The review team's strong emphasis on a rights-based approach to resolving disputes is welcome, as the process whereby a communal identity was given to territory was deeply flawed. It is also extremely helpful to have a clear set of procedures and structures. There is little to fear and much to gain from a radical review of the policy and structures for handling disputed parades. Of course, full public debate is needed on the review's analysis and recommendations.

Although we have made tremendous strides in the past few years, it is time to move on to a situation in which mediation, and arbitration and adjudication, are carried out separately. Although we have moved forward during the Parades Commission's time, it is far from perfect. Moving to a situation in which mediation and adjudication are handled separately is important.

I hope that the political parties in Northern Ireland will demonstrate courage and leadership in showing the way forward and trying to achieve the vision, described in the strategic review team's report, of a society where parades and protests are no longer the focus or cause of community conflict, in which cultural celebration takes place peacefully and respectfully and which is characterised by tolerance, human rights, equality and confidence in a future shared by all.

10.14 am

Christopher Fraser (South-West Norfolk) (Con): I am delighted to be speaking from the Front Bench under your chairmanship, Mrs. Humble. I am standing in at the last moment for my hon. Friend the Member for Tewkesbury (Mr. Robertson), who has unfortunately had to go to hospital.

I congratulate my hon. Friend the Member for Upper Bann (David Simpson) on securing this debate on an important subject for Northern Ireland. He spoke with conviction and a great knowledge of parading and its history. It is important for the future of Northern Ireland. He gave an honest and frank progress report on the issues and highlighted some of the problems that still lie before us and that must be addressed if we are to proceed peacefully in future.

The milestone of shared government is a significant step towards the success story that we all want and hope for in Northern Ireland, but as this debate has highlighted, there is still a long way to go. Sensitive issues such as parading in Northern Ireland must be resolved to achieve a future for the province that encompasses intercommunity co-operation and toleration.

[Christopher Fraser]

As we have heard, Northern Ireland has a strong tradition of parading. Parades are an intrinsic part of its culture and identity and have been since the 16th century, as my hon. Friend the Member for Upper Bann pointed out. Unfortunately, in more recent times, political turmoil in Northern Ireland has led sectarian groups to use parades as a way to advance their cause. As a result, parades have become increasingly controversial. Although they form a part of Northern Ireland's heritage, they have been blamed for facilitating sectarian tensions and the violence that often ensues. Sadly, as we are all aware, many instances of violence have broken out during parades. The police have been criticised for not monitoring them effectively, the Parades Commission has been labelled politically weak and the Orange Order does not recognise its authority.

How can parades and parading remain a viable part of Northern Ireland's culture and identity in a way that is consistent with social and political cohesion? The strategic review provides Northern Ireland with an opportunity to tackle parading head-on in a way that embraces cross-community solutions. I pay tribute to the noble Lord Ashdown for undertaking the review and compliment him on the diverse group of people he involved in the process. The widest possible consultation was sought and all interested parties were encouraged to take part in the review process. That approach is to be encouraged and commended. Moves to resolve sensitive issues in that way will, I hope, temper the fear and hostility still present within the communities of Northern Ireland, which could become inflamed during the parading season.

It is worth reminding ourselves of the review's key recommendations so far, which were outlined in the interim report published in April. They are set out in six important steps. Organisers of public assemblies should consider all aspects of their intended event and, where possible, identify any issues that may arise from it. Organisers must notify local councils of any intention to hold a gathering no less than 35 days before the event by submitting a notification form. The council will inform any interested parties, such as the Police Service of Northern Ireland and emergency services, and will make that notification publicly accessible. Any objections to the public assembly must be lodged with the local council within seven days of publication, and those objections will in turn be made public.

Where possible, any objections or concerns will be dealt with by direct contact between the organisers and objectors. When agreement is reached, the assembly may take place. If any concerns are not resolved through direct contact between organisers and objectors, the local council will organise and assume responsibility for further discussions. If no agreement has been reached by that stage, the local council must inform the Office of the First Minister and Deputy First Minister, and an independent mediator will be appointed on a case-by-case basis.

When mediation is refused or fails, the OFMDFM will initiate the adjudication process. If no agreement is reached at least 14 days prior to the proposed assembly date, the matter will be referred to the OFMDFM for final adjudication. The adjudication panel's decision is legally binding, and for all assemblies referred to it a post-event review must take place no later than 35 days after the event.

The gist of the proposals is to place parading within a coherent and mutually agreed framework to provide some structure to the events. In that way, parades could be monitored and regulated more effectively in the same way as they would be in any other European democracy. We must recognise, therefore, that the recommendations would spell the end of the Parades Commission. If the review's proposals are implemented, how does the Minister envisage using the commission's decade-long experience to best effect? The Orange Order refuses to recognise the commission's authority, but initial reports hint that the order has indicated its support for some of the review's proposals. My hon. Friend was quite clear about which proposals are viable. However, how optimistic is the Minister that that initial enthusiasm will last? Does he envisage the new system, if implemented, overcoming the problems faced by the commission.

The interim report acknowledges that there are no quick-fix solutions, but looks to inter-community dialogue as the keystone to peaceful parades. Clearly, the success of implementing any of the recommendations will depend on the initial co-operation of nationalist and Unionist groups. Has the Minister had any negative or positive feedback from relevant groups on either side of the political spectrum? I understand that the Social Democratic and Labour party has expressed concerns about some of the recommendations. Although the intention to address the parading issue through a new approach is commended, does he agree that any new structure will come up against the same challenges faced by existing ones?

There is also a danger that the transfer of any responsibilities from the Parades Commission to the new OFMDFM might well result in the latter becoming a quango. A system in which the First Minister and Deputy First Minister play central roles in parade matters might politicise parading, instead of depoliticising it, which surely is our primary aim. I would be interested to hear the Minister's thoughts on that.

The report also advocates a strong role for local councils. Does the Minister accept that council officers' political allegiances might—I repeat might—have a detrimental effect on the mediation process? Does he recognise the need to put in place safeguards against that? Councils could well be seen as too partisan, and there are legitimate concerns that their role could undermine the mediation stage.

Parades in Northern Ireland have come to symbolise the political and social tensions that exist as undercurrents in the Province predominantly as a result of the violence so closely related to the parades at Drumcree and Ormeau road, and the review team acknowledge that they have yet to come to a conclusion on how to proceed where those parades are concerned. I accept that they will focus on the parades at the next stage of their consultation process. However, will the Minister join me in stressing how crucial it is for the tensions surrounding those two parades, and others, to be addressed urgently? Does he find it worrying that although the review team has made some useful general proposals, they cannot agree on perhaps the most contentious parades, which more than others require clear guidance?

The interim report states:

"Until there is agreement about parading and protests which all can adhere to, these disputes will retain a powerful capacity to impede or even reverse recent progress in Northern Ireland by re-igniting divisions, generating conflict and recreating a legacy of bitterness across the whole community".

Sadly, the same tensions and deep-set hostilities that undermine peace during parades are bound to create challenges for those aiming to establish an overarching framework for parading in the future.

To bring investment and prosperity to Northern Ireland, it is crucial that we get our approach right. All those involved in the consultation process, from both sides of the political divide, must work together as effectively as possible to ensure that we get to a stage where the parades can pass peacefully. The timing of the review is crucial, and we must get it right now to secure a peaceful future for Northern Ireland. Engagement between nationalist residents' groups and the Orange Order is key, and one person should not be allowed to hold back the process, as my hon. Friend pointed out.

The review is a work in progress, but we are heading in the right direction. If the final report is published in autumn, does the Minister think that the timetable for implementation in spring 2009 is realistic? Given the considerable hostility from some factions to the interim report's findings, how does he expect to reconcile those views with those of the more enthusiastic supporters? How does he expect to implement the final report's recommendations? Does he anticipate having to legislate, and if not how will he enforce them, especially given the apparent resource implications for local authorities? What estimates has he made of the financial implications of the interim recommendations?

I am open to ideas on different and more incisive approaches to this highly contentious issue, and look forward to the review's final recommendations. Like others, I also look forward to a peaceful parade season.

10.26 am

The Minister of State, Northern Ireland Office (Paul Goggins): Like other hon. Members, I congratulate the hon. Member for Upper Bann (David Simpson) on securing this opportunity to raise such a crucial issue, because it is very important that we continue to discuss Northern Ireland matters in this place. He started by explaining that today is a good day to have this discussion, and took us as far back as 1690. He also mentioned the parade at Drumcree, and reminded us of the anniversary today and of those who fell at the battle of the Somme, and I can confirm that the Secretary of State for Northern Ireland has joined others in France to commemorate that time. Indeed, the hon. Gentleman was generous enough to acknowledge that, were I not here today, I would have been at city hall in Belfast marking the day with colleagues there. I was grateful to him for acknowledging that. As others have said, it is appropriate that today we remember those who fell at the battle of the Somme. It is also appropriate to pay tribute to those serving our country and the cause of freedom in Iraq and Afghanistan today.

The hon. Gentleman drew his remarks to a close by referring to Drumcree, which of course remains the most contentious parade in Northern Ireland. Whatever our role in the story of Northern Ireland, we all remember the scenes of violence and disruption that occurred there in the middle of the 1990s. They remain vivid, and none of us wishes to return to such scenes. From conversations that I have had with him and many others, I know that Drumcree can still raise those levels of emotion in Northern Ireland. That needs to be considered very carefully. However, I am absolutely clear, as is he, that if we are to find a sustainable solution to the problems with parading, we must include a solution to Drumcree. We cannot pretend that we have found a sustainable solution, if that matter remains unresolved. It is pertinent therefore that he raised it in this debate.

It might sound hackneyed, but that does not make it any less true that cross-community dialogue remains a prerequisite to a solution to Drumcree. Engagement is necessary, and a solution simply cannot be imposed from the outside and above.

David Simpson: The hon. Gentleman indicated that the way forward is through dialogue, but does he agree that, in order for that to happen, both sides must be willing to engage?

Paul Goggins: I readily acknowledge that, if we are to have dialogue, two parties are required to have the conversation. That conversation must take place sooner or later if we are to have a solution. I strongly agree with the hon. Gentleman about that. I know of the difficulties involved and I know of his role in trying to promote dialogue and to get people to a point at which decisions can be made across the community. I know some of the difficulties that others have faced as they have tried to broker those talks and conversations over many years, and I pay tribute to all those who have tried to get a resolution.

I am encouraged, however, rather than discouraged, not least because of the efforts that have been made by Darryl Hewitt, the district master of Portadown District LOL No. 1, and his colleagues. I have met them on a couple of occasions, and I readily acknowledge that they have made efforts to engage and to move forward. They have made efforts that were real risks in relation not only to the other community but to those in their own organisation who might be critical of the steps that they have taken—but they have still taken them. They have engaged with the Parades Commission, which was contentious and difficult, but they did it. They have met Gerry Adams, the president of Sinn Fein, which was a controversial but important step forward, and they have even met me. They are prepared to engage with anyone who they believe can help to move things forward and produce a solution. I have no doubt that they have gone a considerable way to reach out, to try to engage and to find a solution.

Comments have been made about the Parades Commission and its role. I know, from certain conversations, that people sometimes feel frustration either that the commission has made a decision that they do not like or that it has not made a decision that they would like it to make, but that is the territory that it has to operate in. Since the chairman of the commission began his remit in January 2006, he has worked with his colleagues and has tried to get out of the office and around Northern Ireland, and there has been a period of sustained, relatively peaceful parading. I pay tribute to those in the commission who have played a role in that. There has been an increase in the number of notified parades in recent years, but the number of contentious parades that have had restrictions placed on them, which are a minority, has reduced. Credit for that goes partly to the commission, but I think that commission members

[Paul Goggins]

would acknowledge that it should go mainly to people at the local level who, as the hon. Member for Argyll and Bute (Mr. Reid) said, have engaged in difficult conversations and come to accommodations and agreements so that there are voluntary agreements in place. They should take a great deal of credit. That is the kind of development that we want and need in Drumcree.

The fact that one party has made such considerable efforts does not necessarily make it straightforward or easy to impose a solution, with all the risk that that involves. That is why it is important that the message goes out from the hon. Member for Upper Bann—indeed, from all hon. Members who have contributed this morning, including me—that dialogue is an absolute prerequisite to finding a solution. I am convinced that, in the current climate, a solution is possible. We are faced with a unique opportunity in the period ahead in which we can strive for an answer regarding Drumcree and other outstanding and difficult parades. Why? Because the strategic review has said that when it publishes its final report it wants to bring forward proposals on how those legacy parades—it mentions Drumcree and the Ormeau Road in particular—can be dealt with. Obviously, the review cannot magic up a solution, as that must be worked for by all the parties involved, but the final report is an opportunity to seek a solution.

We have achieved the first stage of devolution and we are moving towards its completion, in the near future I hope, with policing and justice powers being handed over. That provides us with a climate and context in which outstanding issues need to be resolved, as the hon. Member for Upper Bann said, not least in relation to parading.

The parading this year shows that there has been sustained and significant progress. When I arrived as a new Minister in Northern Ireland, just over two years ago, in my first briefing, I was shown film footage of the shocking scenes of violence in Whiterock in 2005. It was clear that part of my responsibility was to work with others at all levels to ensure that we never return to such scenes. Through a process of dialogue and, sometimes, determinations from the Parades Commission, we have got to a much better place with parading.

The fruits of dialogue have been that the Tour of the North parade on 20 June passed off peacefully because people made accommodations and reached an agreement that worked in practice. When parties could not agree regarding Whiterock, last Saturday, the commission made a determination that people respected and adhered to. I commend in particular the marshals at that parade last weekend. They are to be commended for the role that they play, the responsibility that they take and the training that they undergo, which is an important aspect of modern-day parading.

The hon. Member for Argyll and Bute mentioned the history of 12 July and how this is, in a sense, a time of economic slow-down, but if it were a successful festival, the opposite would be true. The Orange Order is working with Government Departments to turn 12 July into more of a festival for families, visitors and tourists, so that it becomes a positive feature of modern Northern Ireland. I commend all those who are involved in those efforts.

I also commend the Police Service of Northern Ireland, particularly Assistant Chief Constable, Duncan McCausland, for the work that he and others have done to be much stricter this year on the use of alcohol. The police have worked closely with parade organisers to make it clear that alcohol should not be part of parading. They have also made it clear that they will enforce byelaws and use other powers to take alcohol from people who insist on carrying it on parades. On the Tour of the North parade, 500 cans and bottles of alcohol were confiscated and disposed of. I pay tribute to all those who were involved in that new crackdown on alcohol, as getting rid of alcohol will be a significant step forward in trying to avoid tension and difficulties.

The hon. Members for Upper Bann, for South-West Norfolk (Christopher Fraser) and for Argyll and Bute have all emphasised the progress that has been made in Northern Ireland in recent years. There has been progress on parading, of which I have given some detail. Again, I give credit to those at the local level who engage and try to find an accommodation and a voluntary way through. For the past two years, we have had no troops on the streets of Belfast on 12 July, and I am extremely confident that the same will be true of next week's parades in Northern Ireland, because we have moved forward, although there are still issues to resolve.

We are developing the peaceful settlement as well as opportunities for prosperity and for greater democracy, all of which have been substantial achievements of the past year or two, particularly since May of last year, when we had the devolution of the majority of government. That has been warmly welcomed by the people of Northern Ireland and has been taken up enthusiastically by the politicians of Northern Ireland, which should be an encouragement to us all.

David Simpson: The Minister mentions prosperity—this is more a comment than a question. Sometimes, when we talk about the parading season, a picture of doom and gloom is painted, but I read yesterday in one of the respected tabloids that the city of Belfast has come third, regarding its economy, of all the cities in the UK. That is a positive note for the future of the Province.

Paul Goggins: It is a positive note, and I congratulate those in Belfast who have promoted the economy there. Any visitor to Belfast will see the vibrancy of the economy and the growth and physical changes happening there. All of that is equipping Belfast and Northern Ireland to compete in the modern world economy. An affirmation of that was made by those who came from north America to the investment conference in May. They made it clear that they saw Northern Ireland as a place in which to invest. They were thinking of investing not out of some kind of strange charitable sense, but out of a business sense that Northern Ireland presented a real opportunity. They saw that it was a competitive and good place in which to invest their money. The conference was extremely important and was well organised by the devolved Administration because it put Northern Ireland on the world stage in economic terms.

The big challenge that Northern Ireland faces is to change the balance between the public sector and private sector in the economy. Roughly one third of the economy in the Republic is public and two thirds private. In Northern Ireland, we have broadly the opposite. That

has to change so that the economy becomes sustainable for the long term and extremely prosperous. If the prosperous economy can be matched with the beautiful surroundings—the countryside and coastline of Northern Ireland—it will be a mix that will see Northern Ireland's prosperity and peace last well into the future.

The hon. Member for Upper Bann raised some other matters that need to be addressed if we are to sustain progress in Northern Ireland. Clearly, parading is a key issue. He also made it very clear that we have to see an end to all signs of paramilitary activity, and I agree with him. There is no place for a paramilitary presence in Northern Ireland. Those dissidents who seek to take us back to the dark days are isolated, on their own, and have no support. It is very important that all the parties in Northern Ireland continue to pull together to oppose those who would take us back to those days.

We can take great confidence from the successive reports of the Independent Monitoring Commission that make it clear that the Provisional IRA has neither the capacity nor the will to wage war or conflict in Northern Ireland. That is the fundamental block on which so much has been achieved in recent years.

The hon. Member for Upper Bann made the point that the politics of Northern Ireland should not be directed by bilateral talks and negotiations between the Government here and parties in Northern Ireland, and I agree strongly with that. As we seek to make further progress, it is the parties themselves that have to come together and make those agreements, find an accommodation and a way forward. I was encouraged, as I am sure that he was, by the remarks that his party leader, the First Minister, made yesterday at the World Bar conference in Northern Ireland. In a speech, the First Minister spoke publicly about the renewed engagement that he and the Deputy First Minister have begun in order to seek a solution to the unresolved issues. We can all take great heart and comfort from his comments.

The hon. Member for Upper Bann referred to the proposals that we announced last week with regard to the compensation that can be granted when community halls are subject to criminal damage. He will know—now is not the time to detain the Chamber with detail of the complex but effective compensation scheme in Northern Ireland—that, if there is an act of criminal damage on any property in Northern Ireland, and if it is thought that such action was carried out on behalf of, or for the benefit of, a proscribed organisation, the Chief Constable can issue a certificate that gives automatic statutory compensation to the organisation that is responsible for the property. If there is evidence of three or more individuals being involved in that act of criminal damage, again statutory compensation can be paid.

We have decided further to extend that provision to include any community hall that attracts rate relief because of the work that it does in the community or because of its charitable work. If the hall becomes subject to criminal damage, we will extend to it the statutory compensation scheme. Recently, there have been sustained attacks on community halls, particularly Orange halls. We want to make it clear that we stand with those in local communities who want to provide a service or a facility for a service. If there is a continuation of such attacks, there will be the possibility of getting statutory compensation if one of the three categories that I have outlined is fulfilled.

The hon. Gentleman mentioned the issue of the sunset clause. We suggested such a clause because we hoped that, with the progress we have made in Northern Ireland, the attacks of the past year or so would recede, diminish and disappear, and that such a provision would no longer be necessary. However, if that power is needed it can be renewed in three years' time. By then, I hope that it will be not a Minister in this House who takes that considered decision, but a Minister in Northern Ireland.

A number of hon. Members spoke about the strategic review of parading, which is an extremely important piece of work. It is a work in progress in Northern Ireland. Before I pass comment on some of the issues raised, I again want to pay tribute to the work of the Parades Commission, in particular the current chairman and commissioners who, since January 2006, have been assiduous in their work. As I said, we have seen an increase in the number of notified parades and a decrease in the number of contentious parades with restrictions. That is a hopeful sign. The commission will never be in an easy place with regard to contentious parades. It has to make final decisions and decisions in relation to determinations. It will please some people, but not others.

I want to make it clear in the context of the strategic review of parading that the commission will continue to do its job until another system is put in place. It is very important that that point is made. There is no drop-off point for the commission; it will continue to do its job until a new system is put in place.

The work of the strategic review has focused on a number of key principles, which have been mentioned. First, the fundamental principle is that conversation, dialogue and local agreement becomes the normal way of doing things. I must emphasise that local dialogue is important. Secondly—again, because of the progress in Northern Ireland, it is encouraging that we see this as an important characteristic of change—it is critical to reconnect decisions about difficult issues to the local democratic politics. In other words, we should not take such issues outside of politics, but see the democratic process facilitating and supporting decisions. Thirdly, and crucially, we must put in place a set of robust standards for the conduct of public assemblies in Northern Ireland. Those standards will be in a legislative framework and will be backed up by the law.

The fourth principle—the hon. Member for Argyll and Bute made this point very strongly—is that the roles of mediation and adjudication should be separated. They are not separated in the current system, but it is the strong view of the strategic review of parading that they should be. Fifthly, all the principles are organised within a human rights framework because it is critical that we know how to resolve competing rights, such as the right to parade and the right to protest.

The fundamental principles on which the strategic review of parading has built its report are commanding widespread interest and support. We are now in a period of consultation. The strategic review of parading gave its report in April. It is now engaging, listening, taking submissions and responses from a whole range of organisations across Northern Ireland. It will do that until the end of August and then, later in the year, it will produce its final report. It is seeking common ground and consensus so that we can come up with a system that will work not just on paper but in practice.

[Paul Goggins]

The hon. Member for South-West Norfolk asked about the risks of associating the new system too closely with the political process. It is important to emphasise that, under the proposals, the democratic process is responsible for overseeing the administration of this decision-making process. In other words, it is the administration rather than the actual decisions that are facilitated by the democratic political process. That is very important. Local councils would oversee the administration of the form-filling and some of the early stages of the informal discussions that would need to happen, and adjudication would be carried out by a panel appointed by the Office of the First Minister and Deputy First Minister. Again, however, this is not the First Minister and Deputy First Minister making the decision; their office sets up the panels that actually make the decision.

The Government have not yet taken a view about the proposition made by the strategic review of parading—although we have paid tribute to Lord Ashdown and his colleagues for the sterling work that they have done—because we want to see what the final report will say, clearly, before we form any conclusions.

David Simpson: The Minister will know that there was a sense of disappointment at the interim draft report from the strategic review body in relation to the Ormeau road parade and Drumcree; it seems that they have been left out of the process. However, I understand that the Ashdown review team will make recommendations on those two parades in the final report. Will the Minister confirm that?

Paul Goggins: Certainly, that is what the strategic review of parading has said itself: it hopes to have proposals for solutions to what it describes as "legacy parades", and it names the Ormeau road and Drumcree. Clearly, as I have emphasised, it is important that the issue is not seen as something that is left to the strategic review body to resolve. Instead we all, from the bottom up as well as from the top down, have to work at finding solutions.

As I said, although the Government have not taken a firm or final view in relation to the review's recommendations, we can certainly see the merit in the principles on which it bases its recommendations. Indeed, we acknowledge the considerable support for the strategic review body. We also acknowledge that there have been others who have been critical of it, and they have raised concerns. Their feedback to the strategic review will also be important as Lord Ashdown and his colleagues form their final conclusions.

The hon. Member for South-West Norfolk asked whether I was confident that all the process could be in place by April next year, and he asked a number of other questions. Frankly, the answers depend on the time scale of the strategic review of parading as much as anything else. If the review body reports in November, we will have to see what it recommends. If it recommends that the Parades Commission is replaced by another system, such as the one that it has outlined in its interim consultative report, and we accept that recommendation, then legislation will be necessary. However, we would, of course, have to take our turn, as it were, in the parliamentary process here.

It is important that we ensure that people's expectations are realistic. In relation to Northern Ireland, we have perhaps grown too familiar with emergency legislation that goes through the next day or the next week. We would have to expect legislation on parading to take its place alongside a whole raft of other legislation that the Government introduce. However, there are still no firm decisions on legislation because we first need to see what the strategic review of parading comes up with. If its recommendation requires legislation, we stand ready to legislate if that will facilitate a sustainable, long-term solution for parading in Northern Ireland.

We look forward to the final report from the strategic review of parading. As I said, if it requires legislation, we stand ready to legislate. However, what is most important is that everybody works together now with the strategic review body to ensure that we have a system that works in practice as well as on paper and has widespread support. I say that because, in the end, the whole point of establishing the strategic review of parading was to ensure that we did not lurch from one parade to the next, or from one year to the next, and instead have a sustainable, long-term solution that sits happily with everyone so that, whether people wish to parade or protest, there is a place for all to do so, without fear of violence and conflict. That is a prize well worth achieving. Indeed, as we achieve that prize, as I am confident we will, that solution will take its place alongside some of the other issues that still need to be resolved and will be a building block for a Northern Ireland that is peaceful and prosperous, in the long term as well as the short term.

10.54 am

Sitting suspended.

TIF (Greater Manchester)

11 am

Barbara Keeley (Worsley) (Lab): I am pleased to open this debate on the consultation process for the Greater Manchester bid for funding from the transport innovation fund under your chairmanship, Mrs. Humble.

The bid and the linked proposals for a congestion charge are key concerns for my constituency of Worsley. From the outset, I have said that I want my constituents to have their say on the proposals, and I shall describe why I think that that is important. The aim of the TIF bid and the congestion charge proposals is to cut the levels of congestion in and out of Manchester at peak times. In 2005, the Department for Transport said that it was seeking proposals that combined some form of demand management such as road pricing with better public transport, including the better use of buses, trams and light rail schemes, provided they offered good value for money.

From the outset, my concern about Greater Manchester's bid was that my constituents would not benefit from better public transport yet would end up paying congestion charges on journeys into Manchester and on local journeys to Salford and surrounding areas such as Trafford and Bolton. Many of my constituents commute to work in central Salford or Manchester, and the poor state of the public transport run by privatised service providers means that many have no option but to travel by car. The congestion charging proposals will mean that they will have to pay from £500 to £1,200 annually just to get to work.

Many other Worsley constituents face charges when they cross charging zones on more local journeys. Examples include parents taking their children to school or teachers travelling to work at schools such as Bridgewater school, which is inside the zone. Salford council has a plan to merge St. George's high school in Walkden, which is outside the charging zone, with another school at a location inside the charging zone. Congestion charges would make the merger proposal very unpopular with staff and parents alike.

Patients attending appointments at Salford Royal or Christie hospitals, and family carers attending with, or visiting, them would also be charged. I have already received expressions of concern from constituents about that. Staff at the hospitals will be affected, as will businesses delivering to the hospitals. Students and staff at Salford, Pendleton and Eccles colleges and Salford university will also be affected.

Shopping facilities in Walkden, Little Hulton and Worsley do not cater sufficiently for local people. Most local people travel to other nearby locations such as Eccles, Swinton and the Trafford centre. All three locations are across the congestion charge boundary, so charges would be incurred by constituents who want to shop in those areas at certain times. People working at, or visiting, the town hall in Salford such as councillors, those attending meetings or even people just paying bills will be affected, as will local business people who cross the zones during peak times with deliveries. Worsley ward and neighbouring areas such as Swinton, Barton, Eccles and Winton all fall within the proposed outer charging zone. Paying to travel to those local areas will have a significant impact on my constituents.

The improvements to Greater Manchester public transport that will be funded by the TIF bid seem to be geared towards city centre improvements, with much of the investment intended for the expansion of Metrolink. Only a small number of my constituents use that facility. The main method of travel into Manchester for Worsley constituents is by car or, to a much lesser extent, by heavy rail. There is only limited use of rail networks through Atherton and Walkden for commuting into Manchester, because the services are overcrowded and subject to other problems, too. Express trains from Atherton do not stop at Walkden, because of the limited length of the platform. The two-carriage trains that do stop there tend to be full, and 30, 40 or more people are regularly left there in the morning peak hour, because they cannot get on the overcrowded trains.

Access to Walkden station is poor. There are two flights of stairs and no lift. The facilities are outdated and the station infrastructure is in urgent need of renewal. There are no car-parking facilities at the station apart from parking in nearby residential streets. An issue that we might draw out in this debate is the impact of informal park and ride arrangements on many parts of the Greater Manchester conurbation if the proposals go ahead. The proposed improvements in the TIF bid which would benefit Worsley are limited, and include things such as investment in improved real-time passenger information, CCTV and signage at Walkden station; extra carriages on rail lines via Atherton and Eccles, from which, incidentally, we will not benefit unless the problems at Walkden are fixed; and a share of Salford's 10 new school buses, which would mean possibly two or three of the yellow school buses.

Further improvements have been discussed, and much of the press coverage tends to focus on things such as the guided busway running from Leigh through Worsley and Salford to Manchester. However, the service is not funded in the TIF bid, and when I speak to constituents about transport matters, the Leigh guided busway is not a popular solution. At the Leigh end of Worsley constituency, the construction of the bus route would bring noise and constant disturbance to people living near the former railway line, which has become a peaceful backwater. In Walkden and Worsley, the guided busway would take up one lane of the two-lane East Lancashire road, and there are fears that it would serve to intensify congestion at peak times.

The bus services serving Worsley constituency are poor. Over the past two years, the privatised bus services provided by First in Manchester have been cut across Worsley constituency and Salford more generally. I have campaigned for improved services for my constituents but First has not listened to its customers or to me. Services that were vital to commuters and important to other bus users were cut. There are too many examples to detail, but I shall provide a few. The No. 35 service used by commuters to Manchester from Leigh via Atherton, Tyldesley, Mosley Common, Boothstown and Worsley—all key commuting destinations into Manchester—was withdrawn in 2006. The No. 553 service from Bolton to Boothstown and the No. 552 service from Bolton to Leigh were withdrawn, leaving no direct links from Tyldesley or Boothstown to Bolton.

Routes have also been changed. The bus service that linked Boothstown and Manchester, which was important to commuters, was cut back to one bus an hour. A vital

[Barbara Keeley]

bus service to the Trafford centre from Bolton via Little Hulton, Walkden and Worsley no longer stops at Little Hulton. I have received complaints from constituents, as I am sure many Members in the Chamber have, about the level of service on the buses. They range from complaints about frequency and lack of capacity during peak periods to examples of poor standards of service such as drivers refusing parents with a buggy access to the bus. Services need to improve dramatically before my constituents would use them instead of a car, but I cannot see any dramatic improvements on the horizon. In fact, when her local bus service was withdrawn, one of my constituents said:

"I find it difficult to understand how we are being urged to forego cars in preference of a public transport system which at times is poor or is non-existent."

Over the past two years, such issues have caused many of my constituents to switch to the car.

Given the situation with public transport, it is my firm view that the consultation proposed by the Association of Greater Manchester Authorities and the passenger transport executive is not up to the task. What has been proposed is a consultation brochure with a response form for each household; an exhibition bus with three roving exhibitions per local authority; some public meetings, and a website. Those of us who have tried to organise campaigns would not organise one around a single thing being delivered to each household, or depend on public meetings and websites. None of us would think that that was much of a campaign. The planned costs of the consultation are about £3 million, of which just under half is to be spent on advertising and opinion polling. After the first advertisements were aired this weekend, other MPs and I received angry e-mails about perceived bias in the advertising campaign and requests for the adverts to put both sides of the argument.

Some compelling points need to be aired during the debate. First, the charging zone in Greater Manchester is considerably larger than for any other existing scheme. It will cover 76 square miles, or 15 per cent., of Greater Manchester, compared with 8 square miles covered by the original London charging cordon and 11 square miles in Stockholm. The charging cordon for Greater Rome covers an area of just 2 square miles, or 3 per cent. of the city. The economic base of the Greater Manchester zone is fundamentally different from other charging locations. Charging schemes have been introduced in high-density employment areas such as city centres, which have an established public transport infrastructure. I have made it clear that no such infrastructure exists, certainly not in my constituency, whereas in London, 80 per cent. of workers in the zone already travelled to work by public transport before the charge was introduced. As I have mentioned, Worsley and other parts of the proposed Greater Manchester charging zone do not have effective public transport alternatives.

The other key difference is that, in London, public transport is controlled by Transport for London and the Mayor of London, who was able to invest the congestion charge funds in a fleet of new buses, for example, which improved public transport. In Greater Manchester, much of the TIF funding will be spent on the expansion of Metrolink, which will benefit only certain areas, and I have to say that my constituency is not one of them.

Another key issue that needs to be aired is the question of whether Manchester is so congested that the changes are justified and whether the proposed changes and charges will make enough of a difference. One of the main traffic bottlenecks in my constituency is at junctions 12 and 13 on the M60 motorway, and it is almost entirely due to poor junction design. For a number of years, the Highways Agency proposed a scheme to improve those junctions, because there was such a traffic bottleneck. Traffic filters on and off the M62 and M602 motorways across a very tight area. However, this problem—our worst problem—would not be tackled or improved by the TIF proposals. Other parts of Greater Manchester also have traffic bottlenecks that need to be tackled by the Highways Agency.

I travel around my constituency, both during peak hours and outside those hours. Compared with the situation in London before the congestion charge was introduced, we have a traffic peak at the start of the day and in the afternoon/early evening. I used to work in London a couple of days a month before congestion charging was introduced, and there is no comparison between the scale of the gridlock in London and the situation in Greater Manchester. It would be difficult for many of my constituents to pay congestion charges just to get to work in Manchester or central Salford. It would lead to staff making demands on employers to take on some or all of the cost of congestion charging, which might be a big factor in respect of Manchester and Salford becoming employment destinations. Businesses are fearful about that and the consequent impact it would have on them.

Towns such as Eccles and Swinton struggle to survive against competition from retail and business centres elsewhere. It would be tempting for businesses to relocate from those places and for staff to change jobs to locations outside the charging zone. Similarly, schools, colleges and Salford university might find it harder to attract staff and students if those people could switch to similar establishments outside the charging zones. Many of my constituents work and shop at the Trafford centre, but there would be an incentive for them to travel instead to other out-of-town shopping centres. Many unintended consequences would have an adverse impact on life for all the businesses and organisations within the charging zone.

I am pleased to have opened this debate today. When the Transport Act 2000, which provided for the introduction of road charging outside London, was introduced the then Deputy Prime Minister said that if congestion charging schemes were to be introduced and approved, certain changes must be met, including the condition that public transport should be improved before charging schemes began to offer motorists a proper choice. A further condition was that local people must be consulted. As I have made clear, I do not believe that public transport can be improved enough in my constituency to offer motorists a proper choice. My constituents should be properly consulted, and I will work to make sure that they get as much information as possible and have a chance to have their say.

Several hon. Members *rose—*

Mrs. Joan Humble (in the Chair): Order. Several hon. Members wish to contribute to this debate. I intend to call Front Bench speakers at 12 pm, so if hon. Members can limit their contributions I hope that everybody can get in.

11.14 am

Mark Hunter (Cheadle) (LD): It is a pleasure to contribute to this debate under your chairmanship, Mrs. Humble. I congratulate the hon. Member for Worsley (Barbara Keeley) on securing it. She spoke eloquently and knowledgably, and I agree with pretty much everything she said.

I should like briefly to make clear my own view about congestion charging schemes before discussing the consultation on which the debate is focused. I accept that there is a good case to be made for a national congestion charging scheme. Such a scheme will be in place probably within 15 or 20 years, at least on our motorways and trunk roads. However, it is difficult to overestimate—I choose my words carefully—the seething resentment in some parts of the Greater Manchester conurbation about being used as a laboratory experiment in respect of this scheme.

My contention is that this particular scheme, not road charging generally, is fundamentally flawed. I say that because its success depends pretty much on the number of cars travelling in and out of the city centre continuing at the same level. If the scheme is successful in deterring motorists from travelling in and out of the city at peak times, which is what it is supposed to do, it will mean that less revenue is raised to go towards the promised public transport investments. It cannot work, because if the scheme is successful in discouraging motorists from using their cars to get in and out of town, less revenue will be raised and there will be less money for the promised public transport improvements. The scheme depends on motorists continuing to drive in and out of the city centre at the same rate.

A cornerstone of the case for the congestion charging scheme appears to be the suggestion that is being developed for a referendum. I want to focus particularly on why that is not necessarily the right way forward and why I am certainly not persuaded that it is the best way of going about things. Incidentally, I have no doubt that if a referendum is to happen, the scheme will go down and I will oppose the idea of holding a referendum because it is not the right way forward. I say that clearly, because the premise on which the question is based in a referendum will be different depending on where people live.

If people live in the inner ring around Manchester, wherever that line is finally drawn, why would they not vote for the proposed scheme—the hon. Member for Manchester, Blackley (Graham Stringer) might want to add something on this later—because they will get pretty much all the benefits at none of the cost? Those in the inner ring will not pay at all to travel into and out of the city centre. Because of the way the rings will work, most of the constituents of my hon. Friend the Member for Manchester, Withington (Mr. Leech), who will live between the first and second rings, will be asked to pay once to travel into the city centre, and they may think that that is a price worth paying for the promised improvements. However, my constituents in Cheadle, whom I have the privilege of representing, and the vast majority of people in Stockport borough will be paying twice. So the premise is not the same. I can understand why people in the city centre might vote for the scheme, but people outside the second ring will be asked to pay twice. What makes it even more invidious is that the people in Stockport borough will not get the promised public transport improvements—not in the foreseeable future, anyway.

My other key point is that all of this is premised on the Government's saying, "If you accept this scheme, more money will be made available for public transport." We would all welcome more investment in public transport; we all know that it needs it. However, hon. Members' first duty is to represent the interests of the people who elect us to Parliament. Ask anybody in Stockport and they will say that the talk about promised extensions of the Metrolink system to Stockport town centre has been going on for years. I was previously leader of Stockport council and I am a former member of the passenger transport authority in Greater Manchester. The Metrolink scheme has always been developed on the basis that, eventually, we would all benefit from it. I have to say to the Minister that some of us are still waiting. We are no closer to the extension of the Metrolink system to Stockport and this consultation will not bring it any closer.

There is also an issue in my constituency, which affects the whole south side of Greater Manchester, about completing the A555 relief road. I know that the Minister is well aware of the compelling case that we have made, on a number of occasions, for that project to be given the go-ahead. However, without confirmation that we are going to get a Metrolink extension to Stockport and that the A555 road scheme will go ahead, the people in Stockport are being asked by the Government to take too much on trust. The Government have fully used their reservoir of good will for these ideas in my area.

Three of the 10 Greater Manchester authorities are already on the record as opposing the scheme. I am not sure of the current status of the proposed referendum in Bolton, but it is likely that a fourth will come out against the scheme. My key question to the Minister is how on earth will such a scheme be imposed on Greater Manchester residents on the basis that certainly three and perhaps four of its 10 authorities will not want to co-operate?

I hope that the Minister will address those genuine concerns in her response. I understand why, in some cases, the scheme may make sense for some hon. Members and that they will want to support it, but I am afraid that many of us can see no tangible benefit for our constituents. The constituents whom I have the privilege of representing will be asked to pay twice to get in and out of the city centre with no corresponding increase or improvement in public transport. If we end up with a conurbation-wide referendum, it will be without my support.

11.21 am

Andrew Gwynne (Denton and Reddish) (Lab): It is a pleasure to see you in the Chair, Mrs. Humble. I congratulate my hon. Friend the Member for Worsley (Barbara Keeley) on securing the debate. I am pleased to make a brief contribution towards it.

This is an extremely timely debate, given the surprise announcement last week that the Association of Greater Manchester Authorities will press for a county-wide referendum on this important issue, and the politicking that took place last Friday when the Conservatives and

[Andrew Gwynne]

Liberal Democrats formed a joined administration on the passenger transport authority, a matter to which I shall return.

Like my hon. Friend's Worsley constituency, my Denton and Reddish constituency is sliced in two by the M60, the proposed outer charging zone. Consequently, many of my constituents have real concerns about the congestion charging proposals.

First, let me put on record my firm belief that Greater Manchester's public transport needs improving. My constituents in both Stockport and Tameside are not well served by public transport. We currently have no Metrolink service, and although bus services along the main roads are fairly frequent, that has been at the expense of a number of services away from those main routes being cut dramatically or even axed, thus penalising pensioners and disabled residents in particular. They have certainly not been well served by the private bus companies operating in my part of Greater Manchester.

I lay claim to the most pathetic train service in the entire United Kingdom, which has just one train, once a week, in one direction between Stockport and Stalybridge via Reddish South and Denton stations on Saturday morning. Therefore, I appreciate that the nearly £3 billion package of funding that my right hon. Friend the Secretary of State put on the table must be seriously considered. I doubt whether we shall ever again be offered such a sum to put right the many wrongs that collectively form the Greater Manchester transport network. That £3 billion is needed, and it is needed desperately.

The real controversy lies with the Greater Manchester congestion charge element of the proposal, and particularly in communities such as those that I represent which straddle the M60 charging zone. Whether people agree in principle with the notion of congestion charging, if the aim really is to tackle unnecessary traffic heading into and choking up the city centre, they can just about accept the logic of a system that identifies the traffic that causes the problem and consequently imposes a charge, but what Greater Manchester proposes is a two-ring system with a £2 charge for passing the M60 outer ring and £1 charge for passing the inner ring with a further £2 charge to return over the M60. Charges would apply only at peak times and in the direction of the congestion. That takes no account of local travel and of allowing communities to operate in a joined-up way, as they have always done.

I have absolutely no answer to the young mum who came to my advice bureau recently. She lives in Audenshaw, one of the towns sliced in two by the M60, works in Ashton-under-Lyne, and travels away from the peak traffic flow in the morning and evening, so ordinarily would not be charged, but she has to drop her daughter off at a local private day nursery, which is in her community of Audenshaw and less than quarter of a mile from where she lives. Because it is on the opposite side of the M60, she would be charged £2 a day under the proposals. When she told me that that will not tackle congestion because she is not causing it, and that it will merely add £10 a week to her child care bill, I had no answer, and the Greater Manchester scheme has no acceptable answer either.

The Dane Bank part of Denton is divided from the rest of the town by the M60, an industrial estate and the fringes of the Tame Valley country park. Every year, there is an issue for local parents because the two primary schools, Dane Bank and Denton West End, fill up, and a small number of children from that estate are not allocated places at them. Between one and five children are affected, so the numbers are not large, and they are then allocated whichever other primary school in Denton has surplus places. However, those schools are on the other side of the M60, through the industrial estate and past the open space. There is no public transport linking the two sides effectively, so the only option is for those children to be driven to school. Greater Manchester passenger transport executive's yellow bus scheme will not help such a small number of children who are dispersed to different schools, so the parents will be charged to return home after dropping their children off at their local school. This is just plain wrong.

Finally, the M60 cuts through the most southern part of Denton and Reddish, and through the centre of Stockport town centre, so the charge zone will dissect the north and south of the borough through the economic heart of the town. It will not allow Stockport to function properly as a community. If the GMPTE and AGMA cannot devise a scheme to honour and respect local communities, they will never get a yes vote in the referendum.

Those are the issues that I am taking up on behalf of my constituents, and I have meetings planned with officials from the PTE to discuss those concerns. Let us face it, last week it seemed that the inner charging zone was not set in concrete, with public consultation proposed on the final boundaries, but no similar announcement was made about the outer zone. It seems that for us the scheme is set in stone, at least for the time being, but AGMA and the PTE will have to budge and respect local communities if they want the scheme to proceed.

Finally, I welcome the decision to have a referendum. It was always going to be difficult for AGMA when Bolton announced that it was having a local poll, with the three opposing councils, Stockport, Trafford and Bury, and perhaps Oldham, also suggesting one. We cannot have half of Greater Manchester—five of the 10 boroughs—having a say in a poll, but not the other half. Everyone in Greater Manchester should have their say on such an important issue, and AGMA is correct—although I believe that it has deferred a formal decision—to suggest a county-wide referendum. Let us have a good and proper debate about the county's transport needs and of our individual parts of it alongside the pros and cons of the congestion charge proposal.

That leads me to the GMPTA. It is absolutely crazy that its new Conservative chair, deputy leader of Trafford council and well-known anti-transport innovation fund campaigner, has agreed to share power with the Lib Dem group on the PTA, as long as he remains neutral on TIF. That requirement was set down by the Lib Dems, who are all over the place on this issue. Stockport is firmly against, Rochdale is evangelically for, and Oldham—I am not sure whether this is true to form—is not sure.

I like and respect Councillor Colledge, the new chair. I have met him on a number of occasions, including last week when he was in Westminster with a GMPTA delegation to lobby MPs about light rail. I wish him well in his new post, but how can the chair of the PTA remain neutral on a scheme to which its own PTE is co-signatory, which PTE officers are helping to draw up

and which will be subject to a referendum on which the PTA, with him as chair, will presumably ask for a yes vote, and Trafford council, with him as deputy leader, will call for a no vote?

Whatever happens in the referendum, I shall encourage my constituents to have their say and to make their voices heard. Until then, I will keep raising the issues of fairness and social cohesion with AGMA and the passenger transport executive, because the communities I represent—particularly those affected by the charge zone, such as Audenshaw, Denton and north and central Stockport—deserve answers and a resolution to their very real concerns.

11.30 am

Graham Stringer (Manchester, Blackley) (Lab): The congestion charge is a misnomer. It is a new tax specifically for Manchester that is related neither to the ability to pay nor to congestion. The charge will be paid by people who have no public transport alternative and it could last for 30 years—it has, in fact, been boasted that it will last for that long. Put like that, the charge is a pretty unattractive proposition. Why then are some of the authorities in Greater Manchester in favour of it, as was, until recently, the Greater Manchester passenger transport authority? The justification is that this is a once in a lifetime opportunity to put more than £3 billion of public money into improving the trams, trains and buses in Greater Manchester, while at the same time beating congestion.

It is assumed that there is no alternative to that analysis of what is going on. I have done my best to try to put together what is really happening by looking at the transport innovation fund bid, which is still a private document—the chief executive of Manchester city council has given it to me on a confidential basis—and by reading the reports that have gone to the passenger transport authority, the AGMA and the councils. It seems that something quite different is on offer than £3 billion of wonderful integrated transport.

For a start, the Government's grant is £1.21 billion—it is not clear how many years that is over, but it is possibly five or 10 years—which is a relatively trivial amount of the transport allocation to the regions. The rest of the cost is to be met locally. When we compare that figure with what has been spent on London—for example, on Crossrail, on Thameslink and on writing off the disgrace of the Metronet contract, which was more than that in just one slug of £2 billion—it seems that such a scheme should be wholly funded by central Government. When one looks at the detail, one realises that there will not be trams everywhere—there will be trams to Ashton, to Manchester airport and to Didsbury—and that the scheme involves Altrincham bus station and yellow buses.

Trams to Oldham and Rochdale have been mentioned, but they are listed as a category D funding priority. Such funding is not guaranteed but, from the documents that are being put out, it is difficult to tell that the funding arrangements for Oldham and Rochdale have not been agreed. I might be wrong on this because I have had to work it out myself, but it seems that £1 in every £6 of the Government grant of £1.21 billion will be spent on kit for the congestion charge. That means that between one sixth and one fifth of the money will be spent just on kit and will not be spent to the benefit of public transport. That money could pay for trams to Oldham, Rochdale and possibly elsewhere.

After reading all the documents, it is unclear exactly what the result of the congestion charge will be and how much money will be brought forward by it. If one reads the documents carefully, the implication is that having a congestion charge on the two rings will not bring in enough income and that a charge will have to be put around Stockport, Bolton and the other district centres to make it work, or there will have to be higher charges. The scheme is unbelievably complicated. The administrative costs are unspecified, but the details show that single accounts for different motorists will have to be run, so it could be as complicated as the poll tax.

Mr. Graham Brady (Altrincham and Sale, West) (Con): The hon. Gentleman mentioned the possibility of a third ring around the city, which would obviously be of particular concern to my constituents. Is it not strange that in the initial consultation on the scheme a third ring was shown in the documentation, but mention of it now seems to have disappeared? Does he share my concern that that might be an attempt to try to slip the charge through with less opposition than there might otherwise have been?

Graham Stringer: I share the concerns of my constituents and hon. Members that the process is not transparent. That is really the point I want to get to, but before I do so, I want to say that although we have been told that the bus network will be much improved, when one looks at the documents, one finds that we will not have quality partnerships or quality contracts; we will have a voluntary agreement with the bus companies. Despite the investment on bus priority measures, those bus companies that have done a great disservice to Greater Manchester during the past 20 years will be able to run whatever schedules and charge whatever fares they want. My experience of bus companies in Greater Manchester has shown that as they get bus priority measures, they increase their profits on those routes and cut the feeder routes into radial routes. We need to know whether people will be closer or further away from bus routes if the scheme goes through because that is not in the consultation document. Having read the documents, my instinct is that people will be further away from buses unless they happen to live on a radial route.

The hon. Member for Cheadle (Mark Hunter) said that he could understand people in the inner city voting for the proposal, but some people will have to drive across the boundary both ways to drop children off at school. My experience of bus companies is that they fill the buses up as far out as possible, charge relatively high fares and then stop picking up. Therefore, in all probability and according to the fare model that is used, people will get limited fares, much higher fares per mile will be charged to inner-city residents and there will be limited stop buses. The documents do not deny that that will happen and therefore the implication is that it will happen.

The documents also claim that congestion will be reduced. The implication of having bus priority measures is that there will be fewer people travelling down a corridor than before and that there will be more

[Graham Stringer]

congestion—although that has not happened in every case in Greater Manchester as sometimes it has been done well and sometimes badly. That is not a great prospect.

An information campaign is supposed to start on 7 July. Will we get any of the answers to the issues about which I am concerned? Something I recently heard on Rock Radio is that congestion has increased by a fifth. Well, we need to ask where, what road, whether it is over the whole of Greater Manchester, and what period of time we are talking about. Otherwise, that is a piece of information without any content. However, if we look at the Greater Manchester traffic unit's figures, congestion has been decreasing and speeds have been increasing in 11 of the 14 district centres in Greater Manchester. During the past six or seven months, congestion has decreased precipitately. As the price of petrol passed £1 a litre, the roads have cleared. Trafficmaster, which records traffic movements every day, would say that congestion is clearing everywhere. A fundamental problem with the scheme is that it assumes that one will know what will happen to congestion over 30 years. However, we do not know what will happen to the price of oil next week, let alone over 30 years. That is a fundamental flaw and we could be left with £200 million of kit and no congestion to pay for it.

I have considered the council's claim that it is following the Cabinet Office's rules on consultation. Those rules imply that there should be a regulatory impact assessment, but there is not one; they imply that there should be openness, but one cannot get to the figures; and they imply that there should be a level of objectivity, but a scrutiny panel has been set up that consists of the promoters of the scheme—the chief executives of the local authorities are on the panel. How can anyone have any faith in the independent scrutiny panel, which will consider the questions and leaflets that will be distributed? The Cabinet Office document also states that questions should be specific. The consultation documents are open-ended, which means that anyone can interpret them in any way they wish. I hope that my right hon. Friend the Minister is as concerned as I am about that type of consultation, because it means that it is possible to interpret the responses in any way.

I have never been a great supporter of referendums unless they are referred to in our manifestos, but if there is to be a referendum on this matter, I want to know who will determine the question. That must be done independently, by the Electoral Reform Society or another independent body. Will both sides of the campaign be funded equally as they were for the referendum in the north-east and for the referendum on Europe in 1975, or will it just be the current literature, which is campaigning, promotional literature, not information literature, that is used in a referendum? A referendum will have no credibility unless the question is set independently and both sides of the argument are put, with public money on both sides. It must not be a case of just one side hogging the information and putting forward all the information, so that the rest of us have to search around in detail for what we can find.

With either a referendum or the consultation, there is what we should refer to in Greater Manchester or the north-west as the Chorley question, just as there is the West Lothian question. My hon. Friend the Member for Chorley (Mr. Hoyle) said, "What about Chorley?" People from Chorley and other towns round Greater Manchester will drive into Manchester and will have to pay the tax. Will they be consulted? Will they have a say in any referendum? I do not know the answer to that question, but it should not be the case that people who have to pay the tax are not consulted whereas people who do not have to pay the tax are consulted. There are many flaws in this process. I hope that the Minister is listening to all the contributions that are made today and will vigorously ensure that any consultation and any referendum that take place are conducted fairly.

11.42 am

David Heyes (Ashton-under-Lyne) (Lab): Today's debate is welcome and timely. Equally welcome is the prospect of what would be an unprecedented level of investment in Greater Manchester's public transport. Particularly in the case of my part of the conurbation, completion of the Metrolink to Ashton-under-Lyne is essential to the future economic well-being of Ashton. There is the prospect of a better heavy rail service through Ashton-under-Lyne, where there have been years of commuter misery because of overcrowding and the complete inability of potential passengers to get on to trains when they arrive. There is also the prospect of local bus improvements, which are much needed, but only if they can be linked with re-regulation.

I am a supporter of the TIF proposal, but we need to get the details right. Today's debate is about consultation on the plans, so in the few minutes available to me, I shall, like my hon. Friend the Member for Denton and Reddish (Andrew Gwynne), concentrate on some of the complexities and contradictions of the congestion charge as it will affect my constituents. Many of my points will be similar to the points that he rehearsed. It is essential that the consultation process deals with those issues if it is to be credible.

Ashton-under-Lyne is dissected by the M60. Four of the wards in my constituency are on the inner side of the motorway, ringing Failsworth and Droylsden, and five wards are outside the ring, in Ashton-under-Lyne and Hollinwood. Many of my constituents have told me of their worries about the impact of the congestion charge as they move about their immediate localities. Those worries have been made worse because during the recent local election, there was some pretty unscrupulous scaremongering by Tory and Lib Dem candidates, who peddled a campaign of misinformation and showed why, although they might want power, they are just not fit to exercise it in Greater Manchester. Some of the shenanigans relating to the running of the passenger transport authority in the past week have shown that very clearly.

Despite that, many of my constituents' concerns are well founded, and I shall give a few examples. Ashton-under-Lyne is due east of the regional centre and is entirely outside the M60 ring road—Ashton-under-Lyne town centre, that is. If people want to travel east from Ashton-under-Lyne towards Yorkshire, or south towards the midlands, the main route out of the town centre directs them westward in the first place, over the M60 and therefore into the congestion charging zone, and, after about a quarter of a mile, east again, on to the M60 and into the area where the congestion charge

would not apply. The question, therefore, is this: will a peak-hour congestion charge be payable by people whose journey is essentially out of the congestion charging zone but peripherally into it?

In Hollinwood, which by any measure is one of the most economically disadvantaged wards in the country, Kaskenmoor secondary school was severed from the community that it serves when the M60 was built. It sits virtually on the motorway embankment, just inside the M60 ring. The school catchment area draws pupils and many of the staff from outside the zone, and they will cross the zone boundary for just a few yards in order to go to the school. They are asking whether they will face a congestion charge.

Also in Hollinwood, we are to have a new Metrolink station, coupled with a park-and-ride facility, whereby travellers from outside the M60 ring can park and transfer to the tram to complete their journey into Manchester city centre. However, because the station sits just inside the M60 ring, will such travellers face a congestion charge? If they did, that would be bizarre, because those people would be trying to avoid causing congestion in the city centre by using public transport.

Just this week, a constituent from Failsworth, Mr. Boswell, wrote to me. He says:

"On one of the few occasions that we use the car for local journeys (taking my daughter from our home in Failsworth to the Oldham Lyceum for music tutorship on Tuesdays at 17:00), we would be charged...under the current proposals. Also as an example, my wife works...at the Royal Oldham Hospital. When working a night shift, she would be returning home to Failsworth at about 08:00 and would therefore be subject to a £2 charge...It is clearly unacceptable to charge somebody simply because they already live within the outer ring and are trying to get AWAY from Manchester or are trying to return home!"

Failsworth is part of Oldham. It is just about the only part of Oldham that is inside the M60 ring and it faces being terribly disadvantaged if those Oldham citizens want to travel to their own sub-regional centre at peak times. For them, it would be a charge too far.

I shall conclude by saying that, if the consultation is to be meaningful, it will need to have answers to those questions. The leaflets, consultation documents, website and exhibitions will need to address such concerns, which will apply not only in my constituency but, as we have heard, right around the M60. My continued strong support for the TIF proposition—it is strong support—will depend on the answers to questions such as those.

11.47 am

Tony Lloyd (Manchester, Central) (Lab): I join other hon. Members in congratulating my hon. Friend the Member for Worsley (Barbara Keeley) on obtaining the debate. I do not share her central premise on the TIF bid in any shape or form—I am a genuine supporter—but nevertheless the debate is important because there has to be the utmost clarity in the TIF bid process if people are to be convinced that it is in the collective interests of people across Greater Manchester, and the consultation process, in any case, has at least to allow for the type of points that we have heard. My hon. Friends the Members for Ashton-under-Lyne (David Heyes) and for Denton and Reddish (Andrew Gwynne) raised points of great detail. Nevertheless, the fact that they are points of detail does not invalidate them. Those are exactly the type of detailed points that people will want to have answered community by community. That will affect my own constituents in the centre of the conurbation.

The one thing that I find disappointing about the nay, nay and nay again position of the hon. Member for Cheadle (Mark Hunter) is that Cheadle is very much the part of Greater Manchester that benefits from the city centre. The relatively affluent people who live in Cheadle have always benefited from their ability to travel into the centre. They have benefited, in particular, from the economic base and they have benefited from the social base. In historical terms, they have never been the ones who have borne the problems caused by the conurbation. Some of the problems are intense, and I shall come to those. His constituents will have an interest in the resolution of some of those problems, because congestion has costs. That is an important issue. I could go on at great length about the importance of dealing with the production of greenhouse gases and about the need to do something practical about the use of the motor car in our society and the need for congestion charging simply on that basis. That matters to the hon. Gentleman's constituents in Cheadle as it does to mine in inner-city Manchester.

Mark Hunter: I accept that it may not be a central point in his contribution, but as the hon. Gentleman mentioned my constituency I feel that I ought to respond. I put it to him that the residents of Stockport borough, and my constituents in particular, have already contributed handsomely to the cost of developing the Metrolink system. We are reluctant to pay any more until we can see the benefits. I entirely take his point about Manchester being the regional capital, and I am a proud Mancunian, but he should give us a bit more credit.

Tony Lloyd: I give the hon. Gentleman's constituents much more credit. I have a far more noble view of them; they, too, recognise the need to do something practical about congestion. They also recognise, as I do, like my constituents and all who live in the conurbation, that there are big costs to bear. Those costs even include health, because we know that the impact of vehicle-borne pollution, particularly on the lungs of young people, is serious and increasing.

Frankly, it is not responsible to say that we will see an indefinite number of vehicles coming into the centre of Manchester and that the children in a constituency such as mine will bear the cost of that air pollution—although I realise that it travels across the conurbation—and then say that it is not an issue for the people. I do not believe that the hon. Gentleman's constituents would want that either. The important factor is that Cheadle has always depended economically on Greater Manchester, and particularly on the economy of Manchester.

The real damage of congestion is straightforward. Independent surveys have come up with numbers—for instance, that the conurbation will lose 30,000 jobs over the next 10 years. We can dispute the exact numbers, but it would be a very foolish person who said that congestion would not have a serious impact on the labour market. That is borne out by the experience of others cities, such as Dublin and Bristol, where economic growth has slowed because they failed to deal with congestion in a timely fashion. There are profound and important reasons why Manchester will have to deal with congestion, and those who are opposed to the scheme have failed to address them.

Stephen Hammond (Wimbledon) (Con) *rose—*

Tony Lloyd: The hon. Gentleman will have 10 minutes to speak. I have far less time, so I hope that he will forgive me if I simply say that he will have to come up with far better answers on the question of jobs than his party has done so far—either in Greater Manchester, where Conservative councils are against it, or nationally.

The consultation is tremendously important. The inner ring goes across my constituency, and there will of course be a local impact. The details will matter to my constituents. For instance, it would be absurd if people found themselves unable to take their children to school on the way to work. Those are normal daily patterns, and it is not satisfactory to say that people should walk. That is not a reasonable proposition. Local people, community by community, will need reassurance on such matters, and the consultation must deal with them.

I know that my hon. Friend the Member for Manchester, Blackley (Graham Stringer) follows the matter with real interest, and he has raised some important technical points. We need to ensure that the information base is fair. For example, we must be sure that big organisations such as Peel Holdings that are opposed to the congestion charge also play a responsible and acceptable role and do not simply engage in propaganda. We need a proper debate.

The reality is that there are real opportunities for public transport improvements across the conurbation. Stockport rail station will benefit if it becomes part of a local interchange. That will have a considerable effect on people throughout the borough of Stockport, including those in Cheadle; and my hon. Friend the Member for Worsley knows that the dedicated bus corridor that goes through Salford and on to Manchester will benefit her constituents. Those things have to be measured in the balance, because people will have different views of the opportunities that the scheme affords them.

I realise that others wish to speak, so I shall conclude by saying that we need a debate that genuinely considers the opportunities. The conurbation could have first-class—indeed, world-class—public transport. We should not deny that. We should not say that it can be achieved in other ways. Indeed, no hon. Member has explained how else we could achieve a public transport uplift if the bid did not go ahead. That is important.

[MR. DAVID WILSHIRE *in the Chair*]

We must not deceive the public into thinking that there is a plan B. There is not. It is important that the information put forward in the consultation recognises that there are important questions, such as the economic cost of congestion, but it is also important that those who take the consultation process forward listen carefully to the important points of detail that, in the end, will be the basis on which local people vote.

I hope that the hon. Member for Wimbledon will persuade Tory councillors in Greater Manchester to accept that the legitimate way to take this forward is to have a county-wide referendum. That would give every individual the opportunity to have a say and to make their vote count. That would result in a proper transport system, with a proper structure across the conurbation. It would not simply be selfish voices being raised from particular parts at the expense of the wider community.

11.55 am

Mr. Ian McCartney (Makerfield) (Lab): May I say to my colleagues that for a quarter of a century I have represented the most westerly and south-westerly part of the Greater Manchester conurbation? Over the past quarter of a century, through the general taxation and local authority taxation systems and the annual precepts to the Greater Manchester Transport Authority, my constituents have subsidised and paid for large measures of investment infrastructure in the city of Manchester. They have had not a single penny in return.

One of the big things for us—this is why I support the bid—is that for the first time we see a plan for multi-million-pound investment in new infrastructure and schemes to update the dilapidated infrastructure in the most westerly parts of the Greater Manchester conurbation. The only way that my constituents can get to work in Manchester is by car. There is no network of bus services. There is no train network worth the name. My constituents invest their skills, knowledge and commitment in Manchester to produce the wealth and the goods and services, and they use Manchester's wonderful facilities for the arts, crafts and sports—all that makes it such a wonderful city we all support, admire and commit ourselves to—but although they have had to pay, they receive nothing in return.

The importance of the transport innovation fund and the critical arguments about the environment all pale into insignificance if people say, "If I'm going to pay for this, what do I get back in return?" It is important that the consultation process makes a great effort to listen to what ordinary people have to say about what the bid means in practical terms to their daily lives and about the resources needed to improve them. For my constituents, I hope that it will mean new and refurbished stations and a new bus network. As my hon. Friend the Member for Worsley (Barbara Keeley) said, we could all present a list of things that we would like for our constituencies. Even with an hour-and-a-half debate on that one subject, I could not cover everything. However, one thing is certain. If the bid does not get through, if it is undermined and nothing happens—we could add all those things that we have not discussed plus everything in the bid—we would still be left with congestion. We will still be left with constituents who, like mine, pay through the precept to subsidise the city's transport infrastructure and receive nothing back.

With the additional cost of transport, one thing is certain. As my hon. Friend the Member for Manchester, Blackley (Graham Stringer) said, the cost of transport will continue to rise, and fuel will become scarcer and more expensive. Unless the bid succeeds, the only alternative for my constituents will be to use the car. The bid must succeed and allow major infrastructure investments. My hon. Friend was right to say that it will not solve all the problems. He listed all the things in his constituency that it would not cover. I, too, could make a list. For instance, it would not give me a northern bypass around Ashton-in-Makerfield; and it would not remove the disturbances on the M6, which goes through my constituency. Every day, thousands of heavy vehicles go through my constituency on the old Victorian road system, but TIF will not resolve that problem. However, I still have the bottle to argue the case for TIF.

Some of my constituents may say that there is not much in it for them, but one thing is absolutely certain. We cannot go on as we are, paying every day in pollution and through our rates and getting nothing back. TIF could start to reverse that process. I hope that my hon. Friend recognises that factor. As for the consultation, organisations such as Network Rail have a responsibility. The Secretary of State made a statement on 9 June, and we supported her, but two or three days later, Network Rail criticised the TIF bid and arrangements in my constituency in the local press, which is not acceptable. Network Rail has its own agenda, and it is not the same as the agenda on which my constituents sent me to Parliament. If we are going to have a proper debate on the matter and win the argument, organisations such as Network Rail should put their hand up and accept that they have a responsibility to help to improve the infrastructure, and not put barriers up to prevent that. I received commitments from the Secretary of State on the day, which she has followed through in writing, as has the Under-Secretary of State for Transport, my hon. Friend the Member for Glasgow, South (Mr. Harris), as well as the passenger transport authority and executive. I expect, with my right hon. and hon. Friends' support, meetings in the next few weeks to ensure that promises given to my constituents on the TIF bid are realised sooner rather than later.

Mr. Brady *rose—*

Mr. David Wilshire (in the Chair): We are at the point at which spokesmen would normally begin their speeches. Mr. Brady gave a reasonable reason for being late and said that he would make a short contribution. I cannot stop you, Mr. Brady, once you start, but I am minded to ask you to restrict yourself to a minute or so.

12 noon

Mr. Graham Brady (Altrincham and Sale, West) (Con): I appreciate that very much, Mr. Wilshire. I congratulate the hon. Member for Worsley (Barbara Keeley) on securing the debate, and I am pleased to make a brief contribution to the debate.

I think that the scheme is deeply flawed, for three key reasons. First, a congestion charging scheme should be easy to afford, but this scheme is not. It will cost many people £5 a day but, as has already been admitted, it could cost others as much as £10. There will be no discount for residents, unlike the London scheme, which people need to understand in the consultation process. Residents are going to be hit very hard.

Secondly, such schemes can work only when public transport in the area is good enough. At the moment in Greater Manchester, public transport is such a long way from being good enough to replace the use of the car that many people, including the constituents of my friend, the right hon. Member for Makerfield (Mr. McCartney), will continue to pay, without getting the return that he hopes they will get.

Thirdly, such a scheme must be simple to understand. However flawed and one-sided the consultation, it will highlight the fact that the scheme is not easily understandable and is incredibly, absurdly complex. Two circles are already proposed, and a third, outer ring might be introduced in due course. People do not understand the scheme, it will be complicated to operate, and it will cause endless confusion and complication in people's daily lives if it is introduced.

12.2 pm

Mr. John Leech (Manchester, Withington) (LD): I add my congratulations to the hon. Member for Worsley (Barbara Keeley) on securing this debate, which is on an incredibly important issue for the whole of Greater Manchester. Getting the consultation right and ensuring that people have a say on the proposals is absolutely vital.

Opinions are divided on the merits or otherwise of a road charging scheme for Manchester, and not along the political divide, contrary to the comments made by the hon. Member for Denton and Reddish (Andrew Gwynne). The leader of Manchester city council is strongly in favour of introducing congestion charging, yet the former leader of the council, the hon. Member for Manchester, Blackley (Graham Stringer) is totally opposed. LibDem-run Stockport, which will once again miss out on Metrolink and which stands to gain little from the proposals, is opposed to the scheme, yet LibDem-run Rochdale, which would benefit significantly if the Metrolink expansion to the town centre goes ahead, is in favour of the plans.

The hon. Member for Worsley and my hon. Friend the Member for Cheadle (Mark Hunter) made impassioned pleas about the fact that their constituents will not benefit from the great improvements in public transport promised by the proposals. My hon. Friend also highlighted a problem that might arise if the scheme is successful. If people change their behaviour, the charging scheme might not raise enough money, which would make bridging the funding gap a problem. The hon. Member for Denton and Reddish gave an excellent example of a constituent who would be hit by the proposals because of where the boundaries will be set, and the hon. Member for Manchester, Blackley questioned whether the scheme would improve bus services and result in less congestion. He also made a valid point about the need for independence in any referendum on the matter.

The issue of congestion charging and road-user pricing is contentious, especially when people are feeling the pinch of higher fuel costs, mortgages, food prices and energy bills. There is a danger that the debate will become about just another tax on the motorist. Nationally, the Liberal Democrats have avoided the problem by proposing a cost-neutral national road user pricing scheme for motorways and trunk roads, as well as committing to a multi-billion pound investment in our rail network.

Any local scheme must generate revenue to pay back the cost of improving public transport, which has been hopelessly underfunded by successive Governments in the past 30-odd years. That is why the Liberal Democrats in Manchester proposed a Greater Manchester-wide referendum on the plans, so that everyone in the conurbation could have their say. I was therefore delighted to hear the hon. Member for Chipping Barnet (Mrs. Villiers), the Conservative transport spokesperson, apparently supporting the principle of a referendum when she questioned the Secretary of State for Transport during the announcement that Manchester's TIF bid had been granted programme entry and that the Government were making £1.5 billion available to the city. Perhaps the hon. Member for Wimbledon (Stephen Hammond) will confirm whether the Conservatives support a Greater Manchester-wide referendum.

Stephen Hammond: The hon. Gentleman should not be surprised about that. He and I sat through endless sittings of the Local Transport Bill Committee, in one of which I moved an amendment in favour of a referendum. I am staggered that he finds it so surprising.

Mr. Leech: I did not say that I found it surprising. I simply hoped that he would confirm that that was the official position of the Conservative party.

Perhaps more significant than the Conservatives' support for a referendum is the Damascus road-style conversion of the leader of Manchester city council, Sir Richard Leese, to supporting a referendum. A referendum would not necessarily be defeated. Giving the example of Edinburgh, many argue that a referendum will automatically guarantee that a bid will be unsuccessful. However, a referendum on congestion charging was won in Stockholm, although I accept that there are some questions about its validity. When I carried out an unscientific poll in my constituency, slightly more respondents were in favour than were opposed to a proposal for a congestion charge featuring transport improvements. However, I am willing to accept that there will be differences from one constituency to the next, which is why I support a referendum.

The consultation process is not only about a referendum. Before a referendum can be carried out, there must be a period of consultation on the proposals. The consultation must be meaningful, clear and unbiased, and residents must be given the full facts. Unfortunately, the evidence that I have seen does not give me any confidence that that will happen. A document entitled "What would you say to a transformed transport network?" has been sent out in Greater Manchester. I saw it only because it was delivered with the local free newspaper to my parents' house in Leigh. I imagine that I did not receive one through my door because we do not receive a free local newspaper any more. Does that mean that thousands of other residents of Greater Manchester and I will not receive a copy of that document? Free papers are often not delivered to the most isolated or socially disadvantaged areas, and it is simply not good enough for people to be engaged in the consultation process only through those papers. That said, many who have received the document will be none the wiser as to how the scheme will affect them because the details are so sketchy.

I have personally come in for criticism from my Labour opponents for not taking a definitive view on the proposals but, like many people in my constituency, I would like to know the full details of the scheme rather than blindly supporting or opposing it. My constituents in Chorlton, for instance, want to know where the boundaries will be and what impact the scheme will have before making a decision. One option is for the inner ring to bisect Wilbraham road. Some residents may see being inside the inner ring as an advantage, because they would not face a charge for driving into the city centre, but they might take the opposite view, because residents on the other side of Wilbraham road might choose to park their cars inside the inner ring and cause parking chaos on what are already heavily congested streets.

Similarly, an alternative proposed boundary would run down Withington road, almost directly outside my house. If that were the boundary, I would be able to park my car at the front of my house and not pay a charge for driving into the city centre. However, if my neighbours and I parked our cars in the garages at the back of our houses, and therefore drove out on to Withington road, we would have to pay. The consultation must fully address such details, rather than vaguely mentioning an inner ring. Simply describing the inner ring as

"Broadly following Alan Turing Way in the east to Trafford Road in the West"

is hardly helpful to the residents of south Manchester.

It has been suggested that the M60 would always be the outer ring, but discussions are now taking place about the possibility of the city council boundary being the outer ring. Once again, people must be made aware of that vital piece of information. There has been a lot of disquiet in Wythenshawe about the prospect of having to pay the full charge because the area is south of the M60, and a decision on where the southern boundary would go would be a significant factor in people's decision about whether to support the scheme.

Other issues that must be addressed in the consultation include the cost to the motorist and the provision of proper details about what transport improvements people can expect to see implemented and when. Originally, people were promised that all the public transport improvements would be in place before charging could begin. The consultation document suggests that

"almost all of the improvements will be in place by the summer of 2013",

but figures that have been bandied about suggest that only 80 per cent. of the improvements would be in place before the charging scheme is introduced.

As for costs, the consultation document suggests that the daily charge, which is £5 at 2007 prices, will be no more than £6 in 2013, even though the figure of £8 has been bandied about. Whichever is the correct figure, people must know the details so that they can make an educated decision. In total, a staggering £3 million is to be spent on the consultation process. That should be easily enough to ensure that people are properly consulted and feel part of the process. However, a significant proportion of the £3 million is to be spent on spin, rather than on genuine consultation. The £810,000 that is to be spent on TV adverts that tell people very little is not money well spent. A consultation document that costs £627,000 and which is thin on detail is hardly worth the paper that it is written on, never mind the cost of distribution. I hope that there will be a meaningful consultation and that it will give people a real say, but I rather suspect that it will not.

12.12 pm

Stephen Hammond (Wimbledon) (Con): Good afternoon, Mr. Wilshire. This has been an interesting and lively debate.

When we debated local transport on the Floor of the House last year, several hon. Members, including many of those who have contributed today, said that the key to the successful delivery of local transport was the interrelationship between national and local government. In my comments, I highlighted an important principle, which lies behind what we are discussing. I said:

"The Government have talked a lot about devolving power to local authorities, but the...fact remains that when it comes to transport, local authorities' freedom of manoeuvre is woefully

inadequate, as authorities are entitled to bid for central Government money for local schemes that meet local priorities only if those local priorities are in accordance with the Department for Transport's diktat."

The Government tried to wriggle out of that by saying that they had introduced new guidelines on local and national transport. They said:

"The over-prescription and overriding of local priorities is highlighted by the fact that the revised guidance contains 16 pages on shared priorities—namely, the Government's priorities—and only two on other local priorities."—[*Official Report*, 12 March 2007; Vol. 458, c. 112-14.]

That is the essence of where we are today, and it explains why Greater Manchester has said that its local transport requires improvement and investment, as we have heard from several hon. Members from the Greater Manchester county area, who know these things far better than I ever could. At the same time, however, Greater Manchester is allowed to bid for funds under TIF only if it submits to the Government's bullying on the congestion charge. That is the background to the debate. The Government are effectively telling Greater Manchester, "Of course you can have money from TIF, but only if you put in a congestion charging scheme."

Clearly, there must be roads in Greater Manchester that are gridlocked and car-parked like the M25, a number of the roads in Greater London and—even five years on—a number of the roads in the congestion charging scheme. However, the hon. Members for Worsley (Barbara Keeley) and for Manchester, Blackley (Graham Stringer) said that congestion in Manchester is not as bad as it is in Greater London; indeed, the hon. Gentleman said that it is receding. There is therefore an issue about whether we are talking about a congestion charge. If we are, is it actually needed?

Furthermore, as several hon. Members have said, those on low or middle incomes, who face rising living costs of between 4 and 10 per cent. this year, will have to find an extra £1,200 a year from the family budget to pay for the congestion charge. That will clearly be difficult, but for those who will not even benefit from the scheme, the whole thing starts to unravel.

Several of the schemes announced under the TIF bid are not new. For instance, on 22 March 2000, the then Deputy Prime Minister visited Manchester to announce the "no strings attached" go-ahead for the "big bang" expansion of Metrolink, and that is now also part of the scheme. If several of the things that are to be included in the scheme are not new, the whole thing starts to look very difficult.

The Government endlessly tell us that there is £3 billion of investment, but the reality is that although between a half and a third—it is probably closer to a half—of the £2.8 billion of total investment will come from the Government, the rest will come from charges, loans or increases in local taxes. Those of us who have seen the congestion charging scheme in London will know that some people live in areas that do not benefit. As the right hon. Member for Makerfield (Mr. McCartney) said, those who live in areas that are not in the centre of a scheme do not benefit from any of the proceeds, even though they have to pay for it. My constituents in south-west London would certainly recognise that sentiment.

Mr. McCartney: Will the hon. Gentleman give way?

Stephen Hammond: No, I have only—

Mr. McCartney: The hon. Gentleman has mentioned my name and misquoted what I said.

Stephen Hammond: If the right hon. Gentleman wants to re-quote what he said, I will let him intervene.

Mr. McCartney: I said that the TIF bid will, for the first time in 20 years, give my constituents something for something, not something for nothing. Up until this bid, we were subsidising infrastructure in Manchester city, but we were getting nothing back in return. TIF addresses that for the first time.

Stephen Hammond: The right hon. Gentleman also said that his constituents had been paying through the precepts for a long time and that they had been getting nothing. That is exactly what my constituents got under the previous Mayor in London. Under this scheme, the extra money that is needed to make up the total amount will have to come from an increase in local taxes or the transport precept. We will have to rely on more cars coming in to pay an ever-increasing charge or we will have to increase the boundaries.

The Minister therefore has a number of questions to answer. For instance, exactly how much of the £2.8 billion will come from the Government and how much will come from local lanes and local charges? What guarantee does she intend to put in place to ensure that there will not be an excessive rise in charges each year to meet that contribution? My hon. Friend the Member for Altrincham and Sale, West (Mr. Brady) made a good point about an extension to a third outer ring. Can the Minister tell us definitively one way or the other whether that has been ruled out? Does she accept that the scheme will hit those on low incomes very hard? Will she propose measures such as the residents' scheme in London to alleviate that impact? Will she have consultations with the Greater Manchester passenger transport authority?

My biggest concern, which has been mentioned by several hon. Members, relates to the democracy of the scheme. Three of the 10 councils whose residents will be asked to pay the charge have already said that they oppose it, while another has called for a referendum, but the Government seem determined to bully Manchester into congestion charging. The Secretary of State, who represents a Greater Manchester constituency, is effectively telling the city, "If you want the extra money to improve local transport you can have it, but you have to have this scheme." Last year the Select Committee on Transport equated that approach with blackmail. It is very poor that the Government should seek to ride roughshod over what may prove to be the wishes of the people of Greater Manchester, and not seek local consent or validation.

Referendums may be seen as an imperfect method of obtaining local consent or validation. A local referendum took place in May when the chairman of the Greater Manchester passenger transport authority lost his seat on the council to an anti-charging candidate. It is clear, therefore, that the Government must consider the whole question of how they want to go about validation. It seems that congestion charging should have the consent of the local population.

[Stephen Hammond]

There was recently a statement on TIF funding. The Secretary of State kept silent about any views on referendums for her constituents or the people of Greater Manchester, and that spoke volumes. Now we have heard that there will be 14 weeks for a consultation process. There has been a brochure, which some hon. Members have suggested they will not get. We have talked about a single exhibition bus and some public demonstrations. Does the Minister think that that is an adequate method of consultation for a scheme of this size? Does she not accept that, despite all the imperfections of referendums, many of which have been described—I shall certainly not go over them again in the short time remaining—they are a way of validating support, and the Government should tell Greater Manchester that a referendum would be an acceptable method of showing, for all to see, whether there is support for the congestion charging scheme? If there were to be a referendum and a no vote, would the Government accept that they should stop their bullying and consider that there must be a plan B?

The debate underlines the inescapable truth for the Government that local plans should follow local needs and local transport requirements and not just be a misnomer for a Government directive. They should stop bullying residents in Manchester and let them decide whether they want congestion charging. All congestion charging schemes require local validation or consent. I hope that the Minister will learn from this experience and will consider amending the Local Transport Bill accordingly, when she has the chance, perhaps on Report.

12.22 pm

The Minister of State, Department for Transport (Ms Rosie Winterton): I congratulate my hon. Friend the Member for Worsley (Barbara Keeley) on securing the debate. It is obviously an issue of great importance to her constituents. The debate has reflected strong views on the main issue and on a referendum.

It is worth revisiting initially some of the background to the Manchester TIF bid. As my hon. Friend the Member for Manchester, Central (Tony Lloyd) and, in a very passionate speech, my right hon. Friend the Member for Makerfield (Mr. McCartney) said, Greater Manchester is one of the fastest growing economies in the country. Its economic success is vital to the success of the north-west as a whole, and to the UK economy. Right hon. and hon. Members sometimes considered the immediate effects of the proposal on their constituencies. However, it is important to point out, as some did, the effect of the Manchester economy on that of the north-west as a whole.

Some 45,000 new jobs have been created in the past five years in Greater Manchester and there is the potential for a further 210,000 to be created by 2021. However—this is the key point—in Greater Manchester, as in many of our key cities, future growth and prosperity are threatened by congestion on the roads. Indeed, Greater Manchester has identified, as many hon. Members have pointed out, that as many as one in seven future jobs in the city region could be at risk as a result of growing congestion. It is also important to take into account the knock-on effects on the environment, air pollution and health, which make it vital to tackle congestion.

A TIF proposal was submitted in response to the big challenges in Greater Manchester. I challenge the hon. Member for Wimbledon (Stephen Hammond) on his remarks about a bullying, bribing approach. The Government invest something like £2 billion a year in local and regional transport, which is a huge increase on what the previous Administration spent. TIF money is additional to that. It is a question of thinking about innovation, and responding to the fact that people say that, if there is to be congestion charging, investment in public transport as well would be a good idea. That is what the process is all about—saying that around £3 billion of investment could go into the Greater Manchester area through the transport innovation fund bid. I therefore reject the idea of bullying and bribery.

I stress that widespread consultation on the bid is of course important. My hon. Friends the Members for Ashton-under-Lyne (David Heyes) and for Denton and Reddish (Andrew Gwynne), and the hon. Member for Cheadle (Mark Hunter) all argued for the importance of thorough consultation. I think that my hon. Friend the Member for Denton and Reddish said that he was meeting the passenger transport authority and officials from the Association of Greater Manchester Authorities, and he is right to do that.

As for a referendum, we have not said that it is obligatory to hold one, but we certainly see robust consultation as critical to the success of TIF packages. Greater Manchester has made it clear that it is embarking on a period of extensive consultation. I welcome that step, as many hon. Members who have taken part in the debate have done. It is vital that local people can engage in the process, examine the proposal closely, and see the potential benefits of charging as part of a wider package of transport improvements, or consider some of the issues that have been raised in the debate today. It is important that the local authorities themselves can find the solution on how to carry out the consultation. It is not for Whitehall, Westminster and Ministers to dictate.

The consultation should be wide and involve local people, businesses, motorists, public transport users, transport operators and groups with special interests, such as people with disabilities. That is the kind of wide-ranging consultation we want. As I have said, we do not require authorities to hold a referendum, but we do not rule it out either. A referendum would not be a substitute for effective wider consultation as well. We have been very clear about that in our discussions.

It is quite difficult to deal with all the detailed points that have been raised, but the debate has shown that there will be lively discussion in the coming weeks. I have no doubt that right hon. and hon. Members will continue to contribute to that debate, and will encourage their constituents to do the same.

RAF Nimrod Fleet

12.30 pm

Angus Robertson (Moray) (SNP): I welcome this opportunity to raise the important matter of the safety of the RAF Nimrod fleet, a subject relating largely to the tragedy that befell Nimrod XV230 in Afghanistan on 2 September 2006 in which 14 brave service personnel lost their lives. This debate is also about the lessons that have emerged since then from the board of inquiry and the coroner's inquest; from information that has come to light through freedom of information requests; from the Ministry of Defence's reaction to those developments; and in time, we hope, from the independent review conducted by Charles Haddon-Cave, QC, into the broader issues surrounding the loss of XV230.

The Minister will appreciate that, as the Nimrod MR2 fleet is stationed at RAF Kinloss in my constituency, the issues are of direct concern. Safety questions affect all air and ground crew as well as civilian workers, who take great and justifiable pride in their work and want to secure the highest safety standards. Safety questions affect the families of those who died aboard Nimrod XV230 and those who continue to fly the Nimrod fleet. Safety questions remain for many experts and former RAF personnel who have watched the developments and have significant concerns. Safety questions also remain for me as a constituency MP. In the absence of appropriate, detailed information from the Ministry of Defence, I have had to rely on FOI requests, letters to and from the MOD, and statements by Ministers in the media. Safety questions remain because the ageing Nimrod fleet has experienced continual fuel leaks; because there is a repeated inability to get planes airborne; and, most recently, because the coroner's inquest expressly recommended that the fleet should be grounded until risk levels are as low as reasonably practicable.

On 4 December 2007, the official board of inquiry published its findings on the loss of XV230. The board believed that the No. 7 tank dry bay was the most likely location for the seat of the fire and the most probable cause was escaped fuel contacting a supplementary conditioning pack air pipe at 400° C

"after entering a gap between two types of insulation".

Four separate factors were listed as contributing to the accident: the age of the aircraft, the maintenance policy, the failure of hazard analysis and the lack of a fire detection and suppression system, and the failure to identify the full implications of successive changes to the fuel system and associated procedures.

In an oral statement to the House of Commons on the same day, the Secretary of State for Defence said:

"At the time of the accident, the Department took action to ensure that a similar scenario could not occur again on the Nimrod aircraft. Those measures have been revised as the board's findings have emerged. The chain of command has accepted the majority of the board's recommendations and continues to pursue the outstanding recommendations made by the board to enhance the safety of our aircraft.

The hot air system remains switched off so that there is no hot pipe against which any fuel could ignite, and we have an enhanced inspection regime to examine for any sign of fuel leakage. QinetiQ has conducted an independent investigation into the fuel system and confirmed that, in light of the measures taken since the crash, the fuel system is safe to operate."

I shall return to that point. He went on:

"Air-to-air refuelling has also been suspended subject to further investigation. The Chief of the Air Staff's professional judgment is that the Nimrod fleet is safe to fly. I have accepted his advice."—[*Official Report*, 4 December 2007, Vol. 468, c. 686-87.]

In my reply to the statement, I said to the Secretary of State:

"Only recently, another Nimrod aircraft suffered a serious fuel leak and it has proved impossible fully to understand why it happened. It is also a cause for concern that the inquiry confirmed the loss of experienced engineering personnel from RAF Kinloss. Will the Secretary of State confirm that the Ministry of Defence will do everything in its power to restore confidence in the Nimrod fleet, which performs such a vital military role?"

The Secretary of State answered:

"I have no hesitation in giving him the reassurance that he seeks. The safety of those who fly in these aircraft is our priority; it is not secondary to any other consideration. I have given careful thought to the issue of age and to all the other issues identified in the BOI as contributory factors. I am assured—and I accept those assurances—by those who have the vast technical ability and experience to understand these matters, and having gone into them in detail myself, that this aircraft is safe to fly and airworthy. I would not allow it to fly if I did not believe that to be the case.—[*Official Report*, 4 December 2007; Vol. 468, c. 693-94.]

That statement of confidence by the Ministry of Defence was followed in May by the coroner's inquest. During the proceedings, which I attended, the court heard about the development of the Nimrod in the 1950s from the world's first jet airliner, the de Havilland Comet. To make the Nimrod into a military aircraft, the Hawker Siddeley company added extra fuel tanks and a whole new bottom half to the Comet's fuselage. Crucially, it also changed the engines, which meant installing a hot air pipe system to start the new Spey engines.

The hot pipe system crosses the centre section of the aircraft to enter the wings, where the engines are, passing through an area called dry bay 7, which was to become well known to the inquest. It is the area around the new No. 7 tanks, and it also contains fuel feed pipes. That should not have been a problem, as the hot air system was used only for engine starting. However, when the early Nimrod MR1 was developed into the MR2 version in the late 1970s, an extra cooling pack was added for all the new electronic equipment. Such packs work off hot air, from the cross feed pipe, which meant that the pipe had to be used continuously.

In dry bay 7, the cross feed pipe, operating at temperatures of 400° C to 500° C, was next to the large fuel feed pipes. That was a serious fire hazard, and it should have alerted the continuous safety assessment systems operated by the RAF and BAE Systems, the present aircraft maker, to the potential hazards. The coroner, Andrew Walker, said:

"I am satisfied that the design modifications to the MR2 made the aircraft unsafe to fly. This serious flaw in the design was not discovered despite a baseline safety case study undertaken by the (Nimrod) Integrated Project Team and the manufacturer."

Mr. Walker added that in a previous incident to a Tornado aircraft, fuel had been drawn into the lagging around a hot pipe and had ignited, causing the loss of the aircraft. There had been no follow-up on the Nimrod, despite a recommendation from the RAF board of inquiry. He said:

"This cavalier approach must come to an end. In my view, it was this very source of ignition that, on the balance of probability, caused the loss of Nimrod XV230 with all souls on board."

[Angus Robertson]

The coroner went on to detail failures of the so-called Cassandra hazard log, another matter to which I shall return. Had failures been recorded properly in the log and dealt with, the design flaw in the Nimrod fleet would have been discovered. He said:

"I simply do not understand"

how the Cassandra system could have assumed that there was a fire detection and suppression system in dry bay 7 when there was clearly no such system and there never had been. That meant that the crew of XV230 could do nothing to prevent the fire from developing into an explosive ignition of fuel in tank 7 in the wing root. The coroner added in his final verdict that

"the deaths were in part the result of failures...on the part of the aircraft manufacturer and those responsible for the safety of the aircraft".

Mr. Walker recommended to the Defence Secretary that the whole Nimrod fleet should not fly again until the risks thrown up by the inquest have been reduced to a level known as ALARP, or as low as reasonably practicable. The Nimrod integrated project team leader, Group Captain Hickman, had already said in evidence that that was not expected to happen until the end of 2008. Asked if the process could be speeded up, Group Captain Hickman replied:

"No, it is driven by resources."

I appreciate that the situation presents the MOD with a huge problem. The Nimrod performs an important role for the UK armed forces and coalition allies. It is also true that there is no replacement aircraft immediately available for the work and that the replacement Nimrod MRA4 is a few years off. Nevertheless, it was a surprise to all who attended the coroner's inquest that literally within minutes of his lengthy summing-up, the Minister issued a statement refusing to accept the inquest's main recommendation. It was, in my view, a rushed reaction. It cannot have been considered, and it illustrates my concerns about the developments.

I shall highlight three areas on which there has been precious little considered information from the MOD. In the 15 minutes that the Minister has following my contribution, he has an opportunity to provide details that I hope will reassure everybody about the safety concerns with regard to risk management, the hazard log and responsibility. First, on risk management, as I have already outlined, the Secretary of State assured the House that Nimrod was safe, citing a report by QinetiQ, the defence consultancy. To establish whether that was factually correct has been difficult, and it took an FOI request to establish that the report said that the aircraft would not be fully safe until its 30 recommendations were carried out. All but one of those related to a failure to implement mandatory airworthiness regulations.

The inquest heard that, if the risk of something going wrong on a plane is only "tolerable", MOD rules stipulate that it must be further reduced to make it

"as low as reasonably practicable"

before the plane can be declared safe. In a letter to me on 19 May 2008, the Defence Secretary said that of the 30 recommendations, 21 have been accepted by the MOD and are still being implemented, six relate to air-to-air refuelling, which is no longer done with Nimrods, and three more are still being considered.

On 26 May, I wrote to Secretary of State asking:

"Please could you make a status report on all 24 recommendations which do not relate to Air-to-Air refuelling? How many have been implemented in full already? When specifically do you expect the remaining recommendations to be implemented in full?"

I am still waiting for an answer! Two weeks ago, in the defence procurement debate, I asked the very same questions, and the Under-Secretary of State for Defence, the hon. Member for Halton (Derek Twigg), said he would write to me. Again, I am still waiting for an answer. Today, Minister, I expect answers, and the questions are the same: how many of the 30 QinetiQ safety recommendations have been implemented in full, and when specifically does the MOD expect the remaining recommendations to be implemented in full?

Secondly, as the Minister must know, QinetiQ has already raised an issue relating to the structure of the Cassandra hazard log and linking of hazards to causes, controls and supporting evidence. It proved very difficult, if not impossible, to track the accident from the hazard back to the cause and the corresponding controls, and then to establish whether the controls had been fully implemented. In addition, it was found that the assessment of probability made assumptions concerning the implementation of recommendations that proved not to be valid, and supporting evaluations were found to be contradictory.

It was unclear which recommendations and controls required implementation to support the hazard probability. Furthermore, hazard controls often did not apply to all causes of hazard and, therefore, did not mitigate the hazard in full, but mitigated only specific causes. It proved impossible, therefore, to validate the hazard probability. QinetiQ recommended that the hazard log be restructured to facilitate ease of further review. It argued that that would clarify hazard-accident risk controls, the hazard causes to which they apply and the status of their implementation, which would in turn clarify the argument underpinning the evaluation of risk. In view of the importance placed on the Cassandra hazard log in determining Nimrod safety, what steps have been taken by the MOD and the integrated project team to implement QinetiQ's important recommendations? With the current hazard log in such a confusing state, how can anyone claim that Nimrod is safe to operate?

My third point is simple, but crucial, and relates to responsibility: has any action been taken in relation to those with delegated responsibility for Nimrod airworthiness at the time of the Nimrod crash? Safety worries about the Nimrod fleet will remain as long as concerning incidents continue. With more than 111 fuel leaks since the crash of XV230, and the regular grounding of aircraft, those concerns remain and will remain until the MOD maintains its aircraft to its own applicable risk standard which must be as low as reasonably practicable, and for as long as it fails to restore confidence in the Nimrod fleet as promised.

Visits to RAF Kinloss by the Secretary of State are welcome—I have said that on the Floor of the House—and his participation in a Nimrod test flight was a statement of confidence, but that is not enough. Ministers have failed to make written or oral statements to the House of Commons when necessary, have imparted key information only after a coroner demanded it and released key studies only after freedom of information requests were made. Asserting from a television studio that the

Nimrod fleet is safe is not good enough. I know that the Minister wants the best for our service personnel, as do I, and I strongly urge him to answer my questions, because otherwise this matter will not rest.

12.45 pm

The Minister for the Armed Forces (Mr. Bob Ainsworth): I congratulate the hon. Member for Moray (Angus Robertson) on securing this debate on the safety of the Nimrod fleet and thank him for the opportunity to respond, on the record, to the important issues that he raises.

I repeat the condolences offered in the House by my right hon. Friend the Secretary of State for Defence and myself to the families, friends and colleagues of the brave crew of the Nimrod XV230. It is clear from the board of inquiry and the recent coroner's inquest that the crew of the XV230 acted with the utmost professionalism in the face of a tragic incident. We owe them, and all those who serve in our armed forces, a continuing debt of gratitude. I would also like to repeat the apology given by the Secretary of State, which he made on behalf of the Ministry of Defence, for the failings that contributed to this tragic incident. I was astonished, therefore, that the hon. Gentleman said that we made assertions from a television studio. The Secretary of State came to the House and made a statement in the House. He apologised for the failings and set up a further inquiry to get behind the issues that had not been addressed by the board of inquiry. Yet the hon. Gentleman feels able to say effectively that we have failed to be responsible to Parliament. I find that unjustifiable.

Angus Robertson: Will the Minister give way?

Mr. Ainsworth: No, I shall give way at the end of the debate, if I have time.

The board of inquiry into the crash was rigorous and exhaustive, and the deputy assistant coroner for Oxfordshire subsequently conducted an inquest into the incident. The inquest, and the MOD's response, raised further concerns, not least for the families and friends of those killed in the crash, which I should like to try to address.

I turn first to the very important issue of the level of safety that applies to the Nimrod today. Many people are concerned that the aircraft is still flying despite being described as "tolerably safe". They say—I have a statement from one of the family members to this effect—that Nimrod must be 100 per cent. safe. I, the hon. Gentleman and any other lay person, including the families and friends of those who died in the Nimrod XV230, would expect an aircraft, or any other vehicle, to be completely safe. However, the problem lies in the language and terminology. Our technical experts do not use words such as "completely safe". Nobody connected with aircraft safety would talk about equipment being "completely safe" or "100 per cent. safe". That is not in their vocabulary. Those people, who constitute the technical expertise available to the Royal Air Force, the integrated project team, QinetiQ and BAE Systems, judged Nimrod, as it is today, safe to fly.

MOD standards and policy on safety are derived from Health and Safety Executive policy guidance. They have not been invented by us, the MOD or the IPT. The guidance specifies three levels of risk: unacceptable, tolerable and broadly acceptable. In that terminology, which is necessarily used by technicians, and is the language used to classify equipment risk, there is no such standard as 100 per cent. safe. Our technical experts do not use such language. Indeed, I am told that the consequences of a fire or an explosion in any military aircraft means that the risk can never be reduced below the formal categorisation of "tolerable", no matter how unlikely the hazard or how comprehensive the mitigation. That applies not only to the Nimrod, but to the Harrier, the Tornado and the C-130. It applies across military aircraft, irrespective of age. "Tolerably safe" is the level at which military aircraft must be to be allowed to fly.

Another term that causes confusion—and I understand why—is ALARP or "as low as reasonably practicable". I used to think—and one's intuition makes one think this—that ALARP is a level of safety below perfection, but it is not. It is part of a process derived from the HSE policy guidance. We make ALARP judgments on an ongoing basis to ensure that we continually drive down the level of risk to equipment. The MOD, having carefully considered all those issues, has declared that all reasonably practicable measures have been taken to reduce to ALARP the risk to the Nimrod aircraft. It is the view of all those involved in the equipment safety and environmental working group, which includes QinetiQ, BAE Systems, the RAF and the IPT, that the Nimrod is tolerably safe and ALARP, and is therefore safe to fly. No member of the group demurs from that view.

In the June debate on procurement, the hon. Gentleman talked about the QinetiQ independent fuel system safety review, and stated that

"the report said that the aircraft would not be fully safe until its 30 recommendations had been implemented."

He also stated, and he has repeated this assertion today:

"All but one of those recommendations related to a failure to implement mandatory airworthiness regulations."—[*Official Report*, 19 June 2008; Vol. 477, c. 1173.]

I am told that that is not correct. I do not know where he got that information from, but I am more than happy to talk to him about this subject outside the Chamber, or to brief him on it. He has made that statement twice, but the technical expertise available to me asserts that what he says is incorrect. I am prepared to try to give him the level of understanding that I have tried to establish for myself over a period of time.

Of the 30 recommendations in the report, six related to air-to-air refuelling, which no longer takes place. Three of the recommendations have not been taken forward—two of them because appropriate systems that satisfied the recommendations were considered already to be in place by the operators of the aircraft. The third recommendation that has not been taken forward was that we should consider producing a system-level statement of design for the fuel system, which would be a highly structured suite of documentation that would be maintained throughout the life of equipment to retain a complete record of its design evolution. Given the level of scrutiny that the fuel system has already undergone, it would not be a sensible use of expert resources to collate that documentation retrospectively.

The remaining 21 recommendations have all been accepted. They relate to processes and procedural issues, and do not impact on the immediate risk of flying the aircraft. We are implementing them as soon as is reasonably

[Mr. Bob Ainsworth]

practicable to ensure that the aircraft remains ALARP throughout its life. Let me give some examples of what the recommendations are, lest people ask why we have not implemented them yet. One recommendation is that we clarify the publication management arrangements, which are currently being revisited, to ensure the quality of technical information and to confirm that they satisfy corporate guidance. Another recommendation is to formalise a service level agreement between the integrated project team and the release to service authority. Another recommendation is to review the hazard log structure, giving consideration to adapting the way in which accidents are recorded to improve the visibility of dominant risks.

The recommendations will all be implemented by next June, and QinetiQ is happy with that. We are not taking that decision in isolation. It is being taken with the engineering staff and the people who fly the aircraft, and with the expertise that is available to the RAF. QinetiQ is exposed to that decision; indeed it is part of the conversation and is happy with our approach to taking those recommendations forward. I have only a few minutes left, and I shall try to allow some time at the end, but I have not answered all the hon. Gentleman's points—there is at least one left to address. I should like to put on the record an additional point that he made about the timing of my statement on the day of the coroner's verdict. I know that the speed with which that statement was made upset the families and friends of those who were killed in the crash. Given the way in which it was presented, I do not blame them and the hon. Gentleman for thinking that we had not taken any time to consider the coroner's verdict. Understandably, he repeats that allegation today.

While I regret any distress that our response to the coroner's verdict caused to the families, I want to reassure them, and the hon. Gentleman, that it was carefully considered and was based not only on the verdict but on the evidence that was heard during the inquest, which I followed closely. We had two people permanently in the coroner's court and I had a daily brief. We anticipated the verdict from the evidence to which we listened. The day before the coroner's verdict, I went home 90-odd per cent. certain of what it would be, and I had already discussed potential verdicts with the Chief of the Air Staff, the RAF's chief engineer and others. The inquest did not reveal anything that changed the view that we had already reached, following the board of inquiry: that the aircraft remained safe to fly. Our statement was considered, and we thought it important to reassure our people as soon as possible, particularly those who fly the plane, that it remained safe to fly. I am pleased to have had the opportunity to put that on the record, because I know that people were very upset on the day.

Before the inquest, I wrote to all the families, offering to meet them afterwards if there were any issues that they wished to discuss. A number of families have taken me up on that, and I plan to meet them. I hope that I will be able to explain that point to them in person. The only other point that the hon. Gentleman has raised that I have not answered stems from his question about what action had been taken. A board of inquiry does not lay blame on anyone. He knows that there is an ongoing inquiry by Mr. Haddon-Cave, QC, that will consider the wider issues of what happened to the Nimrod, over time, and will make recommendations. Mr. Haddon-Cave has said that if he needs to make an interim report he will do so.

That is where we ought to leave matters. We have an eminent QC considering the more detailed issues of how we got to where we were with the Nimrod. That inquiry was set up by the Secretary of State, and is designed to answer some of the questions that the hon. Gentleman justifiably asks. However, I am more than happy to brief him outside the Chamber and to help him to get to the point that I have tried to get to on this complex issue.

Bede Academy (Blyth Valley)

1 pm

Mr. Ronnie Campbell (Blyth Valley) (Lab): This is not a big issue to bring before Parliament, but I raise it because I was asked to do so by 150 residents at a public meeting. I could have done it in a few ways, but I thought that a half-hour Adjournment debate was the answer.

If I were to use the words of Oliver Hardy, "This is another fine mess", I think that I would be right. One has to see the estate to understand its problems. We can talk about the issues, but we need to see them to understand them. Northumberland county council decided to move to a two-tier education system and brought in Peter Vardy and the Emmanuel Schools Foundation to build an academy. South Beach first school had to be demolished, because a site was needed for the enormous new school. The decision was taken to build the school on the playing fields of South Beach against the advice of the local district council planners, who referred to the number of pupils who would have to go into the estate. The county council planners, however, pushed the matter through against the wishes of most of the people who lived near the school and of the local authority at the time. I opposed the project, but my voice fell on deaf ears—it always does—in the county council.

Now, we are building another big academy—a senior academy—on a derelict old school site in the middle of a council estate. Again, the same arguments were put about another big school going into the middle of an estate. The Bede academy is based on the South Beach site, which is in a private estate. The big school is to be built on the council estate. The locals have faced many problems. For examples, contractors work until 1 am, and big wagons full of cement have been driven through the estate. It is easy to imagine how the residents feel. I understand that a local county councillor was dragged from his bed to experience the noise and disruption—I am pleased that I was not him—and witness the scene. I received first-hand information about what happened, and it had something to do with the cement.

When such schools are built, they are not planned with the residents' needs in mind. If they were, different sites would be used. The awful thing about this is that there are—and were—alternative sites. Delaval middle school is off a main road, and the school could have been built on that site. Wensleydale middle school, which will disappear as well, is off a main road, and that site, too, could have been used. What the planners envisaged—and what we all envisage—were the numbers of parents driving their children to school. When we were at school, we all walked to school. Unfortunately, all the kids are driven to school today. I can understand that if a school is built in a council estate or in a private estate, all the kids would be able to walk there. However, that will not be the case, because the school has a big catchment area.

Road safety is also an issue. It is not a big site and there is no room to park, but the school will be massive. It has already enrolled 320 pupils, and it will eventually take 630 pupils, with 70 in the nursery. It is not hard to imagine the problems that the little estate will have in future. Local residents have experienced a number of problems in the past. For example, an ambulance could not get through to an emergency because of the cars parked on the pavements outside the school. The worst example was when an old lady from one of the streets was being buried. The hearse could not turn round. People had to bring out the coffin into the middle of the road because of the cars parked outside the school. The local residents have had an ongoing battle with the head teacher, who shakes her head and tries to ignore the complaints. The problems will be compounded by the heavy wagons coming in. I understand that the problem may abate because negotiations are under way with the breweries to put in a temporary road, which will take the lorries off the street and bring them straight on to the site. That might alleviate the number of big lorries driving through the estate, but it will not stop the problem of huge numbers of parents coming into the school.

I met some parents at the public meeting who did not want the school located on the estate; they never wanted it there, because they had seen the problems. As far as I understand, the contract has been signed. The Emmanuel Schools Foundation is going to build the school. It is ready to go on site when the new road is constructed, so I do not think that we can stop the project. I would love to say, "Look, Mr. Vardy, you have it in the wrong place. The planners have made a big mistake." The district council planners, too, believe that that is the case, and they told the organisation that it is making a big mistake building the school on the estate. However, the decision has been made. It is bad planning by the previous county council. That council has made a few messes, and the new school site was one of them.

Local resident Carol Innes said:

"At the end of the day this academy school is in the wrong place."

She was right; it is built in the wrong place. Another resident said:

"This estate was never designed to take a school of the size now proposed."

They said it would be hell not only for the 18 months when the contractors were on site, but afterwards, when all the parents were dropping off their children at the school and the nursery. I do not know how we will handle that problem, or get anything decent in the area for the residents. If one road is cut off, people could drive down the other road, but the residents in the area there would be affected. If we close the entrance through Shearwater way, Curlew way will suffer. Either way, this estate was not built to take heavy traffic to a school. The council should build a small school by all means. A small school was there before and there were a few problems, but now they will increase.

The residents are so angry that they are going to form a picket line to stop the traffic coming in—I do not mind that, and I will stand on the picket line; I have been on many picket lines—because no one listened to them when they questioned the planning. What amazes me is that when I ask whether anyone has inspected the site from a road safety angle, residents say, "No, we have never seen anyone from road safety." If I ask whether the planners have been back, residents say, "No." The police say that the road is a highway and that nothing can be done to cars on a highway. They cannot do anything unless the car is causing an obstruction.

[Mr. Ronnie Campbell]

The local people certainly have a problem. I do not know how it will be resolved, but I hope that the Minister can put some pressure on the county council. I know that the council is at sixes and sevens at the minute, because it has a new administration and the officials need to get their feet on the ground. By the way, the county council is not Labour; it is Liberal—we lost it at the last election—and it has the same problem that it had under Labour. We bulldozed the plan through, but if the Labour administration had not been so pig-headed, and had listened and taken the time to look at the decision, so that everyone agreed, we might have ended up getting a better site, and we would not have this problem.

I feel sorry for the residents, because I can see the problem, which is why I have brought this issue to the Chamber, because if we cannot do anything else we need to put some safety measures on the roads that the traffic will use to come into the school. Laws need to be laid down hard and fast. Nobody should be allowed outside the gates, and there must be plenty of room inside the new school for parking facilities, if the project has to go ahead. As I have said, the contracts have been signed. I told the residents that they would be lucky to get the county council to withdraw, and they will certainly not get the Emmanuel Schools Foundation to withdraw, because it wanted that site all the time. It will not withdraw, as the contracts have been signed. If it did so, it would cost millions of pounds.

I therefore urge the Minister to talk to the county council and ask officials what they have been doing. He may have already done so; I do not know. He might have been in touch with the council. However, road safety measures must be put in place, to give local people some respite. Hopefully, permission will be obtained from the brewery to put the new road in, which would alleviate part of the immediate problem. It must be remembered that the other school must be demolished, and it will take 18 months to clear the site and demolish the buildings. The big wagons still have to come in. They cannot come in on the new road; they must come in on one of the low roads, because the old school is on one side and the new road is on the other side. There is therefore a problem all round. The residents obviously know that and they are up in arms. I have done my job; I have raised this issue in Parliament, and I hope that the Minister can give us a bit of leeway.

Mr. David Wilshire (in the Chair): In calling the Minister, I must say that I look forward to hearing him explain the ministerial responsibility for this matter.

1.12 pm

The Parliamentary Under-Secretary of State for Transport (Jim Fitzpatrick): Mr. Wilshire, it is a pleasure to see you presiding in the Chair this afternoon.

May I begin by congratulating my hon. Friend the Member for Blyth Valley (Mr. Campbell) on securing the time to discuss traffic, parking and road safety issues related to the Bede academy, which is in his constituency? Indeed, we have been researching the road safety issues in the Department for Transport. I know that he has raised a number of planning issues and wider issues of policy, including those about the relationships between the county council, the local council and his own role as an MP. However, I will refer only to the road safety issues, which at least will give him an indication of what the Department lays down as guidance and what we think is about to happen, which he will be able to relay to his constituents. They can then identify whether the proposals or the consultative arrangements, which will allow them to influence the proposals in due course, meet their requirements. I will outline those consultative arrangements shortly.

The introduction of the all-age academy is linked to the county council's reorganisation of schools in Blyth from a three-tier system to a primary-secondary system. The primary school site will expand in size, because it will take in year 5 and year 6 pupils currently educated at middle schools as part of the school reorganisation project, which was described by my hon. Friend. That will be on top of the existing first school pupils up to year 4. Therefore, the site will be substantially larger than the existing first school.

The transport assessment produced for the expanded school proposes a number of actions to curb poor parking and to improve safety. It is important that, as the planning approvals for the primary academy are implemented, that package of measures is put into place. The academy received its main planning approval from Northumberland county council last year. The Emmanuel Schools Foundation, which is promoting the academy, produced a transport assessment of the impact of the development. That is consistent with Government policy that, where a new development is likely to have significant transport implications, a transport assessment should be prepared and submitted with the planning application. For Blyth as a whole, the transport assessment is that the redistribution of traffic resulting from the change in educational provision in the town would represent no change in exposure to risk.

The transport assessment then focuses on what should be done at and near the site of the junior academy. The strategy proposed in the assessment rests on two main components. The first is that there should be travel planning to promote more walking and cycling and less travel to school by private car. The target is to reduce the proportion of children arriving by car from about 48 to 40 per cent. in the next two years. The second component is that the planning permission itself should include a number of conditions related to traffic and parking, to reduce on-street parking and to improve safety on the roads near the school.

The Emmanuel Schools Foundation submitted a travel plan framework alongside the planning application last year. That framework scopes a travel plan that would include many of the interventions contained in "Travelling to School: a good practice guide", which the Department for Transport and the former Department for Education and Skills issued in 2003.

For example, the travel plan framework for the junior academy indicates that cycle parking will be provided on site and that cycle training is being considered for year 4 pupils. The framework also includes a new pedestrian access from Curlew way as well as the existing access from Fulmar drive. The existing entrance from Shearwater way will be gated and restricted to vehicular access for staff and formal visitors only. Staff and visitors would then reach the school itself via a controlled security door to prevent unauthorised access. This is to discourage

the use by parents' vehicles of Shearwater way, where there is a lot of concern about parking, as has been mentioned by my hon. Friend.

The school building cannot be brought into use until the school travel planning framework is developed and then approved in writing by the county council in its capacity as the planning authority. I hope that that provides an assurance to my hon. Friend that the travel planning framework is important and that it will and must be developed further.

I will now turn to the second strand of the strategy: the planning conditions associated with traffic and parking. A key condition is that the approved development cannot be brought into use until a traffic management and calming scheme has been approved. The traffic scheme will be designed to reduce speed, obstruction and indiscriminate parking on the adjacent highway network.

I am pleased to report that the Emmanuel Schools Foundation's technical consultants have drawn up an outline scheme. A public consultation is planned for this autumn or perhaps sooner. That will enable full consultation to happen in time for the scheme to be implemented by September 2009, when the junior academy is due to open. The scheme is likely to include a 20 mph zone, traffic regulation orders, parking bays and some physical traffic calming measures. Exactly what will be done will depend on the result of the public consultation.

The county council, in its capacity as the local highway authority, would approve the laying of any necessary legal orders in the light of the consultation. There are some other conditions of the planning permission that are relevant to traffic and parking issues. For example, the existing public car parks will be modified, rationalised and marked out, so that they become more suitable and safe dropping-off points. A better staff car park must also be provided. Further planning conditions relate to construction traffic. For example, construction traffic is not allowed to enter or leave the school site at or near the beginning or end of the school day.

Finally, in respect of the road network near the junior academy site, I understand that the county council is committed to introducing traffic signals at the junction of Fulmar drive with the A1061 South Newsham road before the expanded school opens. The work has been needed because of the existing traffic at the junction, but it will also help traffic en route to the primary academy. Although the precise local issues are different, a similar process of planning approvals, travel planning and local works is in progress at the secondary site of the academy.

I hope that I have helped to reassure my hon. Friend that the Government have a framework in place to ensure that developments such as the Bede academy are implemented safely and sustainably. I recognise that it is inevitable that some developments will give rise to local concerns about road safety when they are planned and implemented. Local authorities, which are accountable to their communities and working within planning legislation, are well placed to reach balanced decisions about planning applications.

Road safety is a well established part of the development planning framework. It is covered in the planning policy guidance that the Government issue to local authorities. The Government have also emphasised the importance of reducing the traffic impacts of all schools through travel plans to reduce the proportion of pupils being driven to and from school. They have produced advice on good practice and provided specific funding to local authorities for school travel planning.

There is evidence that the county council and the schools foundation have considered road safety issues and have proposed to take action. The next step is for them to deliver the actions and, in particular, to consult on the traffic management and calming scheme for the area near the primary academy. The planning conditions provide a good starting point for local people to ensure that they do deliver as the academy is built and then when it opens.

I am sure that my hon. Friend will play his full part to ensure that the scheme is as good as it can be. He indicated that constituents requested that he raise this debate. They will no doubt check *Hansard* and listen to the proposals that have been made. I am sure that some will be given sound reassurance but others will have questions. They will see from the text that a consultation is planned in due course, and I am sure that they will want to play their full part on their own, and with and through my hon. Friend and the assistance that he and his office can give them.

With that, I hope that I have given my hon. Friend some assurance. Obviously, there is a long way to go and much work to be done, but at least we have outlined the protections that are in place for local people.

1.21 pm

Sitting suspended.

Epilepsy (Electronic Games)

1.30 pm

John Penrose (Weston-super-Mare) (Con): I am here to take forward the case of one of my constituents, Gaye Herford, who came to me last year, telling me that her son had suffered a photosensitive epilepsy attack while playing a computer game. The more I looked into that specific case and the more general issues surrounding photosensitive epilepsy, or PSE, the more concerned I became.

It rapidly became clear that for an attack of photosensitive epilepsy to happen two things have to be true. First, somebody has to be photosensitive, and it is not always apparent that they are. A lot of people have latent photosensitivity that is invisible to medical science and it only becomes clear that someone is photosensitive when, sadly, they suffer the kind of attack that Gaye Herford's son experienced. Secondly, such a person has to be exposed to the wrong stimuli or triggers—particular combinations of rapidly flashing or flickering lights, colours and patterns. If someone is photosensitive and is exposed to particular combinations, that will trigger a photosensitive epileptic attack.

The good news for all the people who are photosensitive in this country is that we have a relatively well established set of regulations, which have been in place for many years and have been supported by successive Governments of all political stripes, that were introduced to regulate TV broadcasters. Approximately 23,000 or so people in the United Kingdom are known to have photosensitive epilepsy. What is not known is the total number of people who are photosensitive but whose epilepsy has not been triggered because they have not been exposed to the wrong, dangerous combination of flickering lights, patterns and colours. The only evidence that we have comes from an incident in 1997 in Japan, which was triggered by a four-second flashing sequence in a TV episode of the cartoon, "Pokémon". In that incident, 685 people were admitted to hospital. A follow-up report showed that 560 of them had definitely had epileptic seizures and, of that number, 76 per cent. had no previous history of epilepsy. In other words, if those proportions held good in the UK—there is no evidence either way to say whether they do or do not, but it is the best indicator that science has at the moment—the number of 23,000 PSE sufferers in the UK can be grossed up, probably, to show that at least 100,000 people are photosensitive, three-quarters of whom are latent and do not know that they are at risk if they see the wrong combination of lights, as I have just described.

Why is that important? This Government and previous Governments were right to put in place the existing regulations applying to TV broadcasters, who are required to check everything that they put out and usually remove any offending passages in what they plan to broadcast to ensure that the risk is reduced. As a result of that, TV-triggered instances of photosensitive epilepsy are comparatively rare in this country. The last well-documented occasion happened when the logo for the 2012 London Olympics was first broadcast on TV and triggered 30 reported incidents at least. That was so rare that it made the national news.

We have hitherto been relatively risk-free because of the regulations that have been in place for many years in Britain. Those regulations have stood the test of time in this country and variations on them have been taken up by many other countries. Britain was the leader on this issue—it set the tone and the pace—and many countries have, in their own different ways, followed Britain's example. However, an important caveat is that we are running a double standard, because although we have a system that works well for TV broadcasters, the regulations do not apply to computer games.

I am sure that all hon. Members know that the number of computer games and the incidence of computer gaming has exploded in this country over the past decade or two. It is far more common now, obviously, than when the TV regulations were first put in place. When the original regulations were drafted, I doubt that anybody had ever heard of computer games, which, even if people had heard of them, would have been slow and clunky and at nothing like the level of both ubiquity and sophistication of modern games.

To give an idea of the scale of the problem, 335 million computer and video games have been bought in the UK over the past decade alone. Some 20.8 million current generation games consoles and handhelds are in UK homes. I suspect, in all probability, that those numbers are rapidly becoming out of date as the popularity of gaming increases. I suspect that it is also true that, compared with the number of TVs that were originally around when the UK's regulations were first passed, the level of gaming activity in the UK is probably rising rapidly towards the same level that TV watching was at when the regulations were first introduced. In other words, this is a major problem. We are running a double standard because those regulations apply only to TV broadcasters, not to computer games.

What do computer games do? A voluntary code currently requires warnings to be put either on the packaging of computer games or, as many of them have, on an opening screen before getting to the main game. However, anybody who has seen a 10 or 13-year-old scrambling to get into the package containing their new game on Christmas day will know that the warnings are never read and that, when a warning flashes up on the screen in front of them, there is an irritated, "Tsk", and they hit whatever button they need to in order to get past it and into the game itself. Nevertheless, the computer games industry has adopted that approach voluntarily to attempt, rightly, to be responsible and look after its customers. One can only say that they are starting from the right principle in doing so.

The problem with the warning approach, though, is twofold. First, as I have said, a large number of people are latent photosensitives—people who are at risk, but who have never had an epileptic seizure as a result of watching TV, because they have not encountered the particular set of triggers that will set off an attack. Part of that can be attributed to the fact that our existing regulatory environment works quite well and has reduced the total amount of risk in British society for many years. However, those people who are photosensitive—we are talking about a genetic predisposition—are still at risk when they start playing a computer game. The danger is that, because they do not know that they are photosensitive, the warning does not work because they do not know that it is intended for them. In all honesty and conscience, they start playing, saying, "No, that doesn't apply to me." If they bother to read the warning,

they say, "No, I'm not photosensitive", and on they go, discovering that they are photosensitive only when it is too late, when they have suffered an attack.

It is worth pausing just to say that the consequences of suffering an epileptic attack can be severe. As anybody with any of the different forms of epilepsy will say—there are many kinds other than photosensitive epilepsy—it can be extremely severe and can occasionally, in some sad cases, result in death. However, even for people for whom that is not true, it can be a major crimp on their lifestyle and can mean that they are unable to do many things that some people regard as normal. Many people find it hard to drive, for instance, and find their ability to drive restricted. Undertaking other activities such as swimming can be a problem for some. As well as additional costs, such as insurance premiums, there is, of course, in public policy terms, the ongoing medical burden of providing them potentially with a lifetime's treatment.

The problem with photosensitive epilepsy is that, once it has been triggered, for three quarters of sufferers it is a lifetime affliction. A small number, roughly a quarter, grow out of it, but for everybody else it is a problem for which there is no known cure and they are subjected to treatment at whatever level is necessary, depending on the severity of their level of suffering, for the remainder of their life. It is clearly sensible for any Government to adopt a precautionary approach, but the double standard of one system for TV regulation and another for computer games is not sensible.

The first problem is latency. People do not know that the warnings may be relevant to them. Secondly, the warning approach does not adopt the same precautionary principle that the Government have sensibly and correctly adopted for many years of trying to prevent attacks before they take place, because if someone has an attack, all sorts of negative consequences follow for the sufferer, their family and society as a whole because of the medical implications. Those are two fundamental flaws in the current approach to computer games, which is why the approach that this country has always taken with TV broadcasters is far superior.

One would think that the simple and straightforward answer is to take the existing successful, tried-and-tested and well-proven regulations that apply to TV broadcasters and, because they were invented at a time when computer games were unthought of, unheard of and were not even a glimmer in the eye of a silicon valley geek or venture capitalist, bring them up to date. One would also think that because it was unintentional—because no one realised—that they excluded a huge and growing section of screen-based activity in modern society, they could be extended from TV broadcasters to include computer games.

A couple of games-makers, notably Ubisoft, with which I have been in contact, have decided voluntarily and admirably to apply the sort of screening that I am suggesting to their games. That is an excellent example, which I am sure all hon. Members applaud, and I hope that many other games manufacturers will follow their example. The point is that some games manufacturers may decide to do that, but there is a huge number of games-makers and manufacturers throughout the world. Some are large and responsible, such as Ubisoft, but as in any industry, there is a large number of manufacturers who are relatively tiny, and although some may be responsible, we cannot be sure. The problem is that the risk of developing photosensitive epilepsy and having an attack triggered is at its height between the ages of seven and 19. The risk is approximately 1.1 incidents per 100,000 people in the population per year, but for people between the ages of seven and 19, it is more than five times higher. We are talking about the health and safety or public health of a key group of society: Great Britain's young people.

It is all right to talk about a voluntary code, but we cannot be sure that that voluntary code, even if it is extended from responsible players such as Ubisoft, will be applied to all games sold in the UK, so anything less than proper regulation, which has been applied for some time to TV broadcasters, is likely to be unsatisfactory and inadequate.

The double standard that we are operating is not logically supportable. If regulation is right for TV broadcasters, it should be right for games manufacturers. The risks of watching a screen in either case should not be different and the worrying combination of flickering lights, colours and patterns is the same whether it is on a TV or a computer screen. It is not logical to support treating the two differently. The difference at the moment is unsafe, and I urge the Minister if necessary to liaise with her colleagues in the Department for Work and Pensions, who are responsible for health and safety, and in the Department of Health, as the problem is also one of public health. The matter is also a problem because the double standard is old fashioned and out of date. No one would argue that the regulations were intended to apply to only part of today's screen-based society, because clearly they should apply to all parts of society.

Another point is that not only are the regulations well understood and well proven, they are relatively straightforward and cheap. The technology that is and has been applied by TV broadcasters for many years is based on a series of competing software programmes that quickly and relatively cheaply pre-screen anything that is put out. Those programmes have already been developed and have been modified, based on the same principles for TV, by companies such as Ubisoft, to apply also to games. We are not talking about something that is expensive, difficult to understand, groundbreaking or even cutting edge. This is old technology, which is well understood and could be implemented simply and straightforwardly. It would cost the Government nothing, and it would cost the industry a tiny fraction of the costs that they already incur in developing their computer games. The Minister would be able to look not just me but anyone else in the eye and say that her Government had done the right thing, the safe thing and the modern thing.

I launched this campaign with my constituent, Gaye Herford, supported by Professor Harding, who is the world expert in this area and was an original Government adviser on the first set of regulations for TV broadcasters. Since doing so, there has been an enormous amount of interest on the web and on blogs all over the place from people around the world. The problem is not confined to the UK. We have had interest from many countries, from people who suffer from PSE and their families, from the scientific community, and probably from a fair few lawyers in some countries, depending on whether they are litigious.

I do not want to sound over-dramatic because I am sure that the eyes of the entire world are not on us here this afternoon, but there is a great deal of interest in the

[John Penrose]

matter, and Britain has an opportunity to do again what it did when the first set of regulations was established: to take a lead and to set an example that the rest of the world will follow. I am not pressurising the Minister, but I look forward to her response.

1.47 pm

The Minister of State, Department for Culture, Media and Sport (Margaret Hodge): I congratulate the hon. Member for Weston-super-Mare (John Penrose) on securing this debate on what is an important issue. It is a shame that more hon. Members are not here. I know that he feels strongly about the topic, and he and I have corresponded about it. I welcome his contribution to the agenda. His actions have led to significant progress since he first raised it in 2007. He should take credit for that. I acknowledge that I received a letter from his constituent, Gaye Herford, and read that when preparing my response.

The hon. Gentleman calls on the Government to make it a legal requirement for computer games publishers to test their products before publication, and to remove scenes that could trigger a photosensitive epileptic seizure. He is right to acknowledge that more and more people play computer games, although a fact that surprised me may interest him. The average age of those who play computer games is 28, so they are not played just by children. They are increasingly being played by adults, and the gender balance is changing because they used to be played by men, but are now played increasingly by women.

The hon. Gentleman is thinking about computer games in relation to television broadcasting, and as we get closer to convergence, different issues will arise. As the net becomes more powerful, our ability to regulate it nationally will become more constrained, although we shall continue to try to protect UK citizens.

No one would argue that we should not do all that we reasonably can to prevent people experiencing epileptic attacks, but we also have—I know that the hon. Gentleman and his party strongly advocate this—better regulation principles that demand that we always strike a balance between protection and regulatory intervention. I shall deal with that first.

We must ensure that the safeguards in place are proportionate to the level of risk. To assess the proportionality, we have to review both the risk and the existing safeguards, and if the hon. Gentleman bears with me I will do that.

First, I shall explain what we mean when we refer to photosensitive epilepsy. It is a particular variant of epilepsy—I know the hon. Gentleman is familiar with the condition, but others might not be. PSE, as it is commonly known, is triggered by flashing or flicking lights or by certain shapes and sizes. Both natural and artificial light can trigger seizures and different types of seizures can be triggered by flickering light. If a seizure happens because of PSE, it will normally happen immediately. It is commonly believed that everyone who suffers from epilepsy is photosensitive. In fact, only five in every 100—5 per cent.—of people with epilepsy have that condition. In terms of the general population, we are talking about two people in every 10,000, so perhaps the hon. Gentleman can now understand the proportionality argument.

Most people with PSE will not have a problem playing video games, although seizures can sometimes happen by chance. Tiredness is important and excitement when playing computer games can also be a factor. Some of the research that I looked at found that only in 29 per cent. of patients with partial occipital epilepsy were video games associated with seizures. Even with those who have seizures, it is difficult to find the correlation in all instances between watching video games and having seizures.

It is also important to recognise the distinction that computer games do not cause either epilepsy or PSE—I hope that the hon. Gentleman accepts that—although computer games might trigger a seizure in those already prone to PSE, whether already diagnosed or not. That does not diminish the importance of the issue, but is an important clarification.

Let me now turn to the safeguards that already exist. On the statutory safeguards, the General Product Safety Regulations 2005 make it compulsory for producers to place warnings and instructions on all consumer products, including video games. The Department of Health advises if there is anything further that we need to do in relation to PSE seizure warnings. To date, I have not received such advice and that might be an avenue that the hon. Gentleman wishes to explore. The 2005 regulations also place a duty on producers to investigate complaints concerning the safety of their products and to inform trading standards if they become aware that they have placed an unsafe product on the market.

On the Ofcom rules, there are rules about what is allowed, but I hope that the hon. Gentleman recognises that there is still an element of editorial judgment. PSE triggers are not entirely banned. I shall quote from the rules. They state, for example:

> "Broadcasters must take precautions to maintain a low level of risk to viewers who have PSE. Where it is not reasonably practicable to follow the Ofcom guidance...and where broadcasters can demonstrate that the broadcasting of flashing lights and/or patterns is editorially justified, viewers should be given an adequate verbal and also, if appropriate, text warning at the start of the programme or programme item"

Of course, if someone has a latent PSE condition, that will not be enough. However, I wanted to draw the hon. Gentleman's attention to the fact that the Ofcom rules are not as complete as he may wish them to be.

As I said to the hon. Gentleman in my letter to him of July last year, there is no legal provision that requires games publishers to offer warnings about the specific risk of a PSE-related seizure. However, it is a responsible industry and I acknowledge that much work has been done—particularly by the Entertainment and Leisure Software Publishers Association and many of the bigger games publishers in the UK. Mainly, warnings are offered in instruction manuals, but I take the hon. Gentleman's point that for those with latent photosensitivity, those warnings will not be enough. He is right. However, I repeat that we have to consider whether new legislation or codes of conduct are a proportionate response. It must be recognised that we are talking about a very small number of people.

I would like to take the issue away from today's debate and meet with ELSPA—the trade body that represents the industry—to see what progress can be

made on a voluntary code of conduct. I accept that that will not necessarily cover all games producers, but it might give the hon. Gentleman and his constituents comfort that we are taking action. Of course, if I am unsuccessful in extending voluntary agreement for a voluntary code of conduct or if we find that it is insufficient, we can always return to the matter at a later stage.

As a responsible industry, the games industry continuously considers the implications of all health issues that are raised with it. Let me give the hon. Gentleman a couple of examples of proactive initiatives. He talked about Ubisoft and acknowledged the work that it had done. It is now using the harding flash and pattern analyser as standard. That is an example on which I hope we can build. ELSPA, which acts on behalf of the majority of video games publishers in the UK, also responded positively. It is actively exploring the issue to ensure that it adopts a sensible and responsible approach. I will engage in discussions with the association and write to him about the outcome of that.

In addition, ELSPA maintains a website—www.askaboutgames.com—that gives a lot of information. I am sure that the hon. Gentleman has visited it. The website gives all sorts of information about playing games safely and is designed to help those who are unfamiliar with video games—often parents—to understand what is involved so that they can be sure that their children are playing safely.

John Penrose: I appreciate the spirit in which the Minister is responding and thank her for what she has said so far. Her pledge to take the issue away and speak to the people she has mentioned is a valuable step in the right direction. While she is having those conversations, I urge her to bear in mind that, if a voluntary code is the right thing to do for the computer games industry, why is what is in place for TV broadcasters different? I am still concerned that we will end up with a double standard and that there will be regulation for one part of an industry and a voluntary code for another. I am not sure that I understand—I urge the Minister to push for clarification on this—why it is acceptable and logically supportable to have two different approaches for two industries that are converging, as she said earlier.

Margaret Hodge: To some extent, the answer is that it is historic. Our desire to constrain ourselves from introducing more regulation is stronger today than it might have been in the past. In addition, television was much more universal in its early days, when those sort of regulations were brought in. I accept that the popularity of games is exploding, but I put it to him that games are only part of the changes to the way in which we communicate.

There are some interesting things and some good advice on the website to which I referred. However, I accept that that is only helpful if one knows that one has a condition. The website says things such as,

"Sit farther from the television screen

Use a smaller television screen

Play in a well-lit room

Avoid playing when you feel drowsy or fatigued".

I hope that the work on that website demonstrates that the industry is taking the issue seriously.

On broadcasters, they take precautions to maintain a low level of risk to viewers who have PSE. When watching television, I have noted, for example, that every now and again people get a verbal warning not to watch a bit of news in which there might be a lot of flash photography. That is the complementary mechanism that exists in broadcasting.

In summary, if we look across the supply channel, we see what I believe, through my dealings, to be a responsible industry. We have seen what the industry can do to remedy the problem in a proportionate way with instruction manuals. Some publishers already actively screen their games, there is wider industry funding and an information website is maintained. The industry is also actively considering what, if any, further action is needed. On behalf of the hon. Gentleman's constituents, I will undertake to have further discussions with ELSPA and will write to him with the outcome of those discussions. I hope that we can make some progress.

Question put and agreed to.

Adjourned accordingly at one minute to Two o'clock.

Westminster Hall

Wednesday 2 July 2008

[JOHN BERCOW *in the Chair*]

Piper Alpha Disaster (20th Anniversary)

Motion made, and Question proposed, That the sitting be now adjourned—*[Mr. Blizzard.]*

9.30 am

Mr. Frank Doran (Aberdeen, North) (Lab): I am glad to have the opportunity to lead this debate, remembering those who died in the Piper Alpha tragedy in 1988, their families and loved ones, the survivors and all who were involved in the tragedy and its aftermath.

I shall say a little about the background to the disaster. Over the past 40 years, we have seen a dramatic change in the city of Aberdeen. It has moved from having a rural economy, with a shipyard and some light engineering on the side, to being one of the oil capitals of the world. The city is a model of how a community can make the transition from a rural economy to one based on oil.

Oil was first discovered in the North sea in 1965, and was first produced in 1975. Aberdeen has grown and thrived. It became the main supply base for the offshore oil and gas industry, and it is now a world-class oil centre in its own right. Many oil companies and oil-related businesses have headquarters in the city. Oil facilities around the world—in Africa, Asia and Europe—are run from offices in Aberdeen. We have a higher concentration of IT companies than anywhere else in Britain. The centre of the world's sub-sea technology industry is now based in Aberdeen. The city exports its knowledge and expertise around the world.

There have been several phases in the development of the oil industry. I like to think of the first as the Klondike phase. Once oil was discovered in sufficient quantities to justify investment, everyone was anxious to get the oil out of the ground. The Government wanted the tax revenues. The companies wanted to recover their investment, which was often billions of pounds, and then wanted a return on it. Safety was lax, and there were many accidents.

The Department of Energy was the safety regulator in the North sea. It was also the Department responsible for producing the oil. There was a clear conflict of interest, but no one minded so long as the oil was produced. As a young solicitor dealing with personal injury cases in the north-east of Scotland, I saw many cases in which safety came behind production.

The beginning of the end of the Klondike phase came at the end of the 1985, when Aberdeen experienced its first price collapse, which was almost the opposite of what is happening now. The oil price fell quickly from $32 a barrel to $8 a barrel. The industry's response was immediate. All new investment stopped. Production continued while operators came to terms with the new situation. Most affected was the routine maintenance of platforms and facilities. More than 20,000 jobs were lost in the north-east of Scotland, and about 50,000 were lost in the United Kingdom. It was a terrible time in the city.

One of the earliest platforms, and one of the largest, was the Piper Alpha platform, then operated by Occidental, an American company owned by Armand Hammer. The oil field was discovered in 1973, and production of oil began in 1976. The peak of production was 274,000 barrels a day. I did a quick back-of-the-fag-packet calculation and discovered that at today's prices it would have been worth nearly £40 million a day.

Piper Alpha was no different from other platforms in the North sea, in that the priority was to recover oil and gas and get it to the mainland. In addition to its oil and gas production facilities, the Piper Alpha platform also hosted several gas pipelines that transmitted natural gas from other fields to the shore.

Towards the end of 1987, an oil worker died on Piper Alpha in an accident. Following that death, there were inspections of the platform and its safety facilities, the latest being in June 1988. Department of Energy inspectors pointed out some faults, but none of the more serious safety problems was even noticed, far less rectified. A month later, Piper Alpha was destroyed in the worst offshore oil and gas accident ever seen. The industry was about to enter what I now think of as the post-Piper Alpha period. Indeed, it is most commonly referred to by that name.

On 6 July 1988, there was a significant leakage of gas on the platform. We now know that the leak came from a gas compressor that was missing a safety valve. At about 10 pm, the cloud of gas ignited. At 10.20 pm, 10.50 pm and 11.20 pm, there were further huge explosions, caused by ruptures in the pipelines connecting Piper Alpha to other platforms, principally the MCP01 operated by Total, and the Tartan platform operated by Texaco.

Observers on the nearby stand-by vessel, the Silver Pit, likened the scene to a huge Bunsen burner, with a massive supply of gas burning at temperatures in excess of 700° C. The effect was catastrophic. The platform was destroyed.

There were nearly 230 men on the platform. Most of them died. The vast majority followed the standard safety instructions: "In the event of fire or explosion, go to your muster point and await the rescue helicopter." The fire was so fierce that the helicopters could not get anywhere near the platform. The 59 men who survived had ignored the standard instructions and followed their instincts. Most of them escaped within half an hour of the first explosion. They made their way to the water by climbing down the platform to the lowest point, some using ropes, and then dropping into the water. Five men jumped from the helicopter deck, 175 ft above the water. Three of them died from injuries received on impact.

There were many stories of bravery and courage on that evening. The survivors had to swim significant distances from the platform to the rescue vessels, but it was not an ordinary swim. They had to stay clear of debris being thrown from the platform by frequent explosions. Worst of all, bubbles of gas were exploding as they rose to the surface. Bob Ballantyne, an electrician who survived, told me that he had to constantly duck his head under water, because his hair kept catching fire. Some reached safety with horrific burns. Others never reached the stand-by vessels. On the rescue vessels, Silver Pit and Tharos—the latter was a custom-built

[Mr. Frank Doran]

fire-fighting vessel—there were many stories of bravery. Two members of the rescue crew were killed when their rescue craft caught fire.

One hundred and sixty men died, most from suffocation on the platform or later in hospital from terrible burns. Fifty-nine survived. The victims came from all parts of the United Kingdom, underlining the fact that the North sea oil and gas industry was a UK industry. In the early days, workers had been recruited from the old smoke-stack heavy industries—the coal mines, the shipyards and the steel works. They came from Lancashire, Teesside, Merseyside, Lincolnshire, north and south Yorkshire, Berkshire, Sheffield, Stafford, Manchester, Wales, Essex, Peterborough and London. The majority came from Scotland. From my previous constituency and the constituency that I now represent, a total of 22 men were lost.

On 6 July 1988, the UK oil and gas industry changed for ever. So did Aberdeen. The city was forced to come to terms with the fact that although huge rewards and benefits come from being a host to the oil industry, it can levy a terrible price.

Tonight in the Lemon Tree theatre in my constituency, we will see the first performance of a short play written to commemorate the Piper Alpha victims. One line in the play is this:

"I have never heard a city cry before, but I heard Aberdeen cry today."

That accurately reflects the pain that the city felt, and still feels strongly today. One of the questions most asked in Aberdeen this week is, "Where were you when the Piper went up?"

On 6 July 1988, I was a young inexperienced MP. I had returned to my flat after a late-night sitting, and I first heard on the midnight news that something serious had happened in the North sea. The following morning, I went to the House early and phoned Cecil Parkinson, who was then Secretary of State for Energy. I asked for a briefing, and he told me to come immediately to his office. From then on, and for the next few years, I became very involved with Piper Alpha, the survivors, the families, and the consequences, particularly for offshore safety.

As a solicitor, I had seen my fair share of death and tragedy, but never on such a scale. I saw anger and despair. There was grief and bitterness. There was a driven urge to find out who was responsible, who was to blame. There was a need to hide from the world. There was a lack of comprehension. There was a need for support, there was a need to be alone. The magnitude of individual grief was made that much greater because of the collective grief felt throughout the country, but particularly in the north-east of Scotland.

Of course, every aspect of the tragedy was played out, over and over, in public. The world's media came to Aberdeen, and its eyes were everywhere, peering into every nook and cranny. Real grieving was impossible, until the media eventually moved on to the next disaster zone. Families whose only connection was the loss of a loved one started to come together, sometimes as mutual support, sometimes to grieve. Later, a focused, painful journey was undertaken by many families as they tried to understand what had happened. In that period, I attended many meetings of the Piper Alpha families and survivors group, a mutual support organisation set up by the families and survivors themselves. They were supported by a team of counsellors, led by Ann Bone, a local social worker who did remarkable work with individuals and the group.

The 1980s was a bad time for public disasters and the Piper Alpha group made contact with the groups established following the King's Cross fire, the Bradford football stadium fire, the Zeebrugge ferry disaster, the Clapham rail disaster and others. Meetings with representatives of those groups allowed people to share experience and knowledge, and provided mutual support. Many of the relatives attended the inquiry into the disaster, and had to endure some very stressful days of evidence, sometimes listening to discussions about the circumstances of a death, or, on other days, listening to evidence of the neglect and lack of proper safety systems that led to those deaths— grief one minute, anger the next.

It was a particularly hard period for those families for whom the body of a relative had not been recovered. In all, 32 bodies are still missing. I remember arranging for a group to visit London to meet Cecil Parkinson, who was still Secretary of State. It was an extremely difficult meeting and it became very angry. The problem was that Cecil Parkinson was not being direct with the families, to which they reacted very badly. Later, the families were provided with evidence that attempting to recover the bodies would put divers' lives at serious risk because of the dangerous condition of the wreckage. Difficult though it was for them, no one wanted to see any more lives lost, and they moved on but, of course, the aggravated sense of loss remains.

It was obvious that there was a number of failures in the safety system, one of the most obvious being safety regulation, which was carried out by the Department of Energy. Despite defending the arrangements, the then Government agreed to set up an inquiry under the chairmanship of Lord Cullen, a senior Scottish judge. No one has ever questioned the thoroughness of the inquiry and the importance of Lord Cullen's report. It changed the safety culture, not only in the North sea, but in industry around the world. His report made 106 recommendations. Among the most important was that responsibility for safety should be transferred to the Health and Safety Executive. He also spelled out the shortcomings of the safety systems on Piper Alpha, which included a weak permit-to-work system, inadequate fire walls, which were incapable of withstanding explosion, the failure of the deluge system, inadequate safety training, poor safety auditing by Occidental, the operating company, and inadequate risk-assessment procedures. Despite a lengthy and serious list of defects and faults, there was no criminal prosecution of the operators or any individual.

Since Piper Alpha, there has been a real improvement in safety offshore. Injury and death rates have fallen and the industry continues to invest significant sums of money and other resources in safety. However, I cannot ignore the fact that concerns have been growing in the past few years.

Miss Anne Begg (Aberdeen, South) (Lab): Does my hon. Friend agree that, although safety offshore has improved quite dramatically since the Piper Alpha disaster, as he said, there is a tendency with the passage of time

to forget and to become complacent? This anniversary serves as a timely reminder of the importance of safety offshore. There are now new challenges in what is a mature province, and we have an ageing infrastructure. We need to address those issues.

Mr. Doran: My hon. Friend is exactly right. It is a dangerous industry and safety needs to be at the highest level. As the province matures, that becomes a more pressing problem.

Angus Robertson (Moray) (SNP): I congratulate the hon. Gentleman on securing this important debate. The lessons are important for his constituents and mine, and not only regarding the North sea. An ever-growing number of them work around the world, from Azerbaijan to Sakhalin island. Many of the lessons have been fully implemented in the North sea, but is he confident that they have been learned in oil-producing regions around the world?

Mr. Doran: As I said earlier, Lord Cullen's report was taken up by the oil industry around the world, not only in the UK. I was fortunate enough two or three years ago to host a reception in the Palace for offshore safety authorities from around the world. I had an opportunity to hear how seriously they were taking the issue. Of course, many of the companies that operate in the North sea operate in other areas, and they transport their safety systems, so I am optimistic that the lessons that have been learned in the North sea are being applied elsewhere.

Malcolm Bruce (Gordon) (LD): This debate is timely and the hon. Gentleman has given us a powerful account of how terrible the Piper Alpha disaster was. I am sure that he would agree that for those of us who live in the area, it is routine when one meets a service company or operating company to have a safety briefing before one is briefed about other issues. Nevertheless, has he heard the concern that has been expressed to me—that some routine maintenance programmes and shutdowns are being delayed or postponed to maximise production at the current, high price of oil? That is a problem if it compromises safety.

Mr. Doran: The right hon. Gentleman is absolutely right. I was just coming to that point in my speech.

Mr. Nigel Evans (Ribble Valley) (Con): One of my friends was on Piper Alpha and fortunately survived the disaster. The hon. Gentleman has paid tribute to the survivors for the way in which they set up self-help groups, but will he also pay tribute to them for the way in which they ensured, through their dogged fight with the Government, that safety was increased, not for the people who sadly died, but for those who currently work on oil rigs throughout the world?

Mr. Doran: The hon. Gentleman referred to a mutual friend, I believe, and I shall mention him later. Again, initially, I think that there was shock everywhere, including in Government. I had a lot of contact with the then Secretary of State and his Minister, Peter Morrison, whom I eventually shadowed through some of that period. It took some time for the Government to focus on how they should respond to the disaster. Of course, the survivors and the relatives have played a major part in helping them to focus.

The Cullen report is a jewel that needs to be protected. I said that concerns have been growing in the past few years. They started with the deaths of two workers, who were killed by a gas leak on the Brent Bravo platform in 2003. In the criminal proceedings and the fatal accident inquiry that followed, serious shortcomings on maintenance on the part of the operator were highlighted, but the problems are not limited to one company. Between 2004 and 2007, the HSE offshore safety division carried out an asset integrity programme involving targeted inspections of nearly 100 platforms. The report, which is known as the key programme 3 report, had some worrying things to tell us about the lack of maintenance of platforms and the effect on work force morale. Some of the problems related to the commercial environment in which the industry operates. In particular, problems arise when platforms are scheduled for transfer or disposal and are shifted from one operating company to another and maintenance is not kept up to scratch. In any case, the report has had a profound effect on the industry and investment is now being made in reaction to it. It highlights the need for the most intensive vigilance.

Like some in the oil industry and the trade unions, I am concerned about some employment practices in the industry. There is what is known as the NRB culture, which stands for "Not Required Back", by which a worker can be removed from a platform without any right of appeal on the say-so of one official. The industry has also resisted the implementation of the working-time regulations in the offshore industry. There is a lack of a common permit-to-work system. At the root of almost every significant accident in the North sea oil and gas industry, including Piper Alpha, there is failure in the permit-to-work system. That system needs to be reviewed so that there is a common system offshore. Earlier this year I introduced a ten-minute Bill to address some of those issues. It would have reformed safety representative and committee rules offshore and provided an element of independence in the system. I would be interested to hear the Minister's views on those points.

The roll-call of honour for Piper Alpha is long. It takes in the survivors; the rescue crews who operated in such difficult conditions to bring both survivors and bodies home; the medical teams who waited in Aberdeen for the helicopters to bring in the most seriously injured, who worked incredible hours, who were fiercely committed to tend to them, and who in some cases spent years repairing the damaged bodies; the crews of the lifting vessels who recovered from the wreckage the accommodation module that contained the bodies of many of the victims; the police and others who went into the module after it was removed and brought ashore to recover the bodies; and the psychiatrists, psychologists, social workers and counsellors who worked not only with the survivors and the families, but with many of the rescuers. Many others in the public and private sectors made a contribution.

The survivors are left with memories not only of lost friends and workmates, but of a horrifying experience, and those memories will never leave them. They bear psychological scars, and many of them also suffered physical damage. In the years since the disaster, some of the survivors have died and most have moved on. Some

[Mr. Doran]

have been successful in a new life—none more so than Ed Punchard, a diving control supervisor on the Piper. Ed now lives in Australia, where he started a successful film production company. He has published a book about his life as a Piper Alpha survivor and he has made a film about his return to the Piper Alpha platform for the 10th anniversary, which was shown on Australian and UK television.

None of the survivors will ever lose their memories of the events on Piper Alpha on 6 July 1988, but they struggle on and they cope. For the families, there has been the unimaginable horror of losing a loved one in the most terrifying circumstances, and they live with that loss every day. At this time of year, that sense of loss grows, and on an anniversary such as this, it is even more intense. A number of events have been arranged in Aberdeen this weekend, and there will be a memorial service in the St. Nicholas kirk on Sunday. Our thoughts today are with all those involved.

9.51 am

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): I congratulate the hon. Member for Aberdeen, North (Mr. Doran), who has ensured that we do not forget the lessons of Piper Alpha by introducing today's debate and reminding us in great detail and with great clarity of what happened on the night of 6 July 1988. Like him, I want to ensure that our thoughts are with the survivors and with the relatives and friends of all those who were affected and I pay tribute to the many people who worked to deal with the tragedy and its aftermath.

When we turn on the gas tap at home, switch on the lights at night or fill our car with petrol, we take for granted just what has gone on to make that possible. These things are out of sight and out of mind in the North sea, but people are working in a hostile and dangerous environment 24 hours a day, seven days a week, every week of the year to ensure that it is easy for us to get the energy that we need. We need to remember those people and the challenges that they face.

I should remind hon. Members of my entry in the Register of Members' Interests, because I am a shareholder in Shell, but I have far more of a constituency interest in the debate. My constituency is just outside Aberdeen, and many of my constituents, like those of the hon. Gentleman, live with or work in the industry, and others have relatives who do so or who work offshore. However, the House often forgets—this is particularly true of the offshore work force, as the hon. Gentleman highlighted—that many of those in the work force commute from elsewhere in the country. The challenge that we face therefore touches the whole country, and hon. Members should not forget that they might have constituents who have connections with the North sea or who work there. All hon. Members should therefore take an interest in what is happening to that major industry, which is on our doorstep. As I say, we often take it for granted because it is out of sight and out of mind.

A lot of lessons have been learned, but we must not be complacent. Today's debate and the 20th anniversary remind us what those lessons were and ensure that they are kept up to date and reinforced. I, too, pay tribute to the work of Lord Cullen, because his report was a major way of ensuring that the lessons that could be learned were learned and that a culture of safety spread around the world, as the hon. Gentleman said. With the passage of time, however, there is a danger that we will not remember those lessons.

One of the easier lessons to learn—the hon. Gentleman touched on this—was how to deal with the human safety elements. As my right hon. Friend the Member for Gordon (Malcolm Bruce) said, we get safety briefings whenever we visit anyone operating in the North sea. Indeed, safety onshore is also an issue, and the culture in the companies is very much about safety. It was perhaps easier to deal with the human safety elements—the individual accidents and falls—because they were easier to measure. They were also possibly easier to tackle by training people and altering the safety culture. There is an apocryphal story that a lot of people at BP joke that staff have to hold the handrail when they go up and down stairs. Tragically, however, a neighbour of mine fell down the stairs at night a few years ago and was killed. The simple safety lessons are therefore just as important as the big ones.

Malcolm Bruce: My hon. Friend is making an important point, but does he agree that one of the most significant arguments in the Cullen report was that we should place a responsibility for safety on the operators, instead of producing a tick-box culture? That effectively precludes them from getting away with saying, "We've done all these things" when an accident happens, and ensures that they are still responsible—whatever else they have done—because they did not anticipate the accident.

Sir Robert Smith: My right hon. Friend makes an important point about the safety case. We should put the onus on companies to think about safety across their whole operation, so that they do not feel that they have done their duty just because they have ticked the boxes. People should be thinking about safety all the time; whenever they look at a process, an investment decision, a change to a way of operating or the installation of a new piece of equipment, they should ask what the safety implications are. How will such things affect the integrity and working of the platform? As the hon. Member for Aberdeen, North said, the permit-to-work culture is an extremely important way of reducing risk.

A few years ago, I went to a construction yard that was building a platform for the North sea. The platform's operator had said, "We want the same level of safety when you are building the platform onshore as will apply when we operate it." The construction industry's initial reaction was, "Construction is inherently dangerous. We won't be able to achieve that." However, by taking the lessons that had been learned offshore into the construction yard, it was amazed to see how dramatically it improved its own safety regime.

Indeed, that also improved financial efficiency. There should not be seen to be a conflict between a good safety regime and a company's financial operation, because having an efficient and effective understanding of safety processes can also benefit a company's financial understanding of how it operates. Anyone who thinks that finance should be a barrier to safety should take note of a quote from the airline industry, where someone

said, "If you think safety is expensive, you should try the alternative." It really is important to keep the importance of safety at the forefront of people's minds.

As others have said, the layman might think that the high price of oil would be a good thing because companies would make more money and could invest more in safety, but the issue poses a real challenge. With a high oil price, the desire is to keep the oil flowing as fast as possible because that is where the profit comes from. Companies find the oil when it is cheap and produce it when it is expensive; they do not want to turn the tap off for routine maintenance if they can delay doing so.

The HSE's KP3 report contains a timely reminder of the importance of physical structures, and this goes back to my point about it being easier to deal with individual human safety incidents. Safety-critical devices, and other devices, which do not look safety critical, but which could play a crucial role if a piece of safety-critical equipment fails, need to be monitored to ensure that they are up to standard.

People think that the North sea has run out of oil and gas, but it is still very much alive, and the industry is still vibrant. Only the other week, we had the celebration of 21 years of the Alwyn field. When the platforms there were built, people believed that the field would have been shut down by now, but they are now talking about another 21 years. At that celebration, the engineer who worked on the platform—he had come back from retirement—was thanked for over-engineering it and giving it a structure that would allow it to sustain another 20 years of life. A lot of infrastructure—pipelines, compressors and other equipment—that was expected to be coming to the end of its life is now crucial to the economic development of the North sea and will need a much longer life. It is therefore vital that we maintain the structural integrity of those physical features to ensure that they are up to scratch and can endure the stress that they will be under.

The other vital challenge, I suppose, concerns skills in the industry, which we often talk about. The work force is ageing, and if production and new investment are to be maintained, many new people will have to come into the industry. When people have been in an industry a long time, the culture has grown up with them, but if a whole new generation is brought into operations, the safety culture must be fully inculcated in the training of those people.

OPITO, the oil and gas academy in Portlethen in my constituency, has set standards for training around the world, which ensure a good foundation for anyone entering the industry. However, the skills shortage is also a challenge for the HSE, which needs people who understand the industry to work for it. We need the HSE to be fully resourced so that it can compete in a very competitive market and secure the skills to ensure that it can monitor what happens offshore.

The vital lessons that were learned in the disaster must not be forgotten. There is a challenge, as we extend the life of the North sea oil field and as new fields are tied back to old platforms, to ensure that the integrity of safety-critical parts of those platforms is fully maintained. As a new generation of workers, many of whom may not have been touched at all by knowledge of Piper Alpha, comes into the industry, we need to make sure that they realise what lessons have been learned, and that they do not forget them. We must never have such a disaster again.

10.1 am

Malcolm Bruce (Gordon) (LD): I want to make only a short contribution, and to pay tribute to the hon. Member for Aberdeen, North (Mr. Doran), not only for obtaining the debate, but because over the years, in all his incarnations in and out of the House, he has been closely involved with the safety of people working offshore in the North sea. His commitment is recognised, and his knowledge and understanding of the issues are well regarded. The House should appreciate the presence of an hon. Member who can bring that expertise to bear on the matter.

The part of the city of Aberdeen that I represent contained the headquarters of Occidental Petroleum, which stood as a pretty stark reminder of the disaster, not only for the people of the city, but for the company, which was effectively—and rightly—drummed out of the North sea afterwards. The building stood empty for several years. On the other hand, and by sharp contrast, the North sea headquarters of BP is also in my constituency. The company has just moved into new offices, and by its own admission has had to re-evaluate its commitment to the North sea because of changing circumstances—not just the oil price but the amount of oil still to be produced. What is impressed on anyone who goes there is that there is an ageing infrastructure and there are difficult technical and financial challenges offshore, but BP is determined not to compromise safety. It is right that we should have debates such as today's, so that it knows it is operating in a climate of focused interest and concern about that.

I just want to reinforce the point that I made in an intervention on my hon. Friend the Member for West Aberdeenshire and Kincardine (Sir Robert Smith). Apart from the very specific recommendations of the Cullen report, there was a debate at the time about whether the right approach would be to set out in detail the safety rules that should be applied, or—this was where the debate settled—to make the operators responsible for safety in every way, requiring them to demonstrate to the HSE that they had a fully tested and viable case for the safety of their installations. That cultural shift is hugely beneficial, because the culture is built into every minute of every day, and every aspect of every operation. We must maintain that approach at the heart of things, and it is worth reinforcing that now.

10.3 am

John Barrett (Edinburgh, West) (LD): The words "Piper Alpha" bring back clear memories for me of that night and the following day when we watched on our television screens the images of the disaster as it was unfolding. Then it was shown again and again. The fire, the heat, the smoke, the bravery and the fear of what was about to happen to those men who were still alive are memories that will stay locked in many minds forever. No words today will be able accurately to capture what those who died suffered that night, what they and their families went through or what those who survived, and their families and friends, have had to cope with from that day on.

[John Barrett]

When we fill our tanks with petrol or buy products derived from oil, we rarely give a thought to its production and the risks involved. Too often we hear that the price being asked for a gallon of petrol is too high, but we do not think what the price has really been for those working to produce that gallon of petrol or a barrel of oil. It is right that this debate should be held today for a number of reasons, many of which have been touched on, and I congratulate the hon. Member for Aberdeen, North (Mr. Doran), not only on securing the debate, but on the measured and thoughtful way in which he dealt with a difficult issue.

I also want to mention the speeches of my hon. Friend the Member for West Aberdeenshire and Kincardine (Sir Robert Smith) and my right hon. Friend the Member for Gordon (Malcolm Bruce). I know that there are other hon. Members who cannot be here today, and they include my hon. Friend the Member for Orkney and Shetland (Mr. Carmichael), in whose constituency a large part of the oil industry is based. He feels strongly about the issue and would have liked to be here, but unfortunately other parliamentary business has kept him away. The speeches that have been made show that right hon. and hon. Members have close contact with the community and the individuals affected by the tragedy.

Many individuals, too many to name, were involved that night in the rescue of the survivors. As well as remembering the ones who did not survive, I pay tribute to those without whose help more people would not have returned to their loved ones. It is right to remember those who lost their lives working in an industry that has given us so much that has made our country what it is today. Learning lessons from history is one way to make the future better and to take the actions that will ensure that workers and their families will never again experience what unfolded 20 years ago—in the North sea, or wherever in the world companies work to extract oil and other oil-related products. We must never rely on luck to ensure the safety of those who work in the industry; no one should risk their life on a daily basis.

I want to pay tribute to the Piper Alpha Families and Survivors Association for all its work over many years and for its drive to raise funds for a bronze memorial in Aberdeen's Hazlehead park, where those without a grave for their loved ones can go to be with their memories.

What happened on the night of the disaster is well documented and the subsequent inquiry under Lord Cullen detailed the safety shortcomings and a range of recommendations for the way forward. There is no doubt that the repercussions, notably the recommendations of the Cullen report and the huge investment that followed, have completely changed the industry. Investment in safety measures including maintenance, improved regulation and the greater priority given to training have all helped to make the industry far safer today than it was 20 years ago. However, today's debate, as well as providing an occasion to mourn and remember those who lost their lives and celebrate their bravery, must also mark a point of reflection for the industry.

It is worth noting the comments of Chris Allen, the health and safety director at Oil and Gas UK, who has stated his belief that the likelihood of another Piper Alpha incident occurring in the North sea has receded dramatically in the 20 years since the disaster. While that is undoubtedly the case—there were only two deaths in the oil industry in 2006-07 compared with 77 deaths in the construction industry—there can be no room for complacency. The Offshore Industry Liaison Committee/ National Union of Rail, Maritime and Transport Workers union is not alone in arguing that a number of incidents since Piper Alpha could have led to multiple fatalities on a similar scale, with only luck preventing an escalation. If there are still changes to be made, we have to make sure that we identify and act on them, without the need for another major incident to focus the mind.

The nature of the oil industry dictates that there will always be risk. However, that does not mean workers being at the mercy of the risks in that industry. Piper Alpha opened the eyes of the industry to specific risk factors, while the Cullen report offered a blueprint for action. The industry is now fully aware of the dangers and how to mitigate them. Accidents will happen, but there is no excuse for not taking every precaution. Indeed, if any reminder were required of the inherent risks in the oil industry, the fire on the Thistle Alpha platform off the coast of Shetland just seven months ago should serve as a timely reminder. The cause, a leaking pipe in a 30-year-old system, clearly illustrates the vital importance of properly maintaining existing platforms and machinery. The fatal accident inquiry into the Brent Bravo incident, in which two men tragically died, cited substandard maintenance practices by Shell, while the HSE's key programme 3 report, to which many members have referred, raised worrying questions about declining standards of maintenance, particularly on ageing platforms that may be likely to change ownership.

We must ensure that the renewed focus on fresh exploration in the North sea does not detract from the proper maintenance and upgrading of existing platforms. I am sure that all hon. Members would agree that the interests of safety should not be influenced by the fluctuating fortunes of individual oil companies or the oil industry as a whole. If another Piper Alpha is to be avoided, the industry must not adopt the attitude of the frontiersman. I welcome the Minister's view on the prospects for extending external scrutiny of safety systems, particularly in terms of the Health and Safety Executive's role and scope in ensuring that safety representatives can operate independently when carrying out offshore checks.

We have heard about the regulations in place as a result of the Piper Alpha tragedy. However, it is worth pointing out that regulations work only if they are followed by both management and employees. Regulations make a big difference, but it will always come down to the individuals charged with their implementation. Effective and appropriate training is essential. We all know that corporate memory can fade quickly without proactive work from the industry. I commend the work of Oil and Gas UK in teaching the lessons of Piper Alpha to younger technicians in the industry.

Along with appropriate training, the morale of the offshore work force must not be neglected. Historically, communication between employees and management and between the oil industry and the offshore contractors' staff who typically provide the bulk of the work force has not been as good as it could be. Some issues have been handled poorly, and the "not required back" feature of the industry poses an enduring risk of fostering a culture of grievance among some workers. In a high-risk

industry, low morale can be disastrous. It is particularly worrying to read reports of instances where staff have raised safety concerns with management that do not appear to have been properly investigated or acted upon. I would be interested to hear the Minister's thoughts on that.

The events of 20 years ago have fortunately not been repeated. Action was taken to ensure that safety on the rigs is always a top priority. We should never forget the price paid by so many on that night, and we must hope that the lessons learned will also never be forgotten.

10.12 am

Andrew Selous (South-West Bedfordshire) (Con): It is a pleasure to serve under your chairmanship, Mr. Bercow. I congratulate the hon. Member for Aberdeen, North (Mr. Doran) warmly on securing this important debate and on the tone and huge amount of knowledge and experience that he has brought to our proceedings. We are all extremely grateful. As the only English Member speaking in the debate, it is important that I put on record that this is a UK-wide issue. It is certainly not just a Scottish issue. The whole United Kingdom benefits from North sea oil, and every Member of the House should rightly and properly be concerned about the issue.

The hon. Member for Aberdeen, North was right when he said that the primary purpose of the debate should be to remember and pay tribute to those who lost their lives or suffered severe injuries—he mentioned burns and so on—in that terrible tragedy on 6 July 1988. It must also involve more than that. We must ensure that we never become complacent about offshore safety, and we must do all that we can to prevent a similar tragedy occurring. As the hon. Member for Edinburgh, West (John Barrett) reminded us, another major industry-related fire took place only seven months ago in Shetland, so ongoing vigilance is important.

We have heard the accounts of what happened on that terrible night of 6 July 1988. We know that 167 people lost their lives and 59 people were saved, many of whom had to jump into the North sea. It is a tremendously difficult time for the relatives of the dead as we approach the 20th anniversary. Children still mourn parents, wives and partners still mourn their loved ones, and people still bear the effects of terrible burns and injuries from that night 20 years ago.

The Cullen report has been rightly and properly mentioned and praised by every Member who has spoken today. I am pleased that an official public inquiry was set up to establish the causes of the disaster and to recommend changes to the safety regime. It is important to recognise that all 106 of its recommendations were accepted by both the industry and the Government. Lord Cullen chaired the official public inquiry, which consisted of two parts. The first established the causes of the disaster, and the second made recommendations for changes to the safety regime. The final report was published in November 1990.

The inquiry found a number of health and safety shortcomings. Workers on the platform were not adequately trained in emergency procedures and management were not trained to provide leadership during a crisis situation, as the hon. Member for Aberdeen, North mentioned. The approved maintenance paperwork system had been relaxed and there was a reliance on informal communication, which was not acceptable. Measures identified by previous risk assessment audits had not been implemented.

Lord Cullen's 106 recommendations were all accepted by the industry, many of them being a direct result of industry evidence. Responsibilities for implementing the recommendations were spread across the regulator and the industry. The Government accepted the recommendations in full and committed themselves to reforming offshore health and safety legislation. By 1993, all 48 recommendations for which industry operators were directly responsible had been acted upon and substantially implemented. The Health and Safety Executive had also developed and implemented Lord Cullen's key recommendation: the introduction of safety regulations requiring the operator or owner of every fixed and mobile installation in UK waters to submit a safety case to the HSE for acceptance.

Parliament has not been idle since that terrible night. It has ensured that the appropriate primary and secondary legislation has been introduced to back up the recommendations of the Cullen report. The Offshore Installations (Safety Case) Regulations came into force in 1992. By November 1993, a safety case for every installation had been submitted to the HSE, and by November 1995 all safety cases had been accepted. The regulations require the operator or owner, known as the duty holder, of every fixed and mobile installation operating in UK waters to submit a safety case to the HSE. The safety case must give full details of the arrangements for managing health and safety and controlling major accident hazards on the installation. Parliament quite properly revised the regulations in 2005, in light of 13 years' experience. The objective of the revisions was to improve the effectiveness of the regulations while reducing the burden of three-yearly resubmissions.

In addition to the application of the Health and Safety at Work, etc. Act 1974, particular hazards in the offshore environment may need special consideration. Major sets of UK regulation therefore apply to the industry's operations. The Offshore Installations (Safety Case) Regulations 1992 are underpinned by more detailed regulations. The Offshore Installations and Pipeline Works (Management and Administration) Regulations 1995 set out requirements for the safe management of offshore installations, such as the appointment of offshore installation managers and the use of permit-to-work systems. The Offshore Installations (Prevention of Fire and Explosion, and Emergency Response) Regulations 1995 provide for the protection of offshore workers from fire and explosion and for securing effective emergency response. Lastly, the Offshore Installations and Wells (Design and Construction, etc.) Regulations 1996 are aimed at ensuring the integrity of installations, the safety of offshore and onshore wells, and the safety of the offshore workplace environment. That is what Parliament has done on the regulatory front since that terrible disaster.

It is important to look at the safety record in the offshore industry since the Piper Alpha disaster. The latest officially sanctioned and agreed fatal and major injury figures for offshore workers are for the year 2006-07. There were two fatalities during that period, compared with two in 2005-06, none in 2004-05 and

[Andrew Selous]

three in 2003-04. Sadly, it is still a dangerous industry that takes workers' lives, although, thankfully, in much smaller numbers than in 1988. Some 39 major injuries were reported during 2006-07, representing a fall of more than 20 per cent. from the 2005-06 figures. The hon. Member for West Aberdeenshire and Kincardine (Sir Robert Smith) made the interesting point that the industry is not declining: in 2006-07, there were an estimated 28,100 offshore workers, which represents an increase of 22 per cent. on the 2005-06 estimate of 23,000. His point was very well made indeed.

Malcolm Bruce: It is also worth putting on record that the industry has come up with a range of estimates of what is yet to be produced from the North sea, which could be nearly as much as the amount so far produced. It will certainly continue to produce for the next 30 years, contrary to widespread opinion that the North sea's oil and gas-producing days are over. We are still 90 per cent. self-sufficient in oil and 70 per cent. in gas. People will have to continue to work there for many years on what is a mature infrastructure, so it is really important that safety standards are maintained.

Andrew Selous: The right hon. Gentleman is right to put on record that there is far more oil out there than we all thought 20 years or so ago. Furthermore, that oil is more difficult and technically challenging to bring to the surface than that extracted in earlier years.

In 2006-07, the rate of fatal and major injuries among offshore workers was 145.5 per 100,000 workers, compared with 225 in 2005-06, so there has been an improvement. Let us consider briefly the major types of accident. Slips, trips and falls, being trapped or struck by or striking against equipment, and injuries associated with lifts, pulleys and swinging loads account for 83 per cent. of injuries. We have preliminary and strictly provisional figures for 2007-08, which will be subject to a full and detailed analysis, and possibly revision. Given the importance of the issues, however, as much up-to-date data should be put on record as possible.

According to those provisional figures, the HSE does not think that there has been a deterioration this year. There were no RIDDOR—Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995—reportable fatal injuries in 2007-08, for which we can all be extremely thankful, and the number of major injuries sustained was similar to that in 2006-07, 39, which was the lowest recorded figure since 1995-96. The combined fatal and major injury rate for 2007-08 is expected to be similar to that for 2006-07, which was 145.5 injuries per 100,000 workers. It is certainly pleasing that the overall figures for fatalities and major injuries in the offshore industry do not appear to be following a worrying trend, although there are no grounds for complacency, as all Members have said. Current statistics indicate a combined total of 74 significant hydrocarbon releases, although we await further details from a few duty holders.

It is important, however, to look at the current state of the industry, and I have a number of questions, some of which have been posed already today, that I too would like to put to the Minister. I would be grateful for a general response, but if she cannot provide those answers, perhaps she could write to me and other Members present with the Department's view. That would be entirely acceptable.

A few years ago, the general secretary of the Offshore Industry Liaison Committee—an independent union—said that

"all the elements that were there in 1986-87 and led up to Piper Alpha are there now",

which is a worrying comment. However, we have heard from several Members this morning about the concerns that the pipelines and compressors are old and were perhaps intended to last for 20 or 25 years only. Is the Minister satisfied that the inspection regime, particularly for pipelines and compressors and other such vital infrastructure, is up to the job? What reassurances can she provide that she is confident in and satisfied with the inspection regime? Many of the pipelines and compressors were not expected to last for a further 10 or 15 years. We need reassurances on that very important point.

The hon. Member for Aberdeen, North suggested that we introduce independent safety inspectors. The Minister will know as well as I do that there is a long tradition of workers within the coal mining industry appointing, perhaps through trade unions, their own safety representatives. I do not know the view of the then National Coal Board when that was introduced, but it has proved incredibly successful in the coal industry and has given real confidence to the work force, because they are working alongside, and have nominated, those supervising, or having a major input into, their safety. There might be valid practical reasons why that would not work, or be applicable, in the offshore oil industry, but if so, I would like to hear that from the Minister. I would also be interested to know whether she thinks that that could be explored to ensure that the safety statistics that I outlined continue to follow a downward trend.

Finally, while researching this debate, I learned that the HSE had imposed a target to reduce by 2004 the number of offshore hydrocarbon releases to 50 per cent. of the 1999-2000 baseline figure, but I could not find out whether that target had been met. Perhaps the Minister, or one of her officials, has the answer, but if not, will she be kind enough to write to me?

10.27 am

The Parliamentary Under-Secretary of State for Work and Pensions (Mrs. Anne McGuire): It is a pleasure to respond to this debate and to serve under your chairmanship, Mr. Bercow—this is the first time that you and I have met in this arena.

I congratulate my hon. Friend the Member for Aberdeen, North (Mr. Doran) on his success in the ballot and on introducing this appropriate debate to mark the 20th anniversary of the Piper Alpha disaster. Those of us who sat through his speech will have found it a powerful and moving narrative of exactly what happened that day and in the aftermath. Certainly he brought back for me many of the images from that day, and many of us will have watched from the safety of our own homes and workplaces as those terrible events unfolded. Nowadays, we have 24-hour news coverage and direct access to information on all sorts of disasters, and we cannot overestimate how dreadful it was for the families not to

know what was happening out on Piper Alpha. I also recognise his contribution to the promotion of health and safety standards in the North sea. He has campaigned inside and outside this House, and after listening to him this morning, we all appreciate why.

It is important that we remember with sympathy those who lost their lives in that terrible disaster, 20 years ago, the families of those people, and those who were injured in the disaster. As colleagues have said, it has had a lasting effect, and there is a dark memory and image of it across many communities in Scotland and beyond. I think that it was the hon. Member for Ribble Valley (Mr. Evans) who highlighted, jn an intervention, what my hon. Friend was saying: the focal point was undoubtedly Aberdeen and the north-east, but the disaster touched communities all over the country. In my town, three men lost their lives.

The message from this morning's debate is that we never want to see a repeat of that disaster. It was a wake-up call both for the offshore oil and gas industry and, as my hon. Friend pointed out, for the then Government. I know that he held many meetings with Ministers at that time. The cost of the disaster was very large in terms of the number of lives that were lost or shattered, and it cost £2 billion in damage and lost production. It also emphasised, in the starkest possible way, the importance of the oil industry to this country and the importance of having a strong safety regime offshore for the viability of a key sector of the UK economy. The industry employs 30,000 people and supports hundreds of thousands more jobs onshore. There are billions of pounds' worth of offshore investment, and there is likely to be even more investment with the introduction of carbon capture and storage. All that is at risk if safety standards are not given the highest priority.

Many hon. Members have mentioned the Cullen inquiry. We agree that one result of the disaster was one of the most radical reforms ever made to a regulatory regime. Lord Cullen's 1990 public inquiry report made 106 far-reaching recommendations, which have been mentioned, all of which have been implemented—some by the Government and some by the industry. There have been major achievements since then, such as the transfer of responsibility for regulating health and safety in the offshore oil and gas industry from the Department of Energy to the Health and Safety Executive in 1991—a move that was welcomed across the board. Another major achievement was the replacement of the earlier, prescriptive health and safety regime with a new goal-setting series of regulations that were made under the Health and Safety at Work etc Act 1974.

The cornerstone of the new regime is the Offshore Installations (Safety Case) Regulations 1992. As the hon. Member for South-West Bedfordshire (Andrew Selous) said, those regulations came into effect in 1993, and they have since been revised and modernised. They implemented Lord Cullen's key recommendation that offshore duty holders should systematically identify major offshore hazards, assess the risks, set out the necessary controls in a safety case and submit it to the HSE. No installation can operate in UK waters unless the HSE formally accepts a safety case for it. It is not just about regulation: the industry's whole approach to health and safety was galvanised after Cullen. The offshore industry spent more than £2 billion on health and safety improvements between 1988 and 1998, and has spent much more since.

Certainly, the aftermath of the Piper Alpha disaster saw a huge and necessary improvement in health and safety standards offshore. In the 20 years since then, there has been a significant reduction in health and safety risks and the industry has come a long way. I pay tribute to the work of the HSE in setting the regulatory framework and in leading the industry and other players towards having a better health and safety record offshore. However, as colleagues have pointed out, there are still issues affecting the industry's health and safety performance that need to be addressed.

The North sea and other offshore areas remain hazardous places to work. I do not know if you have ever been offshore, Mr. Bercow, but even on a short visit, one has to go through the safety procedures and must understand that it is not a jaunt in a helicopter and that one is going out to a hazardous work regime. Like many hon. Members, I have done that. If one did not appreciate before that it is a difficult area in which to work, one realises it afterwards. Even visitors need to be alert to the health and safety issues and to their responsibilities as individuals, and the industry has to ensure that they not only get out there safely, but get back safely too. There are hazards from the hostile environment and from the possibility of helicopter crashes, ship collisions, structural collapse, explosions, fires and well blowouts. The potential for a major accident remains, and control of that risk demands constant and close attention from duty holders and the HSE, as the industry's health and safety regulator.

The industry is dynamic and constantly changing. It is highly innovative, and develops cutting-edge technology to solve both old and new problems. Innovation is potentially good for health and safety, as well as exploration and production, because it provides opportunities to design out risks. The HSE is responsive to changing circumstances and is very happy to work with the industry to develop solutions that improve efficiency and raise safety standards. Health and safety should not be a costly afterthought; it should be an integral part of managing offshore operations.

The risk of a major offshore incident is ever present. Even given the huge strides forward on health and safety over the years, it is essential that vigilance is maintained and that the lessons of Piper Alpha are not forgotten. The incident at BP's Texas City refinery is a recent example in the sector of the disastrous consequences that can occur when safety issues are not given the highest priority. We must all redouble our efforts to avoid a similar occurrence in UK waters.

I should like to recognise the industry's efforts to improve health and safety through Oil and Gas UK, the Offshore Industry Advisory Committee and Step Change in Safety. In addition, the Government-led forum, PILOT, is concentrating on health and safety offshore, which I welcome. At last week's PILOT meeting, I called on the industry to raise its game on health and safety still further. I called in particular on people at the top of the industry to show greater leadership to raise those standards. I am doing that because of some of the worrying messages that flowed from the HSE's "Offshore Asset Integrity and Inspection Report", which was published in November, on key programme 3. My hon. Friend

[Mrs. Anne McGuire]

touched on many of the issues that the report raised. As those elements are safety critical, any failure could result in a major incident.

The results are worrying because even after 20 years of giving high attention to health and safety issues, the report drew attention to a number of weaknesses. The report reached several conclusions, such as that the offshore industry's poor performance and lack of progress in improving areas of asset integrity raises the concern that senior managers may not fully appreciate the implications that that could have on safety and business performance. It concluded that many senior managers do not make adequate use of integrity management data and do not give sufficient priority to ongoing maintenance. It said that the most senior management levels in companies need better key indicators of performance to inform decision making and to focus resources, and it found that many management monitoring systems tend to be overly biased towards occupational risk data at the expense of major hazard precursors.

The report also concluded that a key element in balancing priorities is ensuring that the engineering function has sufficient authority to put forward the case for major hazard control and to act as a backstop against degraded safety-critical elements and safety-related equipment and structure. It concluded that the influence of the engineering function has declined in many companies, and that there is poor communication not only between companies—my hon. Friend mentioned that—but between installations within companies. The industry is not effectively sharing good and best practice. It also found that cross-organisational learning processes and mechanisms to secure corporate memory need to be improved. Although there has been progress, such matters show that we still need a renewed and continuing emphasis on sustained improvements, not least given the number of people who work offshore and the likelihood that that may be expanded in the future, as the right hon. Member for Gordon (Malcolm Bruce) and others have highlighted.

As the offshore division of HSE conducts its regulatory oversight, it will use some key factors to hold the industry to account. Much of the offshore infrastructure is at, or has exceeded, its intended design life, which is an issue that has been identified this morning. Ageing offshore installations, changing ownership and management, worker inexperience, lack of corporate memory by managers, increased use of contractors and competition are among the growing challenges facing the industry.

Increased work force involvement in safety-critical issues is vital if the offshore industry is to improve its health and safety record. Incident statistics have plateaued over the past few years, and the UK is now reported to rank in the middle on an international basis, yet we have always aimed to be the best with regard to health and safety.

Taking account of those and other factors, I am pleased to advise my hon. Friend the Member for Aberdeen, North and other hon. Members that the Secretary of State has commissioned the HSE to review the industry's progress on the issues identified by the KP3 programme. The issues include focusing on industry leadership to create a stronger safety culture in which the involvement of the work force, including the industry's trade unions, will be critical. We expect the review to be completed by April 2009, and the report to be published soon after. That report will be put into the public domain.

Mr. Doran: I am grateful to the Minister for her statement. Will she confirm that the review will also consider the structure and the operation of the safety committees and the safety representative system?

Mrs. McGuire: That is why, in the last element, I particularly emphasised the involvement of workers and trade unions. In any of the conversations that I have had, both with the unions and with the industry, there was a strong recognition that workers, either through their organised trade unions or in other ways, must be totally involved in managing safety issues. After all, they have the most intimate knowledge of some of the issues that impact on this.

I am glad to tell the House that the industry, in partnership with HSE, has already agreed to focus on three priorities to address the key issues from KP3 and the safety concerns of the offshore division of HSE's hazardous installations directorate. At the PILOT meeting, I impressed on the industry that Government attach great importance to progress on those fronts, and I am glad to report a shared understanding of the importance of that issue. The industry has agreed that its health and safety priorities are leadership, installation integrity and work force involvement. I want to say a few words on each of those fronts.

First, it is unquestionably the case that health and safety can be improved and standards maintained through strong leadership from the top of organisations. That was the theme of a recent HSE conference entitled, "Leading from the top—avoiding major accidents". My second point covers installation or asset integrity. I have said that the offshore installations are ageing, and that comment has been reflected in much of what we have heard this morning. Much offshore equipment is now past its original intended life. If the offshore industry is to have a long-term sustainable and safe future and the benefits of offshore oil and gas are to be maximised for the nation, the assets must be properly maintained. There is now a widespread recognition within industry that that is a major issue.

Andrew Selous: Earlier, I asked the Minister to let us know whether she was satisfied with the current inspection of the infrastructure. If we have to wait until April 2009, we will have to hope that nothing goes wrong before then.

Mrs. McGuire: The hon. Gentleman is a little bit sour about that matter. It is not the case that we will wait until 2009. Constant work is being done by the offshore division of the HSE, the industry and the unions. As I hope I have reflected in my short contribution, that was a major item of discussion at last week's PILOT forum in which the industry, Government and the unions came together to discuss the issues. Therefore, it is not a case of nothing being done until April 2009. I hope that he will recognise that this is a matter that the HSE takes very seriously, and has taken very seriously since it took over the regulatory obligations in 1991.

Sir Robert Smith: The Minister has rightly emphasised the HSE's important role in the offshore safety regime, but with the skills shortage facing the industry, and the HSE having to recruit from the same pool of available people in a climate of competition around the world, how easy is it for the HSE to find the right skilled people to operate that safety regime effectively?

Mrs. McGuire: I hope that the HSE continues to carry out its obligations and recruit the right people for the right job. Anybody who has dealt with our officials at HSE level, particularly in our offshore division, will recognise that we have some good people who understand the industry and know how to challenge it over health and safety issues. Obviously, we must recognise that there is always competition for high-quality people, and the HSE will keep the matter under review.

May I deal now with installation or asset integrity? I have said that the infrastructure is ageing. We need to get some informed decisions about the continued suitability of assets and properly thought through resource maintenance regimes so that they can be put in place and regularly reviewed.

My third point covers the involvement of the work force, which chimes in with some of the concerns that my hon. Friend the Member for Aberdeen, North has mentioned. The industry has much more to do in that respect. The work force, too, has a key role. They are closest to the hazards and often best placed to alert managers to problems and to ways of improving safe practice. They have the benefit of an excellent network of safety representatives and safety committees covering all staffed installations. I commend their commitment and initiative, but that network can only work effectively in an atmosphere in which everyone is encouraged to have an open discussion on health and safety problems and solutions. Evidence suggests that there is still some way to go before we can ensure a fully effective safety culture in all companies that work offshore. I want to see those at the top of the industry giving more support to safety representatives. I want them to create an open environment in which those people who work on the rigs and the offshore installations can openly discuss some of the health and safety issues that are of concern. I made that comment last week as well. If I have not dealt with any specifics, I will certainly will get back to hon. Members.

In conclusion, I pay tribute to my hon. Friend the Member for Aberdeen, North for raising this matter this morning. The offshore oil and gas industry remains crucial to the UK economy, but we must ensure that our health and safety standards are the highest in the world. The industry must raise its game and I welcome its commitment to address the issues through the three priorities that I have already mentioned. If we get this right, there is no reason why the industry should not enjoy a long, safe and prosperous future.

In this place, we often seek to fill the time that is allocated to us. With your permission, Mr. Bercow, I think that it would be appropriate for this House to fall silent to remember the 167 men who died, their families and those who were injured rather than to continue to fill the allocated time. That would be a suitable and appropriate memorial for those who died on Piper Alpha.

10.50 am

Sitting suspended.

Israeli Wall (ICJ Opinion)

11 am

Clare Short (Birmingham, Ladywood) (Ind Lab): I have instigated this debate because I, like many others, believe that the suffering of the Palestinian people is both a terrible humanitarian disaster and the cause of continuing instability and anger across the Arab and Muslim world.

I agree with all those who argue that the best way to bring relief to the Palestinian people and to calm the bitter anger of the middle east would be to implement a two-state solution with the Palestinians establishing their state on the lands that belong to them in international law. That would mean a Palestinian state based on the 1967 boundaries, with East Jerusalem as its capital. That proposal was accepted by the Palestine Liberation Organisation as part of the Oslo peace process and is the basis of the current peace plan supported by the whole Arab League. I believe that if the international community were willing to uphold international law and insist that Israel honour it, peace could be assured on that basis in the near future.

Unfortunately, when we examine the Israeli wall, its route and the associated infrastructure of control in the Palestinian occupied territories—closures, settlements, settler-only roads and so on—it is absolutely clear that Israel has no intention of agreeing to the establishment of an independent, sovereign Palestinian state in accordance with international law. We should be clear that that is the policy of successive Israeli Governments, whoever the leader or whatever the party.

Israel made 14 reservations to the road map, which is the supposed route to peace behind which the United States, the European Union, the United Nations and Russia are combined. Reservation 5 states, among other things:

"The provisional state will have provisional borders and certain aspects of sovereignty, be fully demilitarized...without the authority to undertake defense alliances or military cooperation, and Israeli control over the entry and exit of all persons and cargo, as well as of its air space and electromagnetic spectrum."

Clearly, that is not a description of an independent, sovereign Palestinian state.

It is important to be clear that although Israel insisted that the PLO, before entering the Oslo process, recognise the right of Israel to exist, and that although Israel and the international community insist that Hamas should do the same before rather than after negotiations, successive Israeli Governments have not recognised the right of the Palestinians to a sovereign state. They mention "certain aspects of sovereignty" in reservation 5 to the road map, and other phrases used are "autonomy plus" and "state minus".

If we are clear about that and then examine the route of the wall, or security fence—in some places it is a wall and in others a monstrous fence—it is clear that Israel is intent on confining the Palestinian population to a series of cantons or enclaves that are intended to perform the same function as did the Bantustans under the South African apartheid system. Israel seeks to control the whole of Palestine from the Mediterranean to the Jordan river—the confiscation of land along the Jordan river is truly shocking but little discussed. It seeks to control the whole territory and confine the Palestinian population to prison-like conditions such as they currently experience in Gaza and, increasingly, in the west bank and East Jerusalem.

The wall separates Palestinian villages from their land, surrounds Palestinian towns, separates East Jerusalem from the west bank and incorporates massive illegal settlements within Israel. The more than 300 permanent closures and the settler-only roads mean that Palestinians cannot move about their territory. They are hemmed in and humiliated whenever they wish to travel. Their economy is shrinking and thus unemployment and poverty are growing and will continue to grow.

The point that I want to put to the Minister today is that everybody knows that such behaviour is a complete breach of international law. Israel is incorporating territory taken by force in breach of the UN charter. Its settlements, collective punishments, failure to provide decent conditions for civilians in the occupied territories and treatment of prisoners are grave breaches of the Geneva convention, yet the UK Government, the European Union and the United States of America are doing absolutely nothing to uphold international law.

In 2004, the International Court of Justice declared the route of the wall illegal and called for it to be dismantled. I shall read some passages from the judgment, which is obligatory on us and all other states. It states that the Court is of the view that

"All States are under an obligation not to recognize the illegal situation resulting from the construction of the wall"

in the occupied Palestinian territories, including in and around East Jerusalem. They are also under an obligation

"not to render aid or assistance in maintaining the situation created by such construction".

It is also for all states,

"while respecting the United Nations Charter and international law, to see to it that any impediment, resulting from the construction of the wall, in the exercise by the Palestinian people of its right to self-determination is brought to an end."

Furthermore,

"all States parties to the Fourth Geneva Convention relative to the Protection of Civilian Persons in Time of War of 12 August 1949"—

that is virtually every state in the world—

"have in addition the obligation, while respecting the United Nations Charter and international law, to ensure compliance by Israel with international humanitarian law as embodied in that Convention".

Given that, would not any reasonable person think it outrageous that authorities such as the US, the EU, Russia, and, shamefully, the UN—it should not be part of the Quartet taking forward a road map that so dishonours international law—and the rest of the international community do nothing to enforce the judgment but continue to negotiate on the basis of the road map while knowing what the ICJ and the facts on the ground tell us?

I am afraid that the conclusion is clear. Israel intends to offer the Palestinians a series of Bantustans. It will give them no control over their borders, or access to the sea or air, as in Gaza now, and call it Palestinian autonomy. That would be the outcome of the road map process of negotiation, or negotiations can continue indefinitely or break down and never reach a conclusion. This is now, and will be, the reality on the ground.

President Bush has made his position clear, and I hope that today the Minister will make clear the position of Her Majesty's Government. President Bush, in his letter of 14 April 2004 to Prime Minister Sharon, basically spelled out that the Israeli proposal was acceptable. He made it clear that Israel's illegal settlements would not have to be handed over and that the 1967 boundaries need not be honoured. He also made it clear that, as progress was made, Israel would continue to control the borders and access to the sea and air.

I am afraid that we cannot comfort ourselves by arguing that that was the view of an unpopular President whose term of office is about to end, because two months later the House of Representatives endorsed those commitments in a vote of 407 to nine, and the Senate endorsed them the next day in a vote of 95 to three. As might be expected, Prime Minister Sharon called the vote supporting the Bush letter one of the greatest diplomatic achievements in Israel's history. However, it is a setting aside of international law—a very serious matter.

We must also be clear that it is not just the US that is tearing up international law and accepting the idea of the outcome of the peace process being a Palestine that is a series of cantons or Bantustans without any control over its borders. The EU has not uttered such words, but it has a trade treaty with israel that gives it privileged access to EU markets. It contains human rights conditionalities, but the EU has not seen fit to invoke them to uphold internat ional law in the occupied territories, despite the ICJ making clear the binding nature of its judgment and the duty of all states to comply with it.

My conclusion is pessimistic. As I said, I agree that the best way to bring relief to the Palestinian people and a just peace to the middle east would be a two-state solution that, in time, leads to an opening of borders and the integration of Palestine and Israel into the region. But the facts on the ground and the realities of international diplomacy tell us that what is to be offered to the Palestinians is a series of Bantustans and no control over their borders, within which they are to be offered autonomy. Furthermore, according to President Bush's letter, those Bantustans will also be obliged to accept all the refugees. No responsible Palestinian Government can accept that and any that did would not have the support of the Palestinian people.

The conclusion has to be that we are facing years, if not decades, of terrible suffering, bloodshed and conflict. We will see, as Prime Minister Olmert has said, a campaign growing again—it is starting—for one united Palestine for all its people; it will be the second great anti-apartheid campaign. That will be the consequence of the reality on the ground, which is that the prospect of a realistic two-state solution is being destroyed. This is a recipe for endless conflict and bloodshed. In addition, the situation spells out that might is right and that international law can be set aside when it suits. That endangers wider international stability and feeds the justification for the use of violence by non-state actors.

My questions to Her Majesty's Government, through the Minister, are as follows. First, do they accept the International Court of Justice judgment on the wa ? Secondly, if they do, do they accept that that judgment is binding on the United Kingdom and that the UK is bound to take action to see it implemented? Thirdly, do the Government not agree, therefore, that they are obliged to take action to ensure that the judgment is implemented and that, as a first step, they should surely invoke the human rights conditionalities in the European Union-Israeli trade agreement and refuse Israel's application to become a member of the OECD, which has conditionalities about respect for international law?

We are, as I have said, facing the prospect of years, if not decades, of bloodshed, conflict, suffering and international destabilisation coming out of the middle east. We are also seeing the authority of international law and international humanitarian law being gravely undermined. Surely, Her Majesty's Government understand the danger and can and should do better to uphold international law and help bring peace to the middle east.

11.12 am

The Minister for the Middle East (Dr. Kim Howells): I congratulate the right hon. Member for Birmingham, Ladywood (Clare Short) on securing this important debate. The middle east peace process continues to be a high priority for the Government as well as a topic of great interest to the House. We have had many debates on the subject and will continue to do so. The United Kingdom is committed to supporting Israel and the Palestinian Authority in their attempts to negotiate a peace agreement. We need one. We have heard not only the right hon. Lady's descriptions of the tragedy that has been this conflict for so long, but this morning we heard of more deaths in Jerusalem.

We recognise that huge challenges to the peace process remain. The Israeli barrier, and specifically the route of that barrier, is one such challenge. The right hon. Lady is right to highlight that. I would like to take this opportunity to set out the Government's legal view on the barrier; to say something about its impact on Palestinians; and to set out what the Government are doing to influence the Israeli Government's actions in relation to the barrier.

The Government agree with the conclusion of the International Court of Justice that building a barrier along the current route is unlawful. Building the barrier on occupied land is contrary to international law. The Government therefore supported the United Nations General Assembly resolution that acknowledged the ICJ's advisory opinion on the legal consequences of the construction of the barrier in occupied Palestinian territory. While we recognise fully Israel's right to self-defence and agree that, if it decides that it wants to build a barrier it should be able to do that, we call for the barrier to be built either on or behind the green line. I take this opportunity to reiterate that call, which I have made many times in this place and in other places.

The Government are seriously concerned about the impact of the barrier on the lives of Palestinians, and deplore the destruction of Palestinian homes and the confiscation of Palestinian land associated with its construction. We are concerned about the effects of building the barrier on the Palestinian community and its access to agricultural land and water. I have seen for myself the impact that the barrier has had on the daily lives of Palestinians. During one of my visits to the occupied Palestinian territories, I met a family who, prior to the erection of the barrier at the end of their road, which was previously the only access, could get

[Dr. Kim Howells]

into work in about five minutes and drop their kids off at school. Both parents were doctors working at the local hospital. Now, as a result of the construction of the barrier, that same journey takes them about 40 minutes on a good day, but that depends on how people feel at the checkpoints and whether they are obstructive or in a good or bad mood.

It is abundantly clear that the barrier has had a huge negative impact on the daily lives of many ordinary Palestinians. Nevertheless, as the right hon. Lady knows, the barrier is popular among a lot of Israelis. They have seen a huge decline in the numbers of suicide bombings and, as a consequence, a decline in the number of innocent people who have died at the hands of murderers and terrorists. That is, in a sense, the essence of the problem. The barrier is popular inside Israel and unpopular almost everywhere else.

Clare Short: The Minister refers to the number of Israeli civilians who have been killed by terrorist action—of course, any attack on civilians is always an offence in international law—but I hope that he will acknowledge that far more Palestinians suffer as a consequence of collective punishments that are also a breach of international law. The Israeli and Palestinian people, whenever they are asked, say time and again, in all surveys, that they support a two-state solution. To quote the popularity of the wall is to quote something that undermines what they really yearn for: a just peace, which can only come through two states.

Dr. Howells: No, I disagree with that analysis. I think that it is possible for people to yearn for justice and a two-state solution and to acknowledge that the barrier has made life safer inside Israel. I would not deny for one moment that Palestinians and Israelis have been killed needlessly and horribly as a consequence of this conflict. I think that I have mentioned to the right hon. Lady in previous debates that even old friends of mine inside Israel—she would recognise the phrase "old lefties"—who believe that there ought to be one country, a fully integrated region, where people would live in peace with each other, acknowledge that they feel a lot more sanguine about their children going out at night or visiting restaurants in downtown Tel Aviv or wherever they happen to live. The wall is one of the reasons that it has been much more difficult for suicide bombers to get inside to kill people. Although I understand and acknowledge what she says about the medium and longer-term aspirations of people on both sides of the barrier who yearn for justice and peace, there is, nevertheless, a mentality inside Israel that the wall is protecting them from suicide bombers, and we must take that into account when discussing this subject.

Clare Short: If the wall was built on the 1967 boundary, it would have the same effect and would be legal.

Dr. Howells: Absolutely.

Clare Short: So to use that argument to justify it is to justify the breach of international law.

Dr. Howells: No. I do not know if the right hon. Lady heard me. I said precisely that the Government believe that that wall should not incorporate Palestinian land and should be on the 1967 line or behind it. I reiterate that point for her. Nevertheless, I stick to my argument, which is that, in the meantime, since parts of the wall or barrier have been built, that mentality has grown up inside Israel and is a new factor that we must take into consideration. I am not trying to justify the stealing of any land as a consequence of the wall's construction.

As the right hon. Lady knows, there are major impediments to access and movement on the west bank—she mentioned some of those difficulties—and Palestinians' ability to move on the west bank has deteriorated significantly in recent years. Checkpoints, curfews, road blocks and the permit system have all contributed to that. The permit system has resulted in delays for some of our consulate staff in Jerusalem—I experienced that when I was there—as well as for people going to and from work daily. The permit and checkpoint restrictions have isolated west bank residents from east Jerusalem, which is an important consideration.

The Government continue to make it clear to Israel that it should halt the construction of the barrier on Palestinian land. When explaining that to the Israeli Government, we have made it clear that they should not create facts on the ground—that is what they are—which will prejudice future final-status negotiations. The route that the Israeli Cabinet approved on 20 February 2005 takes in a number of Israeli settlements, which are illegal under international law. This morning, I asked Foreign Office officials how much land has been encompassed, and was told that it was 10 per cent. of the Palestinian territory. That is a huge amount of land.

The barrier also contributes to the fragmentation of the west bank. I have a map which shows the mess. I am not sure whether it looks like a Swiss cheese, which is how President Bush described it, but one can see why the right hon. Lady made the point about cantonisation or bantustans. It has always disappointed me to hear all sorts of excuses when I have spoken to Israeli Ministers, about how someone from Bethlehem, for example, can get to Ramallah, which is not far away. The whole area is tiny, but the journey involves going the best part of the way to Jericho, and back up the road to Ramallah. They have sometimes said that they will build tunnels, but that is not good enough and does not address the aspirations of Palestinians who live in the area, and it means the cantonisation of the sovereign state that we want to be created.

The route does nothing to enhance the move towards the creation of a two-state solution, and we will continue to raise that—we do so regularly—with the Israeli Government. In our discussions with Israel, we have focused on those parts of the barrier's route that we believe are most problematic. They include the settlement of Ariel, which cuts 20 km deep into the west bank at a point where it is only 45 km wide. At Ma'ale Adumim, the barrier threatens territorial contiguity between the northern and southern parts of the west bank. That is a very deep cut, which contains a large number of new houses, many of which are still being built.

We have also raised with the Israeli Government our concerns about Israeli policies in Jerusalem, which threaten to cut off east Jerusalem from the west bank. Those policies include the routing of the barrier on occupied territory, settlement activity both within and around east Jerusalem, and increasingly restricted access to Jerusalem for Palestinian residents. We have also worked to raise those issues through the EU.

It is vital that we take this opportunity to focus on the wider picture—this debate has an important bearing on it—and notably the opportunity that the Annapolis process has provided to move the peace process forward. Since November's Annapolis conference, for the first time in seven years, we have been able to talk about a real process—perhaps not progress, but at least a process. At the conference, we saw substantial political movement from both sides. President Abbas and Prime Minister Olmert committed themselves to fortnightly meetings, and both restated their commitment to their road map obligations, meaning improved Palestinian security and a freeze on Israeli settlements. The US undertook to monitor the process, and all parties agreed to conclude negotiations by the end of 2008.

The conference was a signal of renewed international commitment to the peace process, and was remarkable for the strong Arab attendance, showing that the Arab world is prepared to be meaningfully involved in the process. The UK is deeply committed to supporting the peace negotiations. The Foreign Secretary and the Prime Minister have been engaged in supporting the process, and both have spoken regularly to the key actors involved and have been very clear in their message. We expect all parties to fulfil their road map obligations. That means that Israel must freeze all settlement activity and that the Palestinians must work to improve their security sector. I believe that the Palestinians are trying to do that.

As my right hon. Friend the Prime Minister said in the House on 18 June, it is essential that Israel

"stop the settlement programme that is causing so much distress among the Palestinians."—[*Official Report*, 18 June 2008; Vol. 477, c. 945.]

The United Kingdom has been deeply engaged in supporting the political process. On 2 May, London hosted the ad hoc liaison committee and a meeting of the Quartet. Those were the first meetings on the middle east peace process in 2008. Since then, the Foreign Secretary visited Lebanon and the occupied Palestinian territories on 8-9 June, which was his second visit this year. More recently, I met Palestinian Prime Minister, Salam Fayyad, and the Foreign Minister on 23 June on the margins of an important peace conference in Berlin on Palestinian security.

Last Monday, I met the Israeli social welfare Minister and former housing Minister under the Ariel Sharon Government, Isaac Herzog. I tried to convey to Minister Herzog the Government's great concern at news of the planned construction of yet more illegal dwellings on Palestinian occupied territory.

I want to make it clear to the right hon. Lady that we do not believe that a series of bantustans or a fragmented parody of a state will do. Palestine must come out of the process as a sovereign state in every sense with control of its external borders. If that does not happen, the conflict will continue, as the right hon. Lady said, because the aspirations that have so often been voiced will not have been met.

In the couple of minutes remaining, I want to say that we have been working hard to try to help the Palestinians to increase their ability to guarantee security within the west bank. That is more difficult in Gaza. As the right hon. Lady said, the situation there is terrible, and we have pressed the Israelis, now that a peace process has been brokered by the Egyptians between the Israelis and Hamas, to ensure that where crossings in Gaza are open, albeit partially, many more goods are allowed to cross in and out. We shall keep pressing for that.

I do not know what effect today's tragedy in Jerusalem will have, but usually such crossings are closed for a while. There is undoubtedly great suffering there. We have seen from a number of Palestinian factions, not just the Palestinian Authority, an attempt to abide by the agreement that they made for the calm, or the peace process, to try to stop rockets being fired into Israel with the inevitable retaliatory consequences.

I have run out of time, but I want to tell the right hon. Lady that we are extremely concerned about the matter. We will continue to press the Israeli Government on it because it is important. We will also continue to work through the EU and every other channel to try to ensure that the terms of the Annapolis talks are abided by and that the road map is adhered to.

11.30 am

Sitting suspended.

Flight Paths (London)

2.30 pm

Mr. Richard Spring (West Suffolk) (Con): It is a pleasure to see you chairing our proceedings this afternoon, Mr. Bercow—I am most grateful to you for enabling me to debate this important issue. I am also grateful to the Minister for being here to reply.

As hon. Members will be aware, NATS, which provides air traffic control services in the United Kingdom, has recently conducted a consultation on its proposed redesign of terminal control north airspace. The sheer demand for air travel has brought about the need for fresh consideration of flight path access to our airports and I therefore fully realise that there is a challenge that needs to be addressed. The consultation ended on 19 June and a feedback report will be published on NATS website towards the end of this month. The report will then be forwarded to the Civil Aviation Authority for approval by the end of the year.

The proposed plans concern a large part of southern and eastern England, which incorporates my constituency. I would like to make it clear that I am fully aware of the benefits that air travel brings. There can be no denying that it is essential to the success of the UK economy and that it is an important part of modern life. Aviation provides some 200,000 direct jobs and a further 600,000 jobs are indirectly supported. The industry directly contributes more than £11.4 billion to UK gross domestic product and visitors who arrive by air contribute a further £12 billion a year to the UK tourism industry.

In 1970, 32 million passengers passed through UK airports and last year the figure was 241 million, which is a 653 per cent. increase. A similar pattern emerges if we consider each individual London airport. In the past 10 years, the number of passengers who have passed through Heathrow has increased by 22 per cent.—from 56 million passengers in 1997 to 68 million in 2007. There has been a 31 per cent. increase in passengers at Gatwick—from 27 million in 2002 to 35 million in 2007. The number of passengers passing through Stansted airport has increased by 344 per cent.—up from 5.4 million in 1997 to 24 million in 2007—and Luton has also had a substantial increase in the number of passengers going through its terminals. In 1997, 3.2 million passengers passed through Luton compared with 10 million in 2007, which is a 212 per cent. increase. Finally, in the past five years, the number of passengers who have passed through London City airport has increased by 82 per cent.—from 1.6 million in 2002 to 3 million in 2007.

According to the latest published forecast, the number of passengers passing through UK airports by 2030 will be between 450 million and 530 million, which is twice the number it is today. More than half of the total UK demand that is forecast for 2030 is for airports in the south-east of England. Stansted will have between 51 million to 60 million passengers passing through its terminals, which is a 150 per cent. increase. In the past 10 years, air transport movements have increased at London airports by 35 per cent.—from 739,000 movements in 1996 to 994,000 in 2006. At Stansted, there has been an increase of 153 per cent. in air transport movements in the past 10 years—from 75,000 in 1996 to 190,000 in 2006. BAA wants to increase flights on the existing runway to 260,000 and then open a second runway to accommodate 500,000 flights a year.

Although it is important for London to continue to be a hub for air passengers, it is also important to ensure that a balance is achieved. The biggest change proposed for the Suffolk, Cambridgeshire and north-east Essex area is to increase the number of holds for Stansted and Luton arrivals from two to three. The two Stansted holds would be south of Newmarket between Hadleigh and Stowmarket. One of the main factors that NATS considered when designing the proposed changes was to try to avoid populated areas at lower heights. However, in doing that, the proposed changes would have an unfair and disproportionate impact on rural areas. The Campaign to Protect Rural England is concerned that the plans will mean that planes are rerouted over areas of natural beauty.

Under the proposals, aircraft will descend in spirals to 7,000 ft before breaking out of the holding pattern to make their approach to Stansted. Areas to the south of Newmarket and Bury St. Edmunds, including some areas close to Newmarket that are presently not normally over-flown at all, would be over-flown by as little as 4,000 ft. That would lead to noise levels of between 58 to 73 dB, which is against the Suffolk local transport plan objective to improve the ambient noise climate within the county.

Mr. David Lidington (Aylesbury) (Con): Is my hon. Friend aware of the strong opposition to the NATS proposals expressed by the Chilterns conservation board—the statutory body for the Chilterns area of outstanding natural beauty? Under the proposed regime, many of my constituents who live on hill-top villages fear that they will be a great deal closer to more frequent and lower flights than is currently the case.

Mr. Spring: I am grateful to my hon. Friend for pointing that out because the Chilterns are, of course, an area of outstanding natural beauty in this country and people choose to live there because of the tranquillity. That is likely to be destroyed under the proposals.

Picking up on the point made by my hon. Friend, NATS has simply shifted aircraft noise to those rural areas that currently experience very little background noise. Many of my constituents have complained to me that the Civil Aviation Authority seems to have chosen to ignore the guidelines set out by the Department for Transport in the terminal control north consultation. In its guidance to the CAA on environmental issues relating to airspace, the Department for Transport requires the Directorate of Airspace Policy to

> "Pursue policies that will help to preserve the tranquillity where this does not increase significantly the environmental burdens on congested areas."

I would be grateful to know whether the Minister has the same view on that as my constituents. West Suffolk already suffers from virtually continuous aircraft noise from the US air force bases located in Mildenhall and Lakenheath, just north of Newmarket in my constituency. The proposed changes will further put at risk the tranquillity of that area. I have had an avalanche of letters from concerned constituents who live in the villages around Newmarket, particularly to the south of the town.

Residents of the village of Hargrave are concerned about the impact the changes will have on local air quality. My constituent, Mr. James Perry, has rightly pointed out that

"this is of particular concern as Hargrave will experience a much lower minimum height of 4,000 feet than the other holds."

Mr. and Mrs. Ambridge, who also live in Hargrave, have concerns about the aircraft leaving the westerly stack following the dog-leg red route passing over Hargrave and then having approximately 35 miles to descend to the runway.

Mr. Jonathan Djanogly (Huntingdon) (Con): My hon. Friend mentioned aeroplanes leaving the stack, which would probably be at about 6,000 or 7,000 ft. That applies to Huntingdonshire and Cambridgeshire, and is the issue about which we are concerned. People are saying that the NATS consultation is confusing in relation to the stack and the area around the stack, as some diagrams show that planes can also fly at 6,000 or 7,000 ft—if it relates to the stack itself, the number of planes would be restricted to eight, but if it relates to a much wider area, there could be dozens of planes. That confusion is upsetting people who live in rural areas.

Mr. Spring: I am grateful to my hon. Friend for intervening and I totally accept his point. The whole consultation process has been extremely confusing and non-specific, and I shall now talk about that.

Mr. and Mrs. Ambridge would like to know why the consultation document does not provide a meaningful explanation for why the stack and dog-leg are located so far away from the airport and why the dog-leg that is connected over Hargrave is necessary at all. Another of my constituents, Mr. Rous of Newmarket, is worried about the visual impact of aircraft flying at heights as low as 4,000 ft in the area. He has forcefully argued that at peak times, aircraft movements will be as many as 33 an hour, or one every two minutes. Mr. and Mrs. Fish of Higham made a very serious point in their submission to NATS when they asked why the consultation document does not explain why the lowest height limit being set over the whole area is 4,000 ft when the other proposed holds have a lowest height limit of 6,000 ft. I shall be interested to hear whether the Minister can answer those queries from my very anxious constituents.

Mr. Tobias Ellwood (Bournemouth, East) (Con): My hon. Friend is making a powerful argument. Does he agree that although there is a move to shift aircraft to stack over the countryside, people tend to notice aircraft noise more when they are in the country than when they are in cities and urban areas? I am aware of that as someone who lives not only in London, which is obviously very busy, but in the country. Has my hon. Friend probed the Minister on what other alternatives have been put on the table, or is the current proposal the only solution that the Government have offered?

Mr. Spring: My hon. Friend is absolutely right to say that any noise in an area that is essentially quiet is much more noticeable. I will certainly come to the issue of the alternatives in my remarks.

There is a desperately serious potential threat to a hugely important commercial activity in the area that I am discussing. That is because of the fear that the proposed changes will have a decisively negative impact on the racing industry. As Deloitte noted in a recent report on the horse racing industry,

"The general decline in British farming means racing is now even more important to the rural economy, and its continued prosperity will play a major role in the health of the rural economy."

Let me illustrate what I mean. The racing industry is a substantial contributor to the British economy. It generates expenditure of £2.9 billion a year and raises £282 million in tax revenues for the Government. The thoroughbred horse racing industry produces sales of more than £150 million annually in the United Kingdom and has export revenues of £160 million. There are about 9,500 active racehorse owners, and overall some 50,000 people are involved in racehorse ownership through various types of co-ownership. It is, then, no surprise that racing is second only to football, measured by revenue and spectator numbers, with total race course attendance in 2006 being just under 6 million.

Newmarket, in my constituency, is at the heart of all this. Originally, Newmarket found fame as the world headquarters of racing during the reign of Charles II, so racing has been central to the life of the town and the surrounding area, and indeed the whole country, for more than 300 years. As well as being one of the most tranquil areas in the east of England, Newmarket contains the largest concentration of stud farms, racehorses, trainers, stable staff and racing organisations in Europe, shared between my constituency and that of my hon. Friend the Member for South-East Cambridgeshire (Mr. Paice).

Situated in Newmarket are two of Britain's leading race courses, more than 2,900 racehorses in training, 89 licensed trainers, 62 stud farms, 2,800 acres of training grounds, the original home of the Jockey Club, the National Horseracing museum, the British Racing School, the National Stud, the Animal Health Trust, the Horseracing Forensic Laboratory, the Thoroughbred Breeders Association, the International Racing Bureau, Racing Welfare, the Federation of Bloodstock Agents, the UK's top support services and Tattersalls—the oldest and most successful bloodstock auctioneers in the world. Today, there are 40 race meetings a year—in the summer on the July course and in the spring and autumn on the Rowley Mile. That unique part of Britain provides breeding and training facilities for up to 3,000 horses, accounting for one fifth of all racehorses in training in the United Kingdom.

The racing industry also significantly contributes to the local economy. It is estimated that 33 per cent. of jobs in Newmarket are directly related to horse racing, with the breeding industry paying £15 million to its employees. Newmarket's stud farms and racehorse trainers directly spend more than £150 million a year in the area on wages, goods and services. They indirectly spend more than £100 million locally, with turnover of horse racing sales, training and stud farm businesses greater than £500 million. A survey of Newmarket Stud Farmers Association members showed that an estimated 85 per cent. of their expenditure goes to businesses and individuals within a 20-mile radius of Newmarket.

Many breeders have located to Newmarket simply because they were attracted to the peaceful environment. A baseline noise survey conducted on behalf of the Newmarket Horseracing and Breeders Group to investigate noise implications concluded that stud farms in Newmarket were located in areas significantly quieter than the average rural area. That is no coincidence. A further

[Mr. Spring]

survey conducted by the Newmarket Stud Farmers Association, completed by 30 of the leading studs, showed that Newmarket's peaceful business environment was considered one of the greatest attractions of Newmarket after the availability of equine services and land with ideal soil and topography. It is clear, then, that because of the tranquillity of the area, it is a very attractive location for the industry's activities and a significant reason why investment continues to flow into the area.

We nearly lost the racing industry with the introduction of the Single European Act in 1993, because our VAT rate of 17.5 per cent. was hugely higher than the special low rate negotiated by the French and Irish. That was a potential catastrophe for my constituency—I was a new Member of Parliament at the time. Mercifully, we found a way round it, something that racing has not forgotten. I pay tribute to my hon. Friend for his role in that.

Sadly, the breeding industry is once again on a knife-edge. Many fear that the horses will react negatively to the increased noise. Let me spell this out in crystal clear terms. Thoroughbred racehorses are hugely expensive to breed and rear, and very sensitive to the prevailing atmosphere. That particularly applies to young foals. Every racehorse trainer will say that a peaceful and calm atmosphere is the fundamental prerequisite for successful breeding and training, so the threat is both to human beings and their tranquillity and to livestock.

The owner of the Denham estate in my constituency, which is one of the largest deer farms in Europe, believes that the proposed flight changes will have a great impact on it. Deer, like racehorses, are highly sensitive to aircraft noise, and Mr. Michael Gliksten, owner of the estate, predicts that, as a result of the noise, the deer

"are likely to spook, resulting in extreme stress and possible abortions."

Indeed, several years ago, the RAF was thinking about flying helicopters over the area, yet it fully appreciated and understood Mr Gliksten's concerns and it diverted its flight paths after he had expressed them.

The change most likely to have a significant impact on the Newmarket horse racing industry is the formation of a new holding pattern above the Newmarket area. Elaine Taylor of Newmarket makes a valid point in her submission to the consultation process, in that there is no clear indication of the number of flights that will use the hold, how often it will be necessary for planes to fly at 4,000 ft, and what the intention is after 2014.

Altogether, 33 per cent. of the population in the south Newmarket area will see a difference as a result of the proposed changes. More than 7,000 thoroughbreds are cared for by 2,000 people on stud farms underneath the proposed stack. It is estimated that 90 per cent. of the stud farm area around Newmarket will be affected by the planned changes. According to a survey of Newmarket Stud Farmers Association members, 77 per cent. of studs expect some change to their businesses as a result of the NATS recommendations.

Dr. Charles Boulton of Newmarket recently wrote to me to highlight the fact that a key element of the East of England Development Agency's strategy is to stimulate foreign investment in the region. As he rightly points out, considerable foreign investment in horse racing in the region is threatened by the proposals. As well as discouraging potential new investors from investing in the area, there is the real possibility that one or more of the big global players will withdraw their investment. Five of the largest studs account for 83 per cent. of the stallions. The racing industry depends on the tens of millions of pounds that the big racing owners invest in Newmarket each year. Stallions can be worth many millions of pounds each, with additional income coming from stud fees. The temptation for them to redirect their investments and move to France, Ireland, America, Australia or the middle east may prove irresistible. Most worrying is the fact that 63 per cent. of the studs surveyed believe that the NATS proposal will influence their future investment decisions. Make no mistake, the French and Irish continue to bid hard for breeding activity to be located in their countries. Any decision to withdraw investment would be disastrous for the British breeding industry as a whole.

The racing industry is inextricably interlinked. The breeders, trainers, auctioneers and the ancillary activities all work together in Newmarket. The departure of one element would have an impact on everything else. When I met NATS, it was clear that no consideration had been given to the problem. Racing in Newmarket is a brilliant success story, giving much pleasure to many. It is tragic that the future of such an important employer and exporter, a great British success story, should be put at risk. It is essential that NATS comes up with an alternative solution.

NATS must reconsider the location criteria so that areas of tranquillity are preserved. No alternative location for the holds have been proposed. NATS should consider stacking over the North sea, raising the lowest level of the stacks to a higher altitude or introducing direct flight paths. Frankly, there was no field-based evidence for those areas of potential impact. The criteria appear to have been based on desk-bound analyses alone.

Many of my constituents cannot understand why the option of stacking over the sea was not seriously considered. A campaign for that has been commendably led by the save our silence action group. A large proportion of the routes into Stansted come from continental Europe, which presents an opportunity for adjustments to take place over the sea. As Mr. and Mrs. Warner of Newmarket said, the coast is less than 50 miles away. The Newmarket Horse Racing and Breeders Group, under the chairmanship of Alastair Watson, has also recommended a number of viable alternatives, which were submitted as part of the consultation process.

I have received many letters from constituents who believe that genuine public consultation has not taken place. Many have told me that even though they live directly under the flight paths they did not receive notification that consultation was under way. Many parish councils tell me they were not fully informed; they did not receive adequate information. Although I have held meetings with representatives of NATS, parish councils were apparently denied the opportunity to meet NATS officials. I believe that that was the pattern everywhere.

Mr. Andrew Ince, also of Newmarket, wrote to me complaining that the consultation process relied on people having access to the internet. As he points out, that is not necessarily the norm in rural areas. The alternative for those without a computer is to travel 7 or 9 miles to the nearest library. A constituent of mine,

Ms Susanna Leoni-Smith of Wickhambrook, sums up the mood of many in West Suffolk in her letter to the Suffolk Free Press. She says:

"Yet again, a Government Agency demonstrates its complete disregard and lack of concern for rural affairs and businesses."

The situation that I have described cannot be allowed to happen. An alternative solution must be found on the ground of tranquillity for the county's residents, human and equine alike.

2.53 pm

John McDonnell (Hayes and Harlington) (Lab): I shall be brief, as I know that other hon. Members have a clear constituency interest. I shall concentrate on the consultation with regard to the Heathrow flight paths.

The NATS proposals for Heathrow narrow the flight paths. As a result, it calculates that 39,000 fewer people will be affected by noise. There will be an overall fall in numbers. The estimate from NATS is that the number of people in the 50 dB area around Heathrow would fall—these are precise figures—from 442,651 to 249,057. That is to be welcomed, but the problem is that there will be a more intensive use of those flight paths, and as a result those under the narrower flight paths will suffer more. The more intensive use of the air space will result in more noise. That will cause problems for a number of constituencies in London, including mine.

However, there is a fear that that coincides with Government thinking on the development of Heathrow. In advance of any development of a third runway or a sixth terminal, the question of runway alternation is being examined. If the idea of runway alternation is to be abandoned as an incremental development, in advance of a major decision on a third runway or sixth terminal, I would welcome a full and extensive consultation on the implications by NATS, to be instituted by the Government. The Cranford agreement on runway alternation at Heathrow provides respite for the constituents of many west London MPs. The shifting use of the two existing runways at least enables some of our constituents to have a break from the noise.

Hon. Members may think that they have problems now, as a result of the present consultation, but if the third runway and sixth terminal go ahead those problems will pale into insignificance because of the scale of projected growth. Growth at Heathrow is predicted to rise from the present capped level of 480,000 aircraft movements to more than 700,000, and some predict that it may rise to more than 800,000. With expanded flight paths, and with the runways being used more intensively, predictions are that the number of people suffering noise would increase by at least 150,000. As a result, those people and others would be subjected to an aircraft passing overhead every 90 seconds.

My concerns are about noise and air pollution, but after our recent experience at Heathrow I am concerned also about safety. It was a near miracle, when the last aircraft came down early at Heathrow, that it did not cause a major accident and that there was no injury or loss of life. Increasing the intensity of flight paths and narrowing them will bring us to the edge of asking questions about safety itself.

My main concern is about the development of Heathrow, the third runway and the sixth terminal. From what we know of the Government's consideration so far, that development will not go ahead if it does not meet the strict environmental limits set by the Government and the European Union. However, we now know more about the impact of air pollution.

On the potential expansion of Heathrow, will the Minister confirm that the Government are preparing to seek derogation from the European Union limits on air pollution, which will enable them to expand Heathrow without conflicting with those limits? Because it comes into the calculation on flight paths and the scale of development, I also ask whether any assessment has been made of the cost of the damage to local communities, the cost of compensation resulting from the impact of noise, and the relocation of homes, schools and communities that might be affected by the expansion? What consultations have taken place or are planned on that?

I have sympathy with hon. Members who have raised points about stud farms, but in my area we do not breed horses. We occasionally back them, but we do not breed them. There is a clear need for much more detailed analysis and research into the health consequences of the intense movement of aircraft above people's heads and the resulting noise and air pollution. I ask the Minister whether further studies have been commissioned on the health impact of such an extensive development, in connection with expansion at Heathrow and existing operations?

I caution hon. Members about the process. If we take Heathrow expansion as an example, the concern that we have expressed over the years about consultation is that, even if we feel that we are getting verification of the figures about the intensity of use of the flight paths, and even if we feel that we are getting substantive information, we have always found that calculations about expansion have been severely underestimated. The consequences of expansion and the more intensive use of flight paths have never really been taken into account when considering the impact upon our local communities.

3 pm

Mr. David Gauke (South-West Hertfordshire) (Con): It is a pleasure to serve under your chairmanship again, Mr. Bercow—

Sitting suspended for a Division in the House.

3.15 pm

On resuming—

Mr. Gauke: As I was saying, it is a pleasure to serve under your chairmanship, Mr. Bercow—that is now the third time that I have said that this week.

I congratulate my hon. Friend the Member for West Suffolk (Mr. Spring) on securing the debate, which is of considerable interest to many people in his constituency and certainly in mine. He set out very well not only the general background to the consultation undertaken by NATS, but the case as it applies specifically to his constituency. I am sure that the horse breeders of Newmarket and the surrounding areas will be grateful for his diligent work.

My involvement in the matter dates back to the publication of the NATS consultation. In *The Times* of that day, there was a map showing the noise preferential routes—to use the jargon—proposed in the NATS consultation. It was noticeable that the new noise

[Mr. Gauke]

preferential routes in the proposals would go through my constituency and between the towns of Tring and Berkhamsted, covering villages such as Northchurch, Aldbury and Wigginton. The article noted that the area of the country that would suffer most was the one that I have the privilege of representing.

I immediately looked through the proposals in the consultation document and wrote to NATS. To be fair, it responded very promptly, and I had a meeting with senior representatives in March. I told them—they did not particularly doubt my analysis, which extrapolated from the figures in the consultation—that the proposals would disadvantage many of my constituents in the towns and villages that I mentioned. I include Tring and Berkhamsted because although they are not overflown by the noise preferential routes, they will none the less suffer as a result of a number of the changes. The representatives of NATS accepted that there was an issue.

I warned NATS that my constituents were an able and articulate lot and that they would address the proposals in a thoughtful and intelligent way, and I am pleased to say that my constituents have lived up to that prediction. In a relatively short period, the various groups have come together, and there is now an umbrella organisation called the Chiltern countryside group. I pay tribute to the work that it has done in producing a detailed analysis of the proposals—we are not talking about a knee-jerk reaction, with people saying, "This is bad news. We don't like it."

The Chiltern countryside group contains people with the most extraordinary expertise, who come not only from my constituency, but from that of my hon. Friend the Member for Aylesbury (Mr. Lidington), and I dare say that one or two also live in the constituency of Buckingham, Mr. Bercow. They include former air traffic controllers, pilots and people with great expertise regarding the Chiltern conservation area. The group has analysed some of the proposals, and I will return to that in a moment. It has made some quite constructive suggestions, and I hope that its technical submission will be examined by NATS and, where appropriate, the Civil Aviation Authority.

The consultation raises one or two issues, one of which is the timing. I am pleased that the end of the consultation period was extended from 22 May, as in the initial proposal, to 19 June. In my constituency—I suspect that this is not untypical—there has been a build-up of momentum as public interest has increased. There are certainly criticisms that NATS did not publicise the initial consultation as well as it might have. I have, as I have said, been involved in the issue from an early stage in my area, and have publicised it in the local newspaper. The *Hemel Hempstead Gazette* has done sterling work in publicising it, and public awareness has increased. There has been a range of meetings in Tring, Berkhamsted, Northchurch and Wigginton, some of which I have had the opportunity to attend. I wonder about the adequacy of the time frame, even if extended. There have been some excellent submissions from local groups, but I wonder whether more time would have allowed a stronger response to be made.

I want to make a couple of technical points about the consultation document. First, the question of the depiction of heights was touched on by my hon. Friend the Member for West Suffolk. There is great uncertainty. Various height figures are given in the document, generally designating ranges such as 3,000 ft to 4,000 ft. However, it is not entirely clear what is being talked about. Paragraphs 11.6 to 11.9 state that the heights of routes are

"measured in different ways depending on where they are".

They go on to state that the measurement is taken

"from ground level at an airport, while further away from airports the measure is taken from sea level".

That is somewhat ambiguous, and it is a significant point, because by and large the flights that are of concern to my constituents are those that depart from Luton. Luton is 525 ft above sea level, but the villages that I represent tend to be higher. Wigginton, for example, is 690 ft above sea level. In the case of Wigginton, are the relevant heights measured from sea level, in which case the actual minimum height will be 2,310 ft, or should we be considering the Luton figure, in which case it is 2,835 ft? At such levels, there is quite a big difference between the two—a difference of 500-plus ft or so. One way or another it is quite significant.

Another criticism of the NATS proposals is that it is not obvious that it has taken into account ground levels when assessing particular routes. That point was touched on in the intervention by my hon. Friend the Member for Aylesbury. He also represents several villages that are very high up. Clearly flights overhead will create more noise for those villages than they will for villages at the bottom of a valley. That is a significant practical point.

My other criticism about the consultation document is about the issue of decibel levels. Several projections are included, but they appear to be very wide. It is helpful that the consultation document gives some examples of the noise level to which various decibel levels relate. I do not know about other hon. Members, but I do not really know what 60 dB means. One example in the document is that 85 dB is the equivalent of the sound made by a heavy diesel lorry at 25 mph, 23 ft away. That is precise and helpful. Another example is that a busy general office makes noise at a level of 60 dB. There is clearly a wide gap between those two noise levels. However, the noise range for flights by the noisiest aircraft at a height of 3,000 ft to 4,000 ft is 65 dB to 83 dB. There is clearly a big difference between the noise from a busy general office and that from a heavy diesel lorry 23 ft away travelling at 25 mph. Yet the ranges given, from which people are to assess what the noise levels from the flight paths will be, are not far short of a comparison between those two noise levels. That makes it difficult to assess what the impact will be.

As my hon. Friend the Member for West Suffolk said, there is much to be gained from flights. It is a fact of life and much of the concern about flights arises simply because there is an increase in their number. That point was made by the hon. Member for Hayes and Harlington (John McDonnell). However, that is not the issue that is to be decided in the consultation, or the specific issue faced by my constituents in the areas I have mentioned. The concern is that, although there will be more flights, whether or not the flight paths change, aircraft will, under the proposals, be flying lower over my constituency. The reason is that as a rule the change in routes has meant flights moving further south than previously. As

a consequence they are caught up in Heathrow traffic and are kept lower to allow flights from Heathrow to fly above them.

I have two suggestions to make about that. First, greater consideration could be given to the idea of simply moving flights further north. Work on that issue has been undertaken by the Chiltern countryside group. The point of the suggestion is not simply to move the problem into someone else's back yard—I say that with some nervousness, knowing who represents the constituency to the north-west of mine; once flights are moved a little further north they can climb more quickly. That is beneficial not just for noise pollution but environmentally. Once a flight has moved quickly up, it is more efficient. I am not aware of any disagreement on that.

The second possible solution to the problem involves the question of moving what is described as the Bovingdon stack. Bovingdon is a village in my constituency where arrivals for Heathrow are stacked. I have spoken to residents and the concern in Bovingdon is not particularly noise from the stack, which flies several thousand feet above; the impact is that flights departing from Luton are kept lower than they would otherwise be. I know that the question of moving the Bovingdon stack is being considered, and, indeed, if the third runway at Heathrow were ever to be implemented, it would have to happen. That is not an argument one way or the other, but given that the work has been done it is a pity that NATS has not included in its process the possibility of moving the Bovingdon stack. If it did, that might solve some of our problems.

That leads me to my final criticism of the consultation document, which is that it does not offer alternatives. It is very much a question of "Take it or leave it; here are our proposals". Those are either to stay as we are, which is not ideal for the purpose of dealing with flights over populated areas—a move is clearly in the best interest of such places as St. Albans, Hatfield and parts of Hemel Hempstead—or to go with the proposals. The detailed work done by NATS suggests that there are alternatives that would benefit those areas over which there are currently many flights, which would not result in more low-flying planes over the likes of Tring, Berkhamsted, Wigginton, Aldbury and Northchurch. It is therefore possible that we can do better. I hope and urge that NATS will be prepared to look again for improvements—and if the Minister can influence it in any way I ask him to take whatever action is necessary. There may be detailed technical points that it would not be appropriate to make today, and which it would be difficult to deal with without benefit of a map. However, changes could be made that would address my constituents' concerns and, I hope, reduce flight paths over other constituencies.

3.29 pm

Mr. Tobias Ellwood (Bournemouth, East) (Con): It is a pleasure to participate in this debate. I congratulate my hon. Friend the Member for South-West Hertfordshire (Mr. Gauke). He named a number of places that I know particularly well, as I was a borough councillor for Aldbury and Wigginton. I have probably met the very same people who have been lobbying him about the aircraft issues that he discussed. It shows that the issue is ongoing, and that a solution—although that is probably the wrong word to use—does not seem to be on the horizon. I hope that this debate will provide another opportunity for the Government to clarify where we are going.

I congratulate my hon. Friend the Member for West Suffolk (Mr. Spring), who brought an interesting angle to this discussion. As the shadow Minister for tourism and for gambling, I take a particular interest in our flight paths, not only because of who is inside them and how people can get from the plane through the airport to their destination efficiently, but because we have one of the best horse racing industries in the world. We can say proudly that we hold eight of the top 12 international races. As my hon. Friend mentioned, those will be threatened if we are not careful about protecting the industry. It is the sport of kings; I hope that it does not become a sport of the Government to ignore that important industry.

The industry is important not just in the Newmarket area, but across the country, as my hon. Friend explained with some clarity. There are now some 60 horse racing tracks in the country. It is a thriving sport, but it is under threat. He mentioned football. From a betting perspective, racing is growing in popularity, as are international events abroad. If we do not harness, look after and nurture the racing industry, it will disappear. What has been identified today is Departments' lack of thinking about the knock-on consequences of avoiding considering the bigger picture.

We have had issues with the Tote, the levy and on-course bookies. The Government could be accused of not taking horse racing particularly seriously. I hope that the Minister will take this opportunity to rectify that, and say that he is interested in learning more about the impact on the racing industry of flights over the Newmarket area and elsewhere.

I should put it on record that I am a pilot. I am not a commercial airline pilot—I would have to declare that in the Register of Members' Interests—but a private pilot. I am aware of the issues of stacking, the length of flight paths and how long it takes to go on to finals to land at a runway. Like many other pilots around the world, I am flabbergasted that the UK decided to base our main international airport downwind of our capital city. That is madness, because it means that almost every single flight must go across the capital, upsetting the city every time.

The frequency with which flights now land at international airports, particularly Heathrow, has increased. Landings now take place every 60 seconds. We saw the chaos caused when a little fog crept into the UK only a year or so ago. There is no more capacity at Heathrow. Perhaps there is a bigger debate to be had about why we are investing so much money in particular airports and not looking at the bigger picture. The future is to spread out passenger and cargo airlift requirements more evenly around the country. It is not Conservative policy, but I would like to see an airport along the Thames estuary, where aircraft can land at will, upsetting no one but a few fish and birds. However, as I said, that might be for a different debate.

My hon. Friend focused on the impact on horse racing and raised some important questions about the consultation. I reiterate: what other options were placed on the table? What other considerations were put forward? We might be able to say, "Maybe Newmarket isn't the answer. Maybe we could consider something else as

[Mr. Tobias Ellwood]

well." From my experience of the airlines, there is nothing wrong with having a stacking system over the sea. It could easily be done. Planes would simply have a long ride-in time on finals. It would not be a problem, but we do not even know whether that was considered, because the consultation does not allow it. I hope that the Minister will heed our requests to see the full set of evidence, so that we can make that judgment ourselves.

The future was mentioned. If things are busy now, where will they be in five to 10 years' time? We must consider that in advance, not just for the sake of the horse industry but for Britain as a whole. I have huge concerns about the lack of long-term planning. The plans are based around airports, without any thought for what other advanced countries, such as the United States, have done in building new airports. JFK in New York, for example, is that city's main international airport, but additional airports have been built to take extra capacity, so that everything does not happen at one airport.

That also has security implications. If something happens at Heathrow—whether it be natural, like the fog, or a security alert—London comes almost to a standstill, because there is no capacity to shift flights elsewhere. The matter is critical for our tourism industry. According to surveys of the business and international community, the biggest concern is what is now called the Heathrow experience. It is so frustrating to come through Heathrow that people deliberately avoid it to come through other airports.

I plead with the Minister to consider what is happening, to be honest about aspects of the consultation and to be aware of the importance of the racing industry to the UK. In my intervention, I stressed that it is much easier to be aware of noise in the countryside than in urban areas. That factor must have been considered in the consultation, but as I said, we are not fully aware of what evidence was presented.

I congratulate my hon. Friend on securing this important debate. I hope that things do not end here. I hope that the Government will begin to open their eyes to the bigger picture and take evidence from other parts of the industry, instead of simply arguing that tucking away stacking locations in rural rather than urban areas upsets fewer people.

3.37 pm

Mr. John Leech (Manchester, Withington) (LD): I, too, congratulate the hon. Member for West Suffolk (Mr. Spring) on securing this debate on such an important issue. Although I am not from London, I spent four years at university living under the flight path, including some time in the constituency of the hon. Member for Hayes and Harlington (John McDonnell). I am well aware of the significant impact of flights on people living around London, and I believe that more can and should be done to reduce noise and air pollution from aircraft.

On the recent consultation by NATS, I want to make one point clear. Moving the flight paths around London will not solve the problems caused by air traffic. Aircraft will not produce any less noise or pollution, and their impact on people and the environment will not change. It will simply move the problem from one area to another. According to the November 2007 Government study "Attitudes to Noise from Aviation Sources in England", 2 million people live within the 50 dB area for Heathrow. According to the World Health Organisation, 50 dB is a noise level that causes annoyance. However much the Government want to distance themselves from the study's results, it shows that 2 million people live with annoyance-causing noise levels. An estimated 258,000 residents experience Heathrow noise levels of 57 dB or above, the level at which Government restrictions on noise begin and which constitutes serious annoyance according to the WHO.

However we look at it, noise is a significant and growing problem that the Government must take seriously. As the number of flights has grown in recent years, the problem has become more annoying, disturbing and intrusive. In Luton, for example, the number of noise complaints tripled between 2005 and 2006.

I am sure that all hon. Members are concerned about the effect of aircraft noise on our young people, and I am conscious that many schools under flight paths are greatly disrupted by the constant impact of aircraft noise. In 2005, a team from Barts and the London NHS trust found that each 5 dB increase was linked to children being up to two months behind in their reading age. Surely that alone should convince the Government that they cannot shut their eyes to the effects of noise pollution on the population, and that strong regulation is needed to ensure that schools are protected from excessive noise pollution. Will the Minister confirm what plans are under way to tackle that problem?

I am very sceptical about claims that the plans will reduce the noise burden from aviation on the capital and its surrounding areas. The proposals state that moving the approach for London City airport will increase the number of people affected by noise by up to 11 per cent.; that changes at Stansted will affect 9 per cent.; and that many will suffer from more noise owing to the more intensive use of airspace—a point made by the hon. Member for Hayes and Harlington. The dilemma is that although the proposed changes to airspace use will undoubtedly benefit some people, others, especially those living in quiet rural areas with very little background noise, will suddenly have aircraft flying above them. Owing to the relative tranquillity of those areas, the new disturbance will arguably be more noticeable—a point made by other hon. Members.

The Chilterns area of outstanding natural beauty, which has been mentioned already, is an area of particular concern. Should not the skies of that beautiful area be protected as well as the ground? We therefore support the campaign to require aircraft to fly at higher altitudes over the AONB to limit the impact of noise and air pollution, or to be rerouted altogether. We are also concerned that the redrafting of airspace above London might be designed simply to create more capacity in our skies to allow for expansion on the ground. Under the proposals, Stansted would have two stacks rather than one. Do the Government envisage that Stansted will need two stacks because its planes will not be able to fit into the one it has already? Is it a coincidence that the air capacity of Stansted is planned to be increased just as BAA submits its planning application for an additional runway?

Wherever planes go there will be disruption and increased noise. Unless we stem the growth in the number of flights being taken, we cannot make a significant dent in the noise and air pollution that areas will have to suffer because of aircraft noise. The inescapable fact is that tinkering with flight paths does not solve the problem. If there is further expansion in the south-east, the number of planes, and therefore noise, will continue to increase significantly. That is why the Liberal Democrats oppose expansion of airports in the south-east. Clearly the Government disagree and continue to pursue the "predict and provide" policy with airports that the UK used to have towards roads. The history of that disastrous roads policy should indicate to us that using the same principles for airports will have the same effects. Of course, if airport space is provided, it will be filled. By increasing capacity in the airports and the sky, the Government are encouraging the generation of more flights, and the emissions that they cause—at a time when the Government have pledged to reduce our carbon emissions.

We are against further airport expansion in the south-east, but I should make special mention of the Heathrow expansion. We have put it on record previously, but it does no harm to reiterate that the Liberal Democrats are unequivocally opposed to the third runway, to the sixth terminal and to the end of runway alternation. The Government's proposals to use mixed mode would create 60,000 extra flights passing over London each year, while a third runway would increase the number of flights by 50 per cent. to 720,000, both of which would be contrary to the Government's promise that flight movements would not increase above 480,000. The noise that extra flights at Heathrow would create would place an additional, and in some cases unbearable, burden on the residents under flight paths. The abolition of runway alternation and introduction of mixed mode alone will take away the respite from passing aircraft.

We are all now aware of the reports that the consultation paper on the Heathrow expansion was reverse-engineered and that evidence was chosen and "reforecast" to obtain the results that the Government wanted—that a third runway would not adversely affect the air or noise pollution. Even the Environment Agency does not believe that the Department for Transport's consultation document is robust enough to support the construction of another runway. If the figures have been fiddled on that paper, how are we to know that future consultation papers dealing with airport expansion will not be changed in the same way?

The fifth terminal was given permission on the understanding that it would not lead to a third runway, but already—only a few months after the terminal has opened—proposals for another runway have been put forward. The Government are quick to talk about sustainability, but when it comes to standing up to BAA they seem to lack conviction.

Our position on the expansion of Stansted is the same: we cannot and should not sustain more planes in the south-east. Stansted handles about 190,000 flights a year, but BAA wants to increase that to 260,000 on the existing runway and then, by opening a second runway in 2015, raise the capacity to more than 500,000 flights a year. Again, the impact of those flights on the community around Stansted should not be underestimated. Thousands of people will have their quality of life damaged by increased numbers of overhead flights, and much more needs to be done to protect their interests.

Although the rest of the Government's policy is designed to drive down carbon emissions by making a 60 or 80 per cent. cut by 2050, aviation is not included in that target. We firmly believe that it should be. Air transport already produces about 5.6 per cent. of emissions, and the proportion of carbon emissions from aviation has doubled since 1990 and is well on its way to producing a quarter of UK emissions by 2038. If urgent action is not taken now, air traffic will prevent the UK from reducing its carbon emissions to tackle the urgent problem of climate change.

As I stated at the beginning of my contribution, only by taking a stand against unlimited expansion can we tackle the problem of air traffic over London and its surrounding countryside. The NATS proposals do not do enough to protect residents around London. While recognising that there will always be some disruption caused by air traffic, the Government have a duty to ensure that communities get a fair deal that minimises the impact of aircraft noise and ensures that noise and pollution do not continue to make their lives unbearable.

3.47 pm

Mr. Julian Brazier (Canterbury) (Con): It is a pleasure to serve under your chairmanship, Mr. Bercow. We have had a good debate so far, and in particular I congratulate my hon. Friend the Member for West Suffolk (Mr. Spring), not just on obtaining this debate, but on a very thoughtful and powerful opening speech, in which he made clear the real concerns of his constituents and his constituency's principal industry about the proposals. We also heard interesting contributions from my hon. Friends the Members for South-West Hertfordshire (Mr. Gauke) and for Bournemouth, East (Mr. Ellwood), who is himself a pilot. We also heard a characteristically blunt contribution from the hon. Member for Hayes and Harlington (John McDonnell).

John McDonnell: I was being mild mannered

Mr. Brazier: Blunt, but effective.

The NATS proposals for terminal control north involve some of the UK's busiest airports. Work started in 2004 when it was assessed that current capacity was unlikely to be able to accommodate the future growth of air traffic within the region. NATS itself says:

> "The region is one of the most complex areas of airspace in the world, with routes in and out of major airports including Heathrow, Stansted, Luton and London City as well as smaller airports such as Southend and RAF Northolt".

My hon. Friend the Member for West Suffolk gave a detailed account of the statistics for aviation growth in the south-east as a whole and, in particular, from Stansted and Luton. I shall not repeat all his statistics, but like him I admire the aviation industry. Aviation contributes more than 2 per cent. of our gross domestic product and employs 200,000 people directly and a further 600,000 indirectly. It remains one of the few areas of engineering in which UK plc still has a world-leading presence.

[Mr. Brazier]

Air travel is an integral part of the lives of the vast majority of people in the UK, like downloadable music and community-based websites such as Facebook. The availability of cheap air travel has brought the world to our doorstep and allowed our citizens to enjoy a degree of travel inconceivable a couple of generations ago. However, the current rate of aviation growth cannot continue. The gap between the 5 to 6 per cent. that people were predicting, pre-recession, and the 1.5 to 2 per cent. that we could achieve in annual carbon dioxide emission savings has to be closed somehow. The Government's predict and provide approach to airports, which the hon. Member for Manchester, Withington (Mr. Leech) mentioned, is part of the problem.

We all know that NATS has a huge responsibility. The great growth in aviation in the south-east means that our skies are becoming more crowded, so everyone accepts the need for a re-examination of the issue. However, I wonder whether NATS was the right body to undertake a consultation of that size and complexity. It has carried out a number of consultations before, but never on that scale. Putting to one side the grossly confusing name, terminal control north, which means very little to most people, the relevant area affects a population of up to 12 million people—more than with the Heathrow consultation, in which NATS had only a subsidiary role.

As my hon. Friend the Member for West Suffolk has explained in some detail, the proposals in the consultation would create areas in which there will be multiple stacks over land—in some cases, as low as 4,000 ft—with aircraft to Luton crossing over aircraft for Stansted. In some cases, crosses will occur as frequently as once a minute. An immediate contrast with the Heathrow consultation is that, for all its unsatisfactory nature, the Heathrow consultation at least involved alternative proposals. As all my hon. Friends have said, it is extraordinary that this document contained no alternative proposals. We know that NATS considered alternative proposals, but none of them has been published.

I was grateful for the opportunity to meet representatives from NATS, and I asked them about the alternative of stacking over the sea. They said that it would have implications for efficiency and military flying, which was mentioned earlier, and that it would involve pushing large numbers of aircraft out to the limits of airspace. I am not sufficiently well qualified to comment on that, but if NATS had at least published, as an alternative, the option of stacking over the sea, people who have specialist advisers would have had the opportunity to evaluate the pluses and minuses. What about other options over land? NATS has not consulted the general public; it consulted only so-called key stakeholders such as MPs, local councils, airport consultative committees, environmental groups, business organisations and airlines, of course. The process then relied on an indirect dissemination of information to local people, if at all.

My hon. Friend mentioned that large numbers of people who will be affected have heard nothing about the matter. I am told that NATS has been reluctant to provide paper copies of the consultation document, and that people could get hold of it only online—although that version worked only for those with broadband—or by visiting their local library. People have had problems with trying to reply to the NATS website consultation and with the postcode finder. There were also errors in the consultation. For example, figure G50 has been labelled as referring to Luton, but it actually refers to Stansted. There have also been technical problems with online responses. For example, the "Stop Stansted" campaign tells me that respondents were not allowed to be neutral on the question asking whether arrivals should fly by "direct flight path" or by "specified routes". People might have strong views on some aspects of the consultation but have no view on that, but if one did not express a view on that point, the system crashed and one was taken back to the start of what was a very complicated process.

I am not being frivolous when I mention the complications that have occurred when people have tried to respond to that process, because they come on top of the fact that this area is technically complex and difficult to understand. One gentleman who was kind enough to brief me showed me why some of the diagrams were quite difficult even for him—a retired airline pilot—to interpret. They had confusing colours that printed out differently from how they appeared on the screen.

Will the Minister tell us how many paper copies of the Heathrow consultation have been handed out and how many public meetings have been held? How many of the 12 million people who might be affected by the plans have been able to respond?

Flying is vital to our country, but there are two great environmental problems linked to it: climate change and noise. Of course, with noise, there are also issues to do with NOx—oxides of nitrogen. Many people who live close to airports and along flight paths, or who are potentially affected by the changes, feel that decisions are consulted on after they have been taken. They feel that they have absolutely no real say over something that has the potential to blight, or that already blights, their lives.

The Government have sought to stifle intelligent debate on serious aviation issues such as flight-path reorganisation or the expansion of Heathrow, Stansted and regional airports. The NATS consultation, like the Heathrow one before it, has done nothing to reverse that sense of "them versus us"—the aviation industry and the Government versus the citizen. What we need is proper co-operation. In this case, the production of a reasonably understandable document that contained clear alternatives, showing the pluses and minuses, and that was much more widely available, could have taken us some way towards that.

I have said repeatedly that the Conservative party would like a commercial flights officer position to be created. The post-holder would act as an ombudsman for formal complaints about noise, whom people could approach via their MPs. The ombudsman would have the power to compel NATS, airports and other bodies that are concerned with the movement of aircraft to co-operate in investigations. The ombudsman would have powers to name and shame, to monitor quality and to publish details of noise abatement and compensation schemes. That simple and extremely cheap measure would give people a voice—it would not be used irresponsibly because MPs would have to be part of the process—and a feeling that their views and concerns matter.

My office tells me that we have had more letters on the NATS proposals for the reorganisation of terminal control north than on any other aviation issue. Those letters express deep concerns about what people's quality of life will be if the proposals go through, and an overwhelming feeling of being disfranchised. Many people have complained that they did not hear about the proposal until it was too late. NATS claims that 20 per cent. fewer people will be affected by noise from departing aircraft flying below 4,000 ft, but the consultation document confirms that the number of people affected by noise levels of 57 dB, which the Government consider to be a level that causes significant disturbance, will more than double near to Luton and will increase by 9 per cent. near to Stansted.

The Government have tied the hands of NATS, showing once again what a mess they have got themselves into over aviation and the environment by adopting a predict and provide approach to aviation expansion. The document states:

"Whilst NATS recognises that aircraft above 7000ft…may well still be audible, increasing fuel efficiency and reducing emissions has taken priority over the overflight of population centres".

That basically means that we are going to sacrifice aircraft noise considerations for climate change considerations, instead of looking at the issue in the round.

The Government have again ignored their own ANASE—"Attitudes to Noise from Aviation Sources in England"—report, which was mentioned earlier. As several hon. Members have said, that report makes it absolutely clear that people in quiet areas are inherently much more aggravated by noise than those in noisy areas. We sometimes hear planes going over the House of Commons, but the disturbance is mitigated by the noise that is already here. In contrast, in an area with low ambient noise—the Government's own study confirms this—people are much more heavily affected by aeroplane noise. The consultation document is very blunt, and effectively bins the report. The Government guidance says:

"Government policy will continue to focus on minimising over-flight of more densely populated areas below 7,000ft".

In other words, shift it to rural areas.

Under the proposals, perhaps fewer people will be overflown, but the guidance forces a disproportionate blight on those living in rural areas. Peaceful areas such as the Chilterns have been mentioned by my hon. Friends. For the first time, the historic city of Cambridge will hear the roar of jet engines overhead. I was relieved to hear that Oxford, so far, remains untouched.

The fate of Newmarket race course and the concentration of world-class stud farms around it have played a pivotal part in the speech of my hon. Friend the Member for West Suffolk. As he rightly said, they account for a third of all jobs in Newmarket. However, the impact is not just on Newmarket. As the hub of Britain's highly successful racing and bloodstock industries, the proposals have the capability to strike at a highly successful local, regional and national industry.

John Bercow (in the Chair): Order. I know that, in the interests of an equal distribution of time with the Minister who will be asked to reply to the debate, the hon. Gentleman will be bringing his remarks to a close within a matter of seconds.

Mr. Brazier: Indeed, Mr. Bercow. Given that such an important issue is being so badly handled, is it any wonder that the aviation debate has polarised? We need a proper consultation with published alternatives, and one that does not devastate an industry.

4.1 pm

The Parliamentary Under-Secretary of State for Transport (Jim Fitzpatrick): It is pleasure to see you presiding today, Mr. Bercow, and thank you very much for the protection. However, I am pleased to follow the hon. Member for Canterbury (Mr. Brazier), and I know that his usual protocol would be to give to the Front-Bench spokesman an equal share of time in which to respond to this very interesting and useful debate.

I begin by congratulating the hon. Member for West Suffolk (Mr. Spring) on securing the debate and thank him and other hon. Members for their contributions. I will make some opening remarks and then try to respond to some of the points that were made, because it is important to put the Department's position on the record.

The Government's commitment to sustaining economic growth and protecting the environment is at the heart of the Department's aviation policy-making process. As the hon. Gentleman recognised, there is a balance to be struck between tackling environmental challenges, enabling people to fly, and allowing the industry to compete internationally. The role of any decision-maker in relation to airspace changes is to find the right balance.

The terminal control north airspace change proposal is subject to consultation response analysis under the Civil Aviation Authority's independent airspace change process. As part of that regulatory process, the CAA might seek the Secretary of State's approval for the change. It would, therefore, be premature of me to offer comment on the specifics of the proposal while it is subject to the rigours of this independent regulatory process.

However, I will give some background to the proposals and the current consultation, and explain the process by which changes to UK airspace are made. As many hon. Members have said today, the airspace known as terminal control north is among the most complex in the world, with routes in and out of major airports, including Heathrow, Stansted, Luton and London City, as well as smaller airports such as Southend and RAF Northolt.

Increasing air traffic has led to congestion in the airways, resulting in delays and extra fuel burn. The proposed changes are designed to reduce delay, maintain safety and improve environmental performance. I must stress that the proposal is not associated with, and does not assume, future development at Heathrow, Stansted or any other airport. I know that Heathrow and Stansted have featured quite strongly in the comments from some hon. Members this afternoon.

It is business as usual for NATS which, under the terms of its operating licence, is obliged to make the most efficient use of overall airspace. The consultation by NATS—it is not the Government's consultation, as the hon. Member for Bournemouth, East (Mr. Ellwood) said—on terminal control north is the largest of its kind to be undertaken. As the hon. Member for Canterbury said, the affected region has a population of 12.6 million. NATS directly consulted more than 3,000 primary

[Jim Fitzpatrick]

stakeholders, including MPs, county, borough, district and parish councils, environmental organisations, and chambers of commerce.

Before the launch of the consultation, NATS arranged briefings for local MPs and national and regional media. To make information accessible for the general public, NATS divided the consultation region into five areas. Consultation materials for each area were colour-coded to help people locate the information relevant to them. Materials included a consultation document, an information DVD, summary leaflets for each of the five areas and a dedicated website.

In response to concerns that there was not enough time to consider the details of the proposals, NATS extended by four weeks the consultation period, thus giving interested parties a full 17 weeks in which to consider the proposals and register their views.

NATS is now examining the consultation responses. I understand that some of the key areas of concern that have been highlighted are the proposed route changes west of Luton airport and over the Chilterns, the proposed new holds near Newmarket and Southminster, and changes to noise-preferential routes north of Stansted airport, all of which have been mentioned by hon. Members this afternoon.

Mr. Ellwood: Will the Minister give way?

Jim Fitzpatrick: If the hon. Gentleman will allow me, I will continue with my responses to the points that have been raised. If I have time after that, I will be very happy to take interventions.

NATS is looking in detail at those and other concerns and investigating whether adjustments can be made to accommodate them. It might be helpful if I now explain the procedure for making changes to airspace in the UK.

Airspace planning and regulation is the responsibility of the independent regulator, the CAA. The process for making changes to airspace is governed by the CAA's airspace change process. A change sponsor is responsible for developing and consulting on a proposal for an airspace change, ensuring that it satisfies and/or enhances safety standards, improves capacity and mitigates, as far as practicable, any environmental impacts in line with the Department's environmental guidance to the CAA, as mentioned by the hon. Member for West Suffolk.

Informed by the consultation, the airspace change sponsor must then submit its proposal to the CAA. It is the CAA that then assesses the formal proposal against regulatory requirements, including environmental objectives, and either approves or rejects the proposal. If the CAA considers that a proposal could have a detrimental effect on the environment, it is required to advise the Secretary of State for Transport. It must refrain from making the airspace change without first securing her approval. Therefore, airspace changes are made only when it is clear, after consultation, that an overall environmental benefit will accrue or where the airspace management considerations and the overriding need for safety allow for no practical alternative.

The hon. Gentleman raised the issues of aircraft noise, air quality and visual impact. Let me assure him that I recognise that, at a local level, those are issues of significant concern. That is why the CAA's guidance on the airspace change process includes substantive guidance on a range of environmental requirements, including noise, air quality, tranquillity and visual intrusion. However, I am sure that the hon. Gentleman and other hon. Members will appreciate that the development of UK airspace has to take place within a number of immobile constraints, such as the geographic location of airports.

The hon. Gentleman is also rightly concerned about the impact of the proposal on the horse-racing industry. Let me say that we fully recognise the importance of that industry and its value to the local and the UK economy. I know that representatives of the industry have submitted their concerns to NATS in response to their consultation, and that NATS will give them due consideration.

I come now to the hon. Gentleman's points regarding the height and location of the proposed new holds. As I have already said, I am unable to comment on the detail of the NATS proposal, but I am sure that the hon. Gentleman will accept that it is right that local residents were given the opportunity to raise those concerns in response to the consultation. NATS is now analysing all the responses received and considering whether any changes can be made to accommodate them.

My hon. Friend the Member for Hayes and Harlington (John McDonnell) raised the question of the Heathrow consultation and alternation as well as mixed mode, the Cranford agreement and adding third runway capacity. The consultation on Heathrow already covers alternation and mixed mode. Obviously they will be examined in the consideration of the responses that have been received. As he knows, the responses are now subject to independent analysis. An airspace change consultation by NATS would have to follow any decision to produce with mixed mode or a third runway.

My hon. Friend also asked about derogation of EU quality limits. I can tell him that the EU is likely to seek derogation. I will write to him with the exact details. However, that derogation is in line with derogations being sought by many other EU member states and it has nothing to do with the Heathrow added-capacity situation and will be resolved by 2013-14, well in advance of any additional capacity that may arise out of the Heathrow consultation. As I say, I will write to him with the details.

The hon. Member for South-West Hertfordshire (Mr. Gauke) raised a question about the lack of clarity in paragraphs 11.6 to 11.9. I can reassure him that the CAA will assess the NATS proposal, including the documentary evidence against regulatory requirements, and it is also for the CAA to consider the adequacy of the consultation material, as well as the issues that are submitted. He also expressed a hope that the Chiltern countryside group submission would be looked at closely by the CAA and I hope that I have reassured that that submission will certainly be taken into account.

The hon. Member for Bournemouth, East raised a number of points about Heathrow in expressing his views about our consultation, which concluded earlier this year. I certainly agree with him that issues about Heathrow are not for this debate, but it would obviously be foolish not to expect Heathrow to creep into any

debate on aviation. However, if he looks at the material that we produced for the Heathrow consultation and the 2003 White Paper, he will certainly find the answers to a number of the questions that he put. The air transport White Paper committed us to making the best use of capacity at regional airports. A number of options were suggested by the industry prior to the White Paper; we agreed that there should be new runways in the south-east at Heathrow and Stansted, subject to meeting environmental conditions.

However, contrary to the allegations made by the hon. Member for Manchester, Withington (Mr. Leech)—I think that he agreed with the hon. Member for Bournemouth, East and, forgive me for saying so, the hon. Member for Canterbury that this is some kind of "predict and provide" policy—there were bids for 15 runways, and the Government approved only four, only two of which were in the south-east. This policy is not about "predict and provide", and certainly we are addressing the question of emissions. In fact, we are leading the world in respect of including aviation in the emissions trading scheme.

Mr. Ellwood *rose—*

Jim Fitzpatrick: I will probably be able to give way in a moment, if the hon. Gentleman will allow me to respond to the points that other hon. Members have made. As I was saying, we are confident that the European Union will introduce aviation into its emissions trading scheme by 2012.

The hon. Member for West Suffolk and other hon. Members raised the question about other options not being given consideration. Under the independent airspace change process, it is for NATS to develop and to consult upon its proposals. It is then for the CAA to assess the proposals, including, as I mentioned earlier, the adequacy of the consultation materials and whether other options were proposed against regulatory requirements.

I have responded to the hon. Member for Manchester, Withington, in rejecting his allegations that we have a "predict and provide" policy. I also reject his allegations that we have engaged in reverse engineering. What we have done is to demonstrate that the robust environmental standards that we are laying down for Heathrow can be accommodated, because of the evidence that we published as part of the consultation material.

The hon. Member for Canterbury asked if NATS was equipped to carry out the consultation and he raised the point that it has never before carried out a consultation that is quite so big. Our view is that NATS is equipped to carry out the consultation. Yes, it is the biggest consultation that it has ever carried out, but, as I have said before, if the CAA considers that the proposal might have a significant detrimental effect on the environment, it must advise the Secretary of State of the likely impact of the plans. It would ensure that that impact is kept to a minimum and it would refrain from making airspace change without first getting the Secretary of State's approval.

I have perhaps 20 seconds to give way to the hon. Member for Bournemouth, East.

Mr. Ellwood: The Minister has said little to help us understand about the issue of stacking over the sea; that is the issue that we need to ask about. Why cannot Stansted airport have its stacking system to the east? That way, it would not affect the area over Newmarket.

Jim Fitzpatrick: I think that I have said several times during my remarks that this matter is one for the CAA to consider. It may very well determine that the alternatives have not been fully examined and it may also very well determine that the consultation has not been satisfactory. It is for the CAA to determine whether or not the proposals are adequate.

John Bercow (in the Chair): Order. I am sorry to interrupt the Minister, but we must now move on to the next debate.

Polar Regions

4.15 pm

Emily Thornberry (Islington, South and Finsbury) (Lab): I was very pleased to secure this debate, in which I would like to mark international polar year 2007-08. International polar year will involve more than 200 projects taking place in the Arctic and Antarctic, and more than 60 nations will participate. Those projects will focus on environmental change in polar regions.

International polar year continues an important tradition of scientific advance through international co-operation. The first international polar year took place back in 1882-83 and notable progress was then made in the second international polar year, 1932-33, when the work undertaken brought advances in meteorology, magnetism and atmospheric science.

I also bring to this debate a personal interest in polar regions. Last year, I undertook a trek to the Arctic to raise money for the Children's Society and to see for myself the effects of climate change on the Arctic. I will never forget being in the middle of nothing but snow and sky. In February, when I went, the sun seems to spend most of the day getting up, finally rising just in time to go back to bed, and so we seemed to always be in the midst of changing skies, with the snow a pink colour in reflection. Nor will I ever forget the northern lights, the silence of the place or its absolutely ethereal beauty.

However, the effects of global warming on the Arctic are already all too visible. Crossing the Arctic circle, we saw reindeer and spoke to the people who herd them. Life there is getting very difficult. The reindeer are unable to reach the moss and lichen they need, because rain falling on the snow creates a thick layer of ice on top and the reindeer are unable to break through the ice to reach their food. The reindeer scratch away at the ice with their hooves, until the hooves are completely worn out. They are forced either to migrate or simply to starve to death. Further north than we were, the problem only gets worse.

The Minister will have seen last month's reports that this summer, for the first time in human history, it may not be possible to plant a flag at the North Pole, as the ice there will have simply melted away. Scientists reckon that there is at least a 50:50 chance that it will soon be possible to sail a boat across it.

Between 2004 and 2005, an area of thick, perennial ice the size of Turkey disappeared from the Arctic. The vast majority of the ice that now covers the area is thin one-year-old ice, which melts very easily. The problem of melting ice gets progressively worse as more sea is exposed. Dark ocean absorbs more heat than reflective ice, which leads in turn to a further increase in temperatures. Scientists expect that this process will result in a tripling of the rate of warming in the coming years.

The disappearance of thick perennial ice in the Arctic is not only a visual sign of the dramatic increase in global warming but presents a massive threat to many unique Arctic species. For many people, the symbol of the Arctic is the polar bear. However, scientists predict that, by 2050, more than two thirds of the 25,000 polar bears in the Arctic will have disappeared. Polar bears hunt on the ice and, if necessary, they swim from patch to patch of ice. However, as the perennial ice disappears, they have to swim further and further, and polar bears are now starting to drown.

It is not just global warming that threatens the survival of those creatures. The US has recently announced that, for the first time in 15 years, it will auction off prime oil and gas reserves in the Chukchi sea between Alaska and Siberia. That process would reduce even further the precious little habitat that polar bears have. Although I am pleased that the US Government have placed the polar bear on their endangered list ahead of the auction of those sites, I remain concerned that the legal responsibilities associated with the listing may not be fully respected. Carter Roberts, who is head of the World Wildlife Fund in the US, has said:

> "While we applaud the announcement, many concerns remain. The 360-page listing document comes with numerous caveats, which we have yet to fully analyze. Interior Secretary Dirk Kempthorne was quite explicit in saying, for example, that continued energy production in Alaska remains a priority."

Is there anything that the UK can do to put pressure on the US Government to ensure that short-term American energy needs do not threaten the long-term survival of this polar treasure?

I am sure that the Minister is also aware that the Arctic is known by many of us as the land of the unicorn. The existence of this fabled beast is widely attributed to the appearance of the Arctic narwhal, when it washed up on British beaches. In mediaeval times, narwhal tusks were passed off as unicorn horns, which were supposed to have had magical, disease-curing properties. Queen Elizabeth I reportedly paid £10,000, which was the cost of building a castle, for a single narwhal tusk.

But narwhals, too, are in rapid decline. They are finely attuned to the Arctic environment and ill prepared for rapid climate change. They rely on dense Arctic pack ice for shelter, and dwindling fish stocks mean that they are running out of food. Narwhals are intensely hunted by the Inuit people of Greenland for their ivory tusks. Over the past 30 years, as restrictions on the trade of ivory have become tighter, the price of narwhal tusks has increased markedly, yet plenty of Japanese and Swiss are prepared to spend large amounts of money to buy them. The narwhal is an important source of cash for the Inuit people, but we must ensure that there is fair regulation to ensure its survival. It is thought that the population is now down as far as 25,000. Is there anything that the Government can do about the situation?

Perhaps I should now talk about Antarctica, at the other end of the world. It is very different in character from the Arctic and presents very different challenges—and, of course, part of it is British. The British Antarctic Territory has been an overseas territory of the UK since 1962, and 2008 is the centenary of the granting of its letters patent. The year will be marked by the issue of the British Antarctic Territory's first ever legal coin.

The British have a long relationship with the region, which began with James Cook's voyage around Antarctica between 1773 and 1775. Our love affair continued with the expeditions of Ernest Shackleton, Captain Scott and Sir Vivian Fuchs. 2008 also marks the centenary of Shackleton's Nimrod expedition to Antarctica, and this year a group of descendants of the expedition members will go to Antarctica to follow in their footsteps.

International co-operation is key to preserving this unique region. Next year will mark the 50th anniversary of the Antarctic treaty, which defused tensions in the area over sovereignty. It also ensured that Antarctica is demilitarised and nuclear-free, and it enables international scientific co-operation. The treaty now consists of five international agreements which together are known as the Antarctic treaty system. The system includes the protocol on environmental protection to the Antarctic treaty which came into force in 1998. The agreement prevents development and provides for the protection of the Antarctic environment. It prohibits all activities relating to mineral resources except those that involve scientific research.

I congratulate the British Antarctic Survey on the hugely important work that it does. It provides a focus for internationally co-ordinated research programmes. It has committed itself to becoming, by 2012, the leading international centre working to achieve new insights about the Antarctic and the surrounding Southern ocean. A recent expedition by BAS found more than 700 previously unknown creatures, including carnivorous sponges, worms and crustaceans living in the dark depths of the Weddell sea. Those new species will provide vital clues about evolution and are a testament to the ecological richness of the region.

The dedicated team of scientists live an unorthodox life, especially on 21 June, which is mid-winter in the Antarctic. They celebrate with a nude run in the snow. I understand that the female scientists keep the time of their streak confidential to avoid unwanted attention.

However, those unique sights are all under threat from climate change. Global warming in the Antarctic region is occurring five times faster than anywhere else in the world, and we are quickly approaching a point at which the region will no longer be able to sustain itself. Today's Antarctic ecology was only made possible when, 40 million years ago, the seas around the peninsula cooled. Many predatory crustaceans such as crabs were driven northwards, off the Antarctic shelf. That allowed an ecosystem of thin-shelled creatures such as ribbon worms, brittle stars and sea spiders to survive.

However, in the past 40 years, the sea around the Antarctic has warmed up by more than 1° C as a result of global warming and the release of ballast water from ships. If sea temperatures rise another 1° C, all the predators that were forced out of the region will come back. They will eat everything and decimate a raft of unique, defenceless species, thereby depriving other species of much-needed food sources. If the water temperature rises another 2° C, molluscs will be unable to bury themselves in the sea bed and scallops will no longer be able to swim. Scientists predict that that is not only a possibility, but a probability within the next 100 years.

Unfortunately, the popularity of some Antarctic creatures has contributed to their demise as increasing numbers of tourists visit the region every year. Penguins have been adversely affected by climate change. The population of Adelie penguins, which I am sure the Minister will recognise as the ones with the mass of feathers over their bill, has dropped by 65 per cent. Dwindling krill supplies, which I will say more about later, have meant that the numbers in some Gentoo colonies—I believe that I heard her say from a sedentary position that they are the speedy ones, the ones that can get up to 25 miles an hour—have dropped by 30 per cent.

Emperor penguins, which are the stars of the film, "March of the Penguins", have been struggling to find nesting grounds on thick ice and are increasingly forced to use thin ice. That is dangerous and potentially tragic, as thin ice frequently breaks off from the main pack ice and many chicks and eggs float away into the ocean. The chicks are not old enough to survive on their own.

I crave the indulgence of the House to explain a little more about krill, which I mentioned earlier. They are truly fascinating creatures. In case Members do not know, the Antarctic krill is a crustacean that grows to around 6 cm. It has a translucent body and black eyes. A single krill weighs as much as a paper clip, but the combined biomass of all the Antarctic krill is approximately 500 million tonnes. That is roughly the weight of all the human beings in the world. Shoals of the creatures can be up to a kilometre wide.

Krill is the major food source for numerous Antarctic creatures. They are the lifeblood of the Antarctic. They convert plankton to food sources suitable for whales, penguins, seals, albatrosses, petrels and all sorts of other animals.

Krill not only provide Antarctica with food, but they are a vital tool in the fight against climate change. They have evolved their very own carbon capture technology. They remove carbon dioxide from the atmosphere by eating carbon-rich food near the surface and then excreting it in the depths. Every year, that process sequesters an amount of carbon equivalent to the emissions of 35 million cars.

However, Antarctic krill populations have declined by 80 per cent. since the 1970s. Global warming has led to an overall loss of ice coverage in the Antarctic, too, which has meant a decrease in the habitat available to the plankton and algae that they feed on. Krill are also coming under increasing threat from new fishing techniques. Suction harvesting, which literally vacuums them up from the water and removes huge numbers at a time, places a real strain on them.

Krill are increasingly being used as food for fish farms and in health supplements. They provide food for the Antarctic, they provide their own carbon capture system, and we reward them by turning them into cod liver oil. Although the number of krill being removed from the oceans is well below the levels allowed by the current quota cap, I would be grateful if the Minister could provide assurances that strict quotas will be set and enforced to ensure that krill are protected as demand for them grows.

The unique nature of the region, along with reports of naked scientists, is attracting more and more tourists. It is predicted that up to 42,000 visitors will come to Antarctica this year. That is a huge increase since 1997-98, when 9,600 tourists went to the continent. A growing influx of people to such an important and fragile place poses significant problems, including the introduction of alien or invasive species and the expulsion of ballast water from ships. I understand that a self-regulatory framework has been established by the International Association of Antarctica Tour Operators, but could the Minister tell the House what progress has been made to put its regulations on a statutory footing?

The use of ships that have not been adequately ice-strengthened threatens the safety of passengers as well as the surrounding area. In the last two years alone, six

[Emily Thornberry]

vessels have gone aground or drifted in the Antarctic. Some 95 per cent. of the tourism takes place in the British Antarctic Territory—UK sovereign territory—so I would be interested to hear from the Minister what is being done, and what can be done, to limit the impact of tourism in Antarctica.

When I went to the Arctic, I linked up with primary schools and kept a blog. I wanted the children to get an insight into the polar regions. My real and continuing fear is that those regions may no longer exist when they grow up.

4.29 pm

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Meg Munn): I congratulate my hon. Friend the Member for Islington, South and Finsbury (Emily Thornberry) on securing this debate. The polar regions are incredibly important for us. This issue is rarely discussed in Parliament, so this is a useful, important debate.

As my hon. Friend said, it is timely to focus on the polar regions now, in the middle of the international polar year, which has seen scientists from more than 60 countries mobilised in international collaborations to initiate a new era in polar science. The polar regions are of undoubted global significance: they have a profound effect on the world's climate and ocean systems and are a unique laboratory for the study of global processes, including, as she set out so well, climate change.

The United Kingdom has a long history with the polar regions. As my hon. Friend mentioned, this year is the centenary of the UK's claim to the British Antarctic Territory, which is by far the oldest claim to Antarctica, and it is almost 100 years since the heroic age, when Scott and Shackleton first set out on their Antarctic expeditions.

Next year marks the 50th anniversary of the Antarctic treaty. The UK was the first state to ratify that treaty and, half a century on, the UK remains one of the leaders within the Antarctic treaty system because of the strength of our commitment and the size of our presence in Antarctica. The success of the Antarctic treaty in maintaining the continent for peace and science cannot be overstated. It is a valuable example of the international community's working together. We intend to mark the 50th anniversary by reaffirming the UK's commitment to the treaty and, in particular, the implementation of its protocol on environmental protection, which includes an indefinite prohibition on Antarctic minerals-related activities, except for scientific research.

Both Antarctica and the Arctic face considerable challenges over the coming decades. My hon. Friend has set out a number of those, but I know, from my discussions with my officials in the Foreign and Commonwealth Office, that there are far more than can be covered in today's short debate.

The polar regions encompass some of the most rapidly warming regions on the planet. The resulting increase in melt has caused dramatic impacts on local environments and their ecology. It is predicted that the Arctic will become ice-free during the summer within a very short time span and boats may be able to sail around it, as my hon. Friend said. It is vital that we enhance our understanding of the consequences of that, both on the polar regions themselves and the rest of the globe. The work of British scientists is extremely important in this endeavour. The Natural Environment Research Council and particularly its British Antarctic Survey provide world-leading scientific understanding of the polar regions. We should surely aim to ensure that the UK continues to command such a position.

Climatic changes in the polar regions are also causing shifting social and economic pressures on their management and governance. Turning to Antarctica—I am dealing with the regions the opposite way round to my hon. Friend—increasing summer temperatures and decreases in sea ice cover have facilitated greater access to the continent, notably by fishermen and tourists. The effective management of these activities, in line with the principles of the Antarctic treaty system, is one of the major challenges for the future preservation and conservation of Antarctica.

My hon. Friend mentioned tourism. The number of tourists visiting Antarctica has more than trebled in the past decade. Those lucky enough to make the trip often return determined to play their part in the future protection of the continent and their more immediate environment. However, as she rightly said, with an increasing number of people keen to visit the continent, it is vital that the continuing growth in tourism activities is carefully planned and monitored. The UK is encouraging the Antarctic treaty parties to agree a future vision for the development of Antarctic tourism. As part of that, we aim to ensure that all tourism activities in Antarctica are conducted safely and with minimal impact on the environment.

The sinking of the merchant ship Explorer last year was a salutary reminder that Antarctica remains a distant and inhospitable place. Although we cannot pre-empt the formal investigation, it is clear that the reasonable proximity of other tourist vessels played a large part in ensuring there was no loss of life during that incident. The UK already requires British cruise ships to demonstrate that they are not operating in isolation while in Antarctic waters and continues to encourage other Antarctic treaty parties to do likewise. We are also actively engaged in the work of the International Maritime Organisation to amend the existing guidelines for ships operating in Arctic ice-covered waters in order that they are equally relevant for both the Arctic and Antarctic.

Accurate hydrographic charts are also vital to the mitigation of shipping incidents in Antarctica. More than 95 per cent. of Antarctic cruise vessels operate in the waters of the British Antarctic Territory. Yet less than 10 per cent. of these waters are charted to modern standards. HMS Endurance, the Royal Navy's ice patrol ship, plays a crucial role in gathering the relevant hydrographic data to support the production of charts by the United Kingdom Hydrographic Office. Back in January 2007, HMS Endurance was also involved in supporting the evacuation of passengers from another cruise ship that grounded in Antarctica. Having HMS Endurance working in Antarctica each summer not only reinforces the British presence in Antarctica, but also directly contributes to the safety of British nationals visiting the continent. We should be justly proud of this unique British ship and its crew.

My hon. Friend rightly mentioned fisheries. Fisheries management in Antarctica is also covered by the Antarctic treaty system, specifically through the convention on

the conservation of Antarctic marine living resources, which aims to provide comprehensive protection and conservation of the Antarctic marine environment, while allowing for sustainable harvesting of Southern ocean fish stocks. As an overseas territory of the United Kingdom, the South Georgia Government implements the convention requirements around South Georgia as a minimum, although there are also tougher restrictions in some aspects of the fishery. South Georgia's ensuring such a high standard of sustainable management has achieved Marine Stewardship Council accreditation for South Georgia toothfish.

Climatic impacts on the Southern ocean are, however, likely to influence its fish stock levels. In addition, longer summer seasons are providing greater access to the fishing grounds. Illegal, unregulated and unreported fishing activities remain prevalent in the Southern ocean and present the greatest threat to sustainable management. We must be robust in ensuring that all our international partners continue to strive towards the greatest levels of sustainable ecosystem management in Antarctica. I give my hon. Friend the assurance that we will continue to keep this under close review.

Turning to the Arctic, the environmental impacts from climatic changes there are even starker than in the Antarctic, as my hon. Friend said. Reduced sea ice is opening up vast areas of ocean for the first time. Increased hydrocarbon interest and shipping access has followed, all of which are having a profound effect on the Arctic environment and its peoples.

The UK has major economic, political and social interests in the Arctic. However, unlike the Antarctic, there is no Arctic treaty. The issues of importance to the UK are largely covered by a raft of bilateral and multilateral agreements and a suite of international treaties. Most significantly, the United Nations convention on the law of the sea provides the framework for the management of the Arctic seabed. The UK also engages actively with the Arctic Council as a state observer. We regard that as an important forum for dialogue with the Arctic rim states on issues of mutual importance.

The rapid changes in the Arctic also present a constant range of challenges. We are therefore conducting a further review of the UK's longer-term strategic interests in Arctic matters and how the UK should best engage with Arctic states on issues of mutual interest, through a joint FCO-Ministry of Defence project that will report later this year.

My hon. Friend delighted us with her stories and confirmed that many of the species that we hold dear are in danger—even if we do not know all the different types of penguins. My trip to the Falkland Islands helped me somewhat with identifying penguins. She is right to ask what will happen if we do not protect these beautiful, precious species. We have recognised that the polar bear is threatened in the wild and, although we have no remit to intervene in the affairs of other sovereign states, as I am sure my hon. Friend knows, we are committed to co-operating with the international community to address the threats to its conservation. One way we do that is through membership of agreements, such as the convention on biological diversity and the convention on international trade in endangered species. We will continue to work with all other states to try to ensure the preservation of these precious species.

My hon. Friend talked at length about the narwhal, and we were all educated about its having been thought to be a unicorn. We share her concerns about the preservation of the species. I will investigate the level of assessed endangerment under international agreements, which will inform our action. I will come back to her about the matter, which was new to me.

I would like to end by reaffirming the UK's continuing commitment to maintaining its leading role in the polar regions. I thank my hon. Friend for initiating this important debate, and I hope that the issues that she raised will be taken up more widely and by many more parliamentarians. It is something that we should be very concerned about.

4.40 pm

Sitting suspended.

HMRC Offices (Scotland)

4.45 pm

Mr. Alan Reid (Argyll and Bute) (LD): It is a pleasure to serve under your chairmanship, Mr. Bercow. I do not know whether you recall the last time I served under your chairmanship in an Adjournment debate, but it was about VAT on the Isle of Mull. I am pleased to say that the then Paymaster General, the right hon. Member for Bristol, South (Dawn Primarolo), and Her Majesty's Revenue and Customs were very helpful after the debate, and the problem was solved. I hope that that is a good omen, and that under your chairmanship there will be a good result today.

I applied for this debate after reading the HMRC consultation paper "Review of Cluster and Individual Locations in Scotland". Of the 29 offices included in the review, the proposals recommend the closure of 19. My constituency suffers particularly badly from the review, with all three offices proposed for closure. They are in Dunoon, Rothesay and Oban.

The proposals outlined in the consultation document are fundamentally flawed for many reasons, which I shall discuss in turn. The first is the loss of jobs in fragile communities. Secondly, I believe that the proposals will make HMRC less efficient, rather than more efficient. Thirdly, taxpayers will find it more difficult to get help with filling in their forms.

I shall speak first about jobs. The proposals involve a reduction in the number of jobs in the offices outside urban centres in Scotland from 1,900 to 1,350—a loss of 550 jobs in small towns throughout Scotland. That is at a time when HMRC is not the only Department cutting back on jobs in small towns throughout the country. The Department for Work and Pensions is also transferring jobs from jobcentres in small towns to large centralised offices.

In my constituency, the three HMRC offices marked for closure employ 23 people, but that does not tell us the whole story because those offices have already seen significant job losses in recent years. The Rothesay office, which has seven staff, employed 16 just five years ago, and the Dunoon office, which employs 14 staff, has seen similar losses, so my constituency has already seen substantial job losses without consultation. The centralisation of those jobs reverses years of successive Government policy to disperse jobs from big cities to other parts of the country. Now, the policy seems to have gone into reverse, and jobs are being moved from small towns to giant offices in cities.

Those job losses might not sound large if they were in a large town or city, but the communities that I am talking about are small with fragile economies, particularly Rothesay, which is on a small island. The jobs that are being lost are relatively well paid compared with most jobs in those small remote towns. People who are made redundant will struggle to find jobs locally that require the same skills set, and the job opportunities will be lost to the community for ever. As well as the direct loss of jobs, there will be a loss of purchasing power with a knock-on effect for other local businesses. It is important to remember that the work force are overwhelmingly female and women are more likely than men to have caring responsibilities. They will therefore find it difficult to commute the long distance to the nearest remaining office in Glasgow or to relocate.

The consultation paper considers the feasibility of staff commuting daily to the nearest remaining office, but it accepts that the nearest remaining office is too far away to be within reasonable travelling distance. Staff will have to choose between moving house or redundancy. It is important to stress that people who live in remote communities pay their taxes in the same way as people who live in cities. The local communities in these areas should be able to benefit just as much as those in cities from a share of public sector jobs.

I would like to draw attention to the Wick office, which is in the constituency of my hon. Friend the Member for Caithness, Sutherland and Easter Ross (John Thurso). He wanted to make an intervention today, but he is hoping to catch the Speaker's eye in the Chamber. He asked me to stress that the area around Wick is within the travel-to-work distance of Dounreay, where there will be substantial job losses during the coming years and that the loss of jobs in Wick is therefore very serious.

The second matter that I want to mention relates to my doubts that the proposed changes will make HMRC any more efficient. The thrust of the proposals is that HMRC can do its job just as well with a lot fewer staff. I would like to draw hon. Members' attention to what the Treasury Committee found when it investigated HMRC as part of its 7th report of the current Session. Paragraph 119 of the report states:

> "We are concerned that the current VAT gap, the direct tax and National Insurance underpayments, and the deterioration in the Self-Assessment filing performance may be linked to the headcount reduction under the efficiency programme."

The Committee went on to recommend that the Government should explain how they

> "will ensure that any further efficiency savings are not made at the cost of further deterioration in HMRC's performance."

In paragraph 128 the Committee states:

> "There have been considerable problems with delays in VAT registration for small businesses. We have repeatedly been assured that the headcount reductions and efficiency programme as a whole would not cause a decline in the quality of HMRC's services. We ask the Government to explain why there has been a deterioration of service in relation to VAT registrations and what measures it will take to bring HMRC back on course."

Will the Government explain why, despite all the problems identified by the Treasury Committee, they think the problems of underpayment of tax can be solved while shedding large numbers of staff?

Another saving that it is claimed HMRC can make is in relation to property costs. Why is HMRC proposing to get rid of property in small towns rather than in cities? It is obvious that property costs in small towns are significantly lower than in cities. I do not see how it is a saving to move people from a low-cost office in a small town to a high-cost office in a city.

Computers and electronic communications mean that processing work can be done just as easily in a remote location as in a large city office. The ferry operator Caledonian MacBrayne is a successful example of a company that has modernised its procedures while still keeping jobs in remote communities. Rather than centralising its booking system in one call centre, CalMac set up a dispersed call centre so that when a customer dials the number to make a booking their call is directed to one of many ports. The staff are therefore available to answer the phone in the same way as they would in a

call centre, yet they are still located in various ports and can deal with local face-to-face inquiries, as well as with inquiries made over the phone. I ask HMRC to consider having a model such as that.

Another type of job being moved is that of compliance officers. I find it difficult to understand how compliance will be improved by centralising compliance officers in big city offices. Moving compliance officers out of local communities will mean a loss of local knowledge and losing that valuable local knowledge will surely make the job more difficult. The Oban office consists of a detection officer and a local compliance officer. Will the Minister explain how those jobs will still be done effectively from Glasgow?

I understand that if someone's tax affairs are being investigated, they can insist on the interview being held near to where they live or work. That will mean increased travelling times for compliance officers and extra costs for HMRC as it will have to pay officers for driving their car or sitting on a train or a ferry, whereas at the moment the compliance office lives and works locally.

I am also concerned about the job of dealing with local inquiries. HMRC still proposes to keep inquiry offices at Dunoon and Rothesay, but we have already seen cuts in the opening times of the Rothesay office. The opening times have just been reduced from 8.30 am until 5 pm to 10 am until 4 pm, which obviously makes it more difficult for people working during the day to visit the inquiry office.

I have some questions about the how the new inquiry offices will operate. How many staff will be employed in each office? At the moment in the Rothesay office, one member of staff deals with nearly all the inquiries, but if they are off sick or on holiday, other staff are on hand to deal with inquiries. In addition, experienced back-office staff are on hand to assist the front-line officer with complicated inquiries. If only one member of staff is employed in the new inquiry office, what will happen when he or she is on holiday or off sick? If another officer has to travel from Glasgow to cover for holidays or sickness, surely that adds to costs, rather than making the system more efficient. Will there be health and safety implications if only one person is employed in an office? Will people still be able to turn up at any time during the working day or will they have to make an appointment? In addition, will a freephone number be available for telephone inquiries or will the taxpayer be expected to pay the cost of the call to receive advice? At the moment, people can receive free advice by turning up in person.

Until recently, the staff in Rothesay and Dunoon made regular visits to remote communities and held tax surgeries there. That was a valuable service. As the tax system—particularly in relation to tax credits—is becoming more complicated, HMRC should be reinstating such a valuable service, rather than moving staff yet further away.

I have talked about costs, but what about carbon emissions? Has HMRC done an environmental impact assessment of the extra carbon emissions that will be created by staff commuting further to work in cities or by travelling from their city office to carry out compliance work elsewhere?

I have outlined where I think the HMRC proposals are wrong. Valuable jobs will be lost in fragile communities and a worse service will be provided to the public, yet I am not convinced the proposals will make HMRC any more efficient.

This is the start of the consultation stage. I hope that the Government and HMRC will listen to the comments that I and other local people will be making and that they will reflect on the matter during the consultation period and withdraw the proposals to close these offices.

4.59 pm

The Financial Secretary to the Treasury (Jane Kennedy): It is a pleasure to join you this afternoon, Mr. Bercow, to debate this issue. I am sure there will be further debates on the matter as we move through the consultation period—probably after the recess as there are no announcements made during that time. There will be an opportunity for hon. Members to make representations.

I compliment the hon. Member for Argyll and Bute (Mr. Reid) on securing today's debate. He has made a forceful case on behalf of his constituency and the people whom he represents. Hon. Members' interest in the reorganisation of HMRC in Scotland has already been brought to my attention through letters, questions in the House and debates such as this, in addition to contributions to the consultation process that HMRC has developed. I am grateful for all the representations that I have received. I have also had the benefit of meeting hon. Members on several occasions regarding their concerns and those of their constituents.

The hon. Member for Argyll and Bute will be aware that as a result of pressures that Ministers have placed on HMRC in addition to those arising from the Gershon report and other reforms, HMRC is being required to increase its effectiveness while at the same time making efficiencies. Following the merger of Customs and Excise and the Inland Revenue in 2005, HMRC has, patently, too much office space and too many buildings for its business needs. HMRC estimates that along with the expected reduction in staff of about 25,000 between 2004 and 2011, it will be able to release up to 40 per cent. of its office space by 2011 or 2012.

As a Minister, I have gone through various Departments in which modernisation, improvements and reform have taken place that have required the disposal of office space and, in some cases, magistrates courts, and it is remarkable how otherwise insignificant and unnoticed buildings suddenly become the beating heart of the community in which they are located. I am not making light of the representations that I receive about the importance of what are, I acknowledge, good-quality, white-collar jobs that are rare and precious in many of those communities. However, it is clearly not a good use of taxpayers' money to keep paying for 40 per cent. more office space than HMRC can use. HMRC has already saved more than £35 million a year on accommodation costs—money that will assist it to improve customer service and provide better value for money for the public purse.

The hon. Gentleman asked me to explain how I could justify the proposals, given the reduction in service that he perceived in respect of VAT registration. He will recall that the problems that grew up around VAT registration arose from a calculated, organised and concerted attack on UK revenue through the fraudulent use of what were called carousel systems, whereby serious

[Jane Kennedy]

organised criminals were trying to defraud the Exchequer. The measures that HMRC put in place to counter that have had a very significant effect, and registrations are now meeting the standard that we set and that we expect in relation to businesses applying for new registrations. Yes, HMRC got knocked off course in terms of performance, but that was as a result of a specific attack.

One of the constraints on HMRC being able to respond as quickly as we would have liked to the situation was the fact that it had so many different offices that it could not reallocate the staff as swiftly as it wanted to in order to switch them from doing one form of process to another. Unfortunately for hon. Members representing small offices in their constituencies, that has merely borne out HMRC managers' case—that to achieve the maximum benefits and improvements from reform and change, they need to bring staff together in larger units so that they can not only drive up standards and the ability of staff to get the tax and the processes right, but ensure that they maximise the use of public resources.

I will take into account the representations that I receive about the impact of closures, but HMRC has to balance that with the requirement to be as efficient as it can be. Although it is right for HMRC to keep its network of inquiry centres, it is also right for HMRC's senior management to examine its back-office operations. They must ensure that those are run as efficiently and effectively as possible. In some work areas, that is best done by concentrating work in large units, but in others, a more mobile work force is seen as the best solution to customer needs. There must be an emphasis on improving compliance by focusing resources on the risks that HMRC deals with regarding different taxes and customer groups. Within HMRC, there is a better understanding—an improving understanding—of the risks to the Exchequer and the response that needs to be put in place to deal with those risks. I hope that the hon. Gentleman will accept that HMRC places great value on the face-to-face contact that the public appreciate, and it is determined to maintain that.

That said, I recently visited one of the biggest and busiest inquiry centres in Northern Ireland and made careful note of the fact that it was remarkably quiet on that particular morning. That was rather embarrassing for the staff working there, who were clearly very skilled and well able to deal with inquiries about all sorts of tax matters. When I look at the footfall in inquiry centres, I am not sure that we are using in the most productive way some of the best and most capable staff that HMRC employs. When no members of the public are in the office, those members of staff are given processing work to fill up their time, whereas we might be able to use them better by sending them out of the office. I am talking about taking HMRC advice out of a confined office and perhaps to local markets on particular market days. Such an innovative way of using staff is a better approach, and that is the kind of thinking that I am encouraging HMRC to follow.

I can give the hon. Gentleman a number of reassurances. In respect of the decisions for Scotland, all inquiry centre services will be maintained in their current location or nearby. Staff in offices being vacated will not be required to commute to an office beyond a reasonable daily travel distance. There is an established process for managers and staff to discuss options for their future employment following the announcement of HMRC's decisions to vacate offices. That process is open, transparent and accessible to trade unions. It has stood the test of time, in that we have been going through the process for about 18 months and I have not had any serious complaints that the process is flawed. Impact assessments are carried out before a final decision is taken to vacate an office. Those assessments consider the possible effects of closure on staff, customers and the wider local community, while recognising HMRC's need to restructure its business and estate in the most efficient way possible.

If we look at where Dunoon, Rothesay and Oban are on the map, it will pose significant problems not only for the staff but for HMRC to meet the commitment that staff will not be required to commute beyond a reasonable travelling distance. A great deal of thought must be given to how staff there can respond to the decisions that HMRC might recommend me to take. That will involve a very close and detailed consultation with each member of staff. That is a consultation that HMRC does with every member of staff, but in the case of the offices in the hon. Gentleman's constituency and other offices in far-flung places in Scotland, careful thought will need to be given to it. Work is under way. I cannot go into the sort of detailed examples that the hon. Gentleman gave, but I assure him that HMRC managers take the time to talk to staff and find out about an individual's detailed personal circumstances. Consultation with about 1,900 staff in the remaining 29 HMRC office buildings in Scotland began on 11 June.

Mr. Alan Reid: I am encouraged by what the Minister said about opportunities for the staff, but will she give some indication of what those options might be? If the office is being moved to somewhere too far away, I understand that the only option will be redundancy. I was pleased that the Minister said that there might be other options. Will she expand on them, and give us an idea of what they are?

Jane Kennedy: I am happy to do so. In the time that is left to me, I want to be explicit about what that will involve.

I recognise, as does HMRC, that some offices proposed for vacation are in areas that are too remote for the staff reasonably to travel every day to another HMRC office—for example, the 15 or so staff working in the Dunoon office in the hon. Gentleman's constituency.

HMRC is considering how best to accommodate those who cannot move, while still continuing to offer them suitable work, and it is offering a variety of support tools. Those tools may not be welcome to all staff, but some may take them up. They include assisted home moves that allow staff to fill posts elsewhere in the Department, a public sector release scheme that offers grants to staff leaving for other front-line public sector jobs and, when available, suitable moves to other Departments.

HMRC is committed to offering more support to staff than was previously available, in recognition of the difficulties that I anticipate may be experienced by some staff in the hon. Gentleman's constituency. We have an agreement with the trade unions that there will be no compulsory redundancies. We are working hard with

HMRC to maintain that agreement, but there sometimes comes a point when the individual has the right to receive compensation for losing a job, as it will allow the person to move on and make a new start in another job elsewhere. We are not at that stage yet, but I need to consider carefully the implications for staff of closures of that nature. We would not do anything without the fullest consultation with the trade unions involved.

I shall speak briefly about the range of offices across Scotland, as it will illustrate the work that HMRC is undertaking. The consultation involves staff, trade unions, Members of Parliament, Members of the Scottish Parliament and local authorities. All have been invited to contribute, and to provide information on travel routes, economic and socio-economic interests in the various localities and the position of other employers and Departments. HMRC plans to announce decisions on the locations toward the end of the year.

I understand the hon. Gentleman's concern about the possible impact on rural locations. Those factors are important, and I will take them into account. However, as I said earlier those factors have to be weighed against HMRC's wider need to restructure its business in the most efficient and effective way. The changes that HMRC has gone through since the merger have resulted in increased tax revenues, and the measures taken to reduce the tax gap have already reduced annual underpayments of tax by more than £5 billion compared with five years ago.

The reform and modernisation of the tax authority in the UK, which brought customs and revenue tax functions together in one institution, have proved beneficial to the UK, and I believe that the arrangements will continue to bear fruit. The changes were in line with what tax authorities in every other developed economy in the world are doing. I realise that we are taking customs out again and putting it in the new UK Border Agency, but that will prove beneficial, and certainly the staff involved welcomed the announcement when it was made some little while ago.

There will be a period of further reform and change and I appreciate the pressure that that puts on staff—it is reflected in surveys of staff morale. On occasions such as this, I like to put on record the Government's appreciation of the quality of the work that HMRC staff do, and of their dedication and commitment. The 15 members of staff in the hon. Gentleman's constituency and those in other nearby offices should not take the fact that we are considering vacating their offices as any reflection on their ability and the skills that they apply to their work.

Finally, the hon. Gentleman said that there was a concern about the loss of local information. I appreciate that there is a lot of local knowledge and that people have worked for HMRC for a long time in many such small locations, but the evidence is that local knowledge is relied upon less as more people use the internet and telephone to conduct their business with HMRC.

I will take what the hon. Gentleman said today very seriously and respond in due course.

Question put and agreed to.

Adjourned accordingly at fourteen minutes past Five o'clock.

Westminster Hall

Thursday 3 July 2008

[SIR NICHOLAS WINTERTON *in the Chair*]

Criminal Justice (Women)

Motion made, and Question proposed, That the sitting be now adjourned.—*[Mark Tami.]*

Sir Nicholas Winterton (in the Chair): I welcome Members to this Thursday afternoon sitting in Westminster Hall. Before I call the Minister to open the debate, I would like to advise Members and give early warning that there could well be several Divisions in the House. It would be my intention when a Division is called to suspend the sitting immediately, then to request Members to return to Westminster Hall within 15 minutes of the calling of the last Division. I hope that that is clear. I suspect that we may be absent from Westminster Hall for up to 45 minutes, and I hope that that will not interrupt the debate too much.

2.30 pm

The Parliamentary Under-Secretary of State for Justice (Maria Eagle): Thank you, Sir Nicholas.

I am sure that Members who are here for this debate will rush back from any Divisions to ensure that we are able to discuss this important subject for the relevant length of time, which is never enough. I am pleased to be here, six months after the Government's response to Baroness Corston's report on the subject, to discuss the progress that has been made so far, and the next steps in what she herself said would be a 10-year programme.

I am pleased to welcome not only Members from both sides of the House who have an interest in the matter but my hon. and learned Friend the Solicitor-General, who will wind up the debate. I am very pleased that she has decided to do so. There is an interest in this subject on both sides of the House and across parties. As hon. Members know, the vast majority of offenders in our prison system—some 95 per cent.—are men. Therefore, it is not surprising, and not something that should be a matter of any kind of censure, that the system has been devised for them, and is run largely for their needs. None the less, that creates an imbalance, and it means that we constantly have to focus on ensuring that the needs of minority populations in the overall prison system are met and are not inadvertently or in any other way ignored.

That is particularly important at a time when the male estate is under intense pressure because of the number of prisoners. The estate is full. I am sure that it was for that reason that one of the recommendations in Baroness Corston's report was that there should be a ministerial champion for women. I am that person at this time, and it is part of my job to ensure that we retain a focus on the different and important needs of women within the overall prison and custodial system.

Sir Alan Beith (Berwick-upon-Tweed) (LD): *rose—*

Sir Nicholas Winterton (in the Chair): I call Alan Beith.

Sir Alan Beith: We all wish the Minister well in her role as champion of women in the criminal justice system, but is not the difficulty of her position underlined by the fact that when the Government gave their response to the Carter report, a large sum of money was announced for spending on new male prisons, but when they gave their response to the Corston report, no new money was announced, not even for the community-based measures?

Sir Nicholas Winterton (in the Chair): Order. Before the Minister replies, may I apologise to the right hon. Member for Berwick-upon-Tweed for not mentioning that he is now, of course, Sir Alan Beith?

Maria Eagle: Indeed, Sir Nicholas. I congratulate the right hon. Gentleman, who is Chairman of the Justice Committee, which is the relevant Select Committee, and is therefore listened to with extra care.

The job of being the champion for a mere 5 per cent. of the people in the overall system at a time of great pressure is, of course, a challenge, and because the needs of the type of population that we are discussing are so different, it will always be difficult to ensure that those responsible at all levels of the prison system, including the highest level, focus on them. That will always be a challenge.

I do not necessarily accept the right hon. Gentleman's point. The women's estate is not overcrowded. The male estate is overcrowded, and, as he well knows, the projections do not indicate that that overcrowding will become a thing of the past in the near future. It is a fundamental requirement of any Government to try to ensure that there are enough prison places to accommodate those who are sent into custody by the courts. That is a first-and-foremost obligation on any Government, so it should not surprise anyone that, given the current situation, the Government have allocated resources to building the relevant places to ensure that they can meet their obligation over the medium term.

I do not accept that Lord Carter's proposals—they are basically what we are discussing when we talk about the male estate—for getting us ahead of the curve, and the increase in the prison population, will not advantage women. If we can get ahead of that curve and ensure that we are not dealing with the pressure of numbers on a day-to-day basis, we will have an opportunity to reconfigure the estate, as Lord Carter himself said, in ways that may assist not only women but other vulnerable groups in the prison system. There are men who have similar vulnerabilities, so I see my position more as being able to forge an alternative way forward for dealing with vulnerable people in the prison system. Women have particular vulnerabilities that are not quite matched by those of other groups. None the less, there are similarities with other groups. It is really about trying to find more effective alternatives, which may then have a read-across to other groups.

For example, throwing an enormous amount of money at building new small custodial units may not necessarily be the right way forward. We have to find a way—I am engaged in doing so—to ensure that the system can

[Maria Eagle]

better meet the needs of women, who have particular vulnerabilities. I shall say a little more about that later. There is acceptance across the parties that too many women are in prison. Many of them are there for only short periods of time. Almost three quarters who are sentenced to custody receive a sentence of less than 12 months, which is acknowledged to be the precise length of sentence that is of least use in reducing reoffending. Evidence shows that that particular sentence is least able to tackle effectively the needs of those who come into the prison system, yet some women in prison are extremely vulnerable.

We know that up to 80 per cent. of women in prison have diagnosable mental health problems, compared with a figure of about 20 per cent. in the community outside. About one half of the women in prison report that they have been abused physically or sexually, and of course it is not just the women themselves who are affected by imprisonment. Women are far more likely to be sole carers than men. About 18 per cent. of female prisoners report that they are single and live with dependent children aged 17 or under. The equivalent figure for men in the prison system is 3.5 per cent.

Given what we know about the likelihood of the children of offenders becoming offenders themselves, or of looked-after children or children in care ending up in prison during their lifetime, we must take a decisive step to break the cycle. In fact, we are facilitating intergenerational disadvantage and fuelling tomorrow's prison population, whether male or female, by not considering the children of these women. Such considerations do not apply to any of the other vulnerable groups in prison in quite the same way. Furthermore, the women's prison population is different from the male prison population in another way: women commit less crime than men, if one looks at the overall averages, numbers and percentages—I am not looking at individual instances—and their offences are generally less serious. In my experience in my job in the Ministry of Justice over the past year, most parties in the House agree that prison should be reserved for serious and dangerous offenders, yet we know that women, in the main, do not fit into that category in quite the same way that men do.

Clearly, there is a need to protect the public from serious and dangerous offenders, to punish people for whatever crimes they have committed and to try to reduce reoffending. However, far greater percentages of women are put into custody, although they commit less serious offences that would not, in the scale of things, make them serious or dangerous offenders. In addition, far more women are remanded into custody, with 60 per cent. of those remanded being acquitted or not receiving a custodial sentence. The majority of those who are sentenced, as I have already mentioned, receive a sentence of less than 12 months, which is the least useful length of sentence—if colleagues in the Chamber understand what I mean by that—for reducing reoffending.

The consequences for women in prison can be different from those faced by men in prison. Many women will lose their homes and children as a result of being imprisoned, and will return to the community in a less advantageous position than when they went into prison, not only because the causes of their offending have probably not been tackled effectively, owing to the length of sentences, but because they may have lost their accommodation, and their families and children. My noble Friend Baroness Corston set out all of that last year in stark terms in her report, and she particularly highlighted the fact that many women have multiple and interrelated needs, which are often compounded by severe drug problems.

We have accepted Baroness Corston's analysis and the vast majority of her recommendations—40 out of 43—and I have decided, as the ministerial champion, to make regular reports to the House on how we are doing in implementing the recommendations that we have accepted. The first report was laid before Parliament as a written ministerial statement on 24 June. I am pleased to say that the Government have done everything in the first six months that we promised we would do. That is not the end of the story, but it is a start: the first step on a longer journey to full implementation of the recommendations that we accepted.

I should like to say a little bit more about how early actions can provide the foundations for a sustainable longer-term strategy that will turn the situation around and enable women offenders' needs to be more fully met across the criminal justice system, preferably before they ever end up in custody or, if they are in custody, as they come out, to stop that revolving door straight back into custody, which we see too much.

The first six months of implementing the findings that we accepted has been about taking practical steps to begin expanding women's centre-type provision. Hopefully, some extra provision will come on-stream soon in Bristol and Cardiff. We need to get the paper products—the national service framework, the gender-specific standards and guidance to the Prison Service and the probation service—published, sent out and embedded in the Prison Service and probation service systems so that those who work in those systems have a fuller understanding of the different needs of women and more of an understanding in their day-to-day work of how they can make the difference for women offenders that we want to be made. Those paper products are needed to make sure that the fact that women need different treatment goes into the psyche of staff who work in the system, so that we start to see practical expressions of that different treatment, which is necessary, and its implementation. For example, the work that we have been able to do on ending strip searching—it is called "full searching", but it is strip searching—is one example. The changing criteria for acceptance in women's approved premises is another example. I will say a little bit more about that later on.

We are starting to see different treatment that better meets the needs of women on a gender-specific basis. That is unusual in the prison system: it is not something that those who work in the system are used to doing, and it will take a bit of getting used to. I am glad that, within six months, we will see some of the changes starting to happen and I believe that that will pay dividends in due course. I have been trying, as ministerial champion, to ensure that the governance arrangements and interdepartmental working at ministerial and official level are effective in driving through the changes. My noble Friend Baroness Corston made recommendations to seven Departments. Anybody who has been even a junior Minister knows that the hardest thing as a Minister at any level is making Departments work together effectively

towards the same aim—that certainly has become apparent to me in the time that I have been a junior Minister. That is easy to say, but it is not easy to do. If we are to ensure that the recommendations are properly implemented and driven forward, it is important that Departments work together at ministerial and official level to achieve that. We have put in place some arrangements that are intended to facilitate that, but I will not mention them because, although they might be interesting to people who aspire to be constitutional lawyers or experts on Whitehall, they are about process rather than actual achievement. However, I am satisfied that those arrangements are working quite well so far and I intend to ensure that they continue to do so.

In the next six months, we will focus on finding effective, practical ways of diverting resources into community provision that would otherwise be used to lock up women, and encourage sentencers to have some confidence in using such opportunities. Although offenders are judged against the framework of law by sentencers, it is important that magistrates or judges considering individual cases have confidence that sentencing women to community penalties—to action in the community—will work as well as they think imprisonment works.

The evidence over the most recent period is that sentencers have been sending women to prison for less serious offences than men—anecdotally, that is partly because of persistent offending. Of course, one accepts that, in respect of individual cases, if somebody keeps appearing before a sentencer, having broken the terms of their community order, imprisonment is going to be the last resort. However, we need to ensure that the community provision that we provide has the confidence of sentencers. We need to make sure that, over the next six months, what we can put in place has their confidence.

In the medium to longer term, diverting women who are needlessly and ineffectively sent to prison and preventing them from reoffending will bring down the female prison population. It is only through diverting women from being sent into custody in the first place and ensuring that those who come out the other end do not swiftly reoffend and go back through the revolving doors that we will get that prison population down over time.

Prison is, of course, the right place for the most serious and dangerous offenders, but we need to ensure that the only women in prison are those who really need to be there. For less serious offences, a community sentence can be a better punishment and can be more effective in preventing re-offending. Evidence indicates that that is so for all groups. Baroness Corston argued that many women currently in custody should be in the community instead. I agree with that recommendation.

We formalised our expectation clearly in the national service framework for women offenders, which was published on 30 May. That document sets out, for the first time, the different way in which women should be treated, given the different characteristics of women offenders. It aims to reduce the number of women coming through the criminal justice system and to ensure that the needs of women who are found guilty of an offence can be met in the community, wherever possible. It also aims to ensure that women who are sentenced to custody have appropriate facilities that properly meet their needs in prison.

The framework will provide the basis upon which practice can be developed and changed throughout the system better to meet women's needs. The importance of Her Majesty's Prison Service recognising the different needs and characteristics, as set out in the framework, should not be overlooked. Until now, there has been no formal, central document to suggest that it is correct or would be better or more sensible to treat women differently from men.

The full search regime has been applied equally to men and women without taking into account the fact that many women in prison have been sexually abused or are suffering from mental ill health, and such a search may be infinitely more distressing and less useful when applied to women. That is just one example of how the paper product—the framework—which is readable but is not of itself an achievement, can facilitate achievement and change in future. The foundation of such documents, understanding them, taking them on board and implementing them throughout the service will enable us to make a difference in the medium term and to drive through the system what could be a profound change in the way in which different groups are handled.

If we are to reduce the number of women coming through the criminal justice system, we must deliver more effective community sentences for them, and we must deliver more appropriate services for vulnerable women at risk of offending. It is important to devise elements of community sentences that tackle women's needs more effectively perhaps than has happened in the past. That is an important role for commissioners of such services at local and regional levels. If commissioners are to understand what is needed in their local area, it is important that they understand the different needs of women as opposed to those of men. Instead of just commissioning a service that looks at supporting people with mental health problems, we must recognise the particular needs of women with mental health problems and their particular vulnerabilities.

It is important that staff who carry out that commissioning are aware at all levels of the different approaches required to procure different interventions in their areas. Only when that happens will it be possible for sentencers, when considering different options, to have confidence that, if they do not send a woman to prison, there is something else out there to meet her needs and stop her reoffending.

To facilitate much of that, Baroness Corston wanted more multi-agency community centres for women. That is the way forward. Women's centres can bring added value to community orders and reassure sentencers, which is important. Established women's centres run by the third sector provide a one-stop shop to resolve a range of problems, from tackling mental ill health to issues to do with housing, domestic violence, debt, education needs and looking after children. Many of those issues are at the core of the needs of vulnerable women who often end up in prison. They may also be crucial in increasing sentencer confidence that community penalties are worth trying instead of prison sentences.

I have seen for myself the excellent work of many women's centres. For example, the Anawim women's centre in Birmingham works closely with the local probation service. Women attend the centre to fulfil their unpaid work requirement, which keeps sentencers happy because they can see that the unpaid work

[Maria Eagle]

requirement is being fulfilled, and it enables the women concerned to receive support to tackle the underlying issues and problems that are causing their offending behaviour. For example, they can access the centre's range of courses, support with debt and child care issues, and a methadone programme, which enables them to stabilise polydrug use and to deal with issues that may arise from the chaotic lifestyle that many drug users fall into.

I have spoken to staff at the Together Women's centre in Yorkshire and Humberside about how they are delivering the £9.15 million Government-funded programme, which is being evaluated. During my trip to York, I was heartened that the local bench chairman and other magistrates who came along to talk to me had the confidence to sentence women to community sentences rather than custody when they had seen what was on offer at the centre.

Initial findings indicate that services provided by such all-round provision are effective, and we need to make better use of them in the criminal justice system. We are considering increasing the number of such centres. We have contributed extra money towards setting up and running the Turnaround project in Cardiff in Wales, which I have also visited. We are putting money into piloting an integrated approach to combining residential facilities with a range of community-based services in Bristol. Perhaps more importantly, over the next six months a matter of great importance will be cross-Departmental work to examine the extent and nature of current generic women's centre provision, and the potential to develop and to make better use of such centres by bringing together agencies and funding streams with the potential to spread availability of such services much more widely. That is an important part of my effort over the next six months to take these ways of doing things further.

We are planning to supplement the available community provision by asking the probation service to use approved premises more effectively for women who could benefit from the structured services provided. Instead of those who go into approved premises having to present a severe risk of harm to others, we find that women's approved premises are suitable for women who do not necessarily present a high risk of harm to others, but who may benefit because self-harm or the likelihood of reoffending may be reduced by the sort of structured services that are available there. That entails changing the criteria for use to suit the needs of women more. The existing criteria for their use tends to be based on the needs of male offenders.

The probation service has received the "Offender Manager Guide to Working with Women", which will help staff to work with local partners, introducing them to the ways of dealing with women's accommodation, health and education needs to ensure that women offenders get access to those services and are not overlooked because their number may be smaller than the number of male offenders in a particular area.

We must have better interventions to help to focus on the real causes of reoffending by vulnerable women in the community.We must have interventions designed specifically for women. About one third of women lose their homes while in prison, and lack of accommodation when they come out can be a key cause of swift recidivism. Help focused on accommodation can be particularly useful in ensuring that women do not return straight to offending when they leave prison, and do not come back through the prison door not long after they have left.

Following an initial two-year funding stream from the Ministry of Justice, a project in the south-west is a one-stop shop to provide accommodation for women coming out of prison. It is focused on the Bristol area and other parts of the south-west, but because people in the local community, from the city council to the local probation service, have recognised its value in supporting people, the funding has been supplemented by other agencies, local and national, and the project will continue as a result of having demonstrated its worth. The truth of the matter is that responsibility for meeting those needs goes far wider than the criminal justice system.

The criminal justice system must do more, and our partners across Government and all agencies, central and local, must also do more. The more we can do together, the better. Local and regional partnerships, across agencies, Departments and the community and voluntary sectors, are key to progress, as is shifting resources from the £35,000 or so a year average cost of locking up a woman to help to fund provision that will divert women from the risk of custody in the first place, and to help to give sentencers confidence that community-based provision is more effective and more likely to tackle the root causes of offending, and hence to help to reduce reoffending among women. I am looking carefully at how we might achieve that across Government.

Nevertheless, there will always be women who should rightly serve their sentences in prison. As such, we have to be sure that the prison system is adequately responsive to their particular needs. In recent years, we have made significant improvements in that area and we now spend more per prison place for women than for men.

In line with Baroness Corston's recommendations, we aim to make further progress. We are implementing a set of gender-specific standards for women prisoners to improve the care, management and resettlement of women. For women who have been abused—some sexually abused—strip searching is distressing and is at best deeply damaging. When I have visited women's prisons, many staff have told me that strip searching is worthless and never turns anything up. I was also told that it is demeaning and destructive of good relationships and respect between staff and prisoners. Strip searching should be done only when absolutely necessary and we have made excellent progress in reducing the number of times it takes place in prisons. Pilots are now running in five women's prisons to test a new kind of search that does not require the removal of underwear unless there is intelligence or a specific suspicion that items are being concealed.

The early results are encouraging—much against the expectations of some—and I expect that the new arrangements will shortly be in place in all women's prisons. Already more than a third of the female prison population is benefiting from these changes and I have been given anecdotal suggestions by those operating the pilot that it makes the institutions much more respectful, better, more dignified places. The changes represent a major improvement in treating women prisoners properly

and should improve dignity, respect and the relationships between all those who work and live in prisons, which is something that Baroness Corston was keen on ensuring progress with.

In terms of the physical prison estate, Baroness Corston proposed that, over the next 10 years, we should replace existing women's prisons with geographically dispersed, small, multi-functional units, which she recommended should be designed to house 20 to 30 women in areas easily accessible to visitors, such as city centres. In setting out the case for small custodial units, she proposed a number of principles that should inform their development. Those principles include providing a multi-functional environment, at the same site ensuring closeness to home as much as possible and making provisions to strengthen family and community links to support re-settlement.

The Government certainly accept that those principles should underlie the way in which we design the women's estate. We had a project team look swiftly at the practicality and desirability of units of that kind of size, as we said we would do in our response to the report. The findings of our director-led working group on small custodial units are set out in our progress report, which was published last Tuesday. I do not propose to rehearse the arguments in full but, in summary, the working group found that it would be difficult to deliver the full range of services required to meet the needs of women prisoners in such small units. If the full range of interventions were not available, it may increase the frequency of moves, which would damage the aim of stability and closeness to home that is at the core of the report. There were concerns that units as small as 20 to 30 people could increase bullying and make those in them feel less safe. Those are real concerns.

We thought that units of 100 to 150 would be a more practicable size for dealing with all those issues. Some international evidence has shown that such a size is more usual. However, the planned addition of a new 77-place unit at Her Majesty's prison Bronzefield has presented the opportunity to test how redesigning the physical environment might work in practice. The current design of the new unit includes a number of small, self-contained blocks holding about 20 to 30 prisoners each within a larger site at the prison. The unit will combine a more communal and supportive small-scale environment with the ability to provide a wide range of services and interventions to meet the needs of the women who are imprisoned there. We intend to have the new wing in place by 2009.

Baroness Corston's proposals on the physical estate are being taken on board. We are not just going to build a new wing at Bronzefield that, if it did not have women in it, could have men in it—that is how estates have tended to be built in the past. Over time, we hope that the population of women prisoners reduces and that we will have the chance physically to reconfigure the estate using those principles. I do not think that any new women's custodial facilities will be built as wings—as many have been up to now—and that is a tribute to Baroness Corston's work.

I shall conclude by briefly setting out the long-term actions we are taking to embed some of the improvements. We have started work on developing options to divert more women offenders from custody and to make sure that, wherever appropriate, they are dealt with in the community. The aim is to bring about a successful and sustainable reduction in the size of the women's prison population. If that is achieved, it could create real opportunities to make better use of the money we spend on locking women up, which, on average, is about £35,000 per woman per year. It would also allow us to look at how we might reconfigure the women's prison estate, guided by Baroness Corston's principles, better to meet the needs of those women who will remain in custody.

To make a lasting difference, the strategy should not be delivered in isolation—it is not an add-on to the way in which we run custody generally or the way in which the Prison Service runs. The changes will be sustainable only if we make them business as usual and bed them into the way in which the Prison Service works. That is what we are aiming to do. The changes we have made, the frameworks and governance we have put in place, and the initiatives for women we are delivering on the ground will ensure that the needs of women are no longer marginalised in the criminal justice system.

There is no doubt that more needs to be done—this is a six-monthly report on a 10-year strategy. I certainly intend to continue to report regularly to Parliament on the progress that we are making in implementing the recommendations of Baroness Corston's report. I also intend to ensure that we continue to drive forward and implement the recommendations that we have accepted, so that in due course a real improvement in the conditions of women in prison and a real reduction in the numbers of women in prison will be there for all to see.

3.7 pm

Mr. David Burrowes (Enfield, Southgate) (Con): It is a pleasure to take part in this extremely important debate on women with particular vulnerabilities in the criminal justice system. It is also a privilege and very humbling to be in the presence of both knights and a champion today. It is important that we challenge and debate with the Minister, as she is the champion on this matter. All of us want to see action on a subject that has concerned many people for many years. The vulnerability of women in the criminal justice system is obviously not a new problem or concern. Although there is a large degree of consensus, there is a concern that we need to move towards action.

The long title of the debate, which draws on the title of Baroness Corston's welcome review, is significant. Indeed, "women with particular vulnerabilities in the criminal justice system" could lead some of those listening to or reading the debate to think that it is exceptional for such women to be in the criminal justice system and that those with vulnerabilities are on the edge of the system. However, as we all know, vulnerability in relation to women is the norm rather than the exception.

We have heard a number of statistics today, and although I do not wish simply to repeat them it is important that we clearly establish that vulnerability is not an exception in relation to the criminal justice system. When we consider that 43 per cent. of women suffer from depression; that 22 per cent. had a physical disability for which special assistance was required; that 73 per cent. had used illegal or non-prescription drugs or solvents; that more than 50 per cent. had used crack cocaine in previous years; that at least 50 per cent. of all

[Mr. David Burrowes]

self-harm incidents in prisons involve women, despite the fact that women account for only 5 per cent. of the overall population; and that self-injury rates rose by 48 per cent. between 2003 and 2007, we become aware—if we were not aware of it before—of the significance of the problem. As the Minister said, more than 80 per cent. of female prisoners have diagnosable mental health problems, so it is clear that vulnerability is very much at the core of the issue of women in the criminal justice system.

Concerns have been clearly expressed by various groups and pressure groups. Indeed, in its briefing for today's debate, INQUEST has made it clear—

3.10 pm

Sitting suspended for Divisions in the House.

3.53 pm

On resuming—

Mr. Burrowes: I was recounting the concerns of INQUEST, which has highlighted the fact that the vulnerability of women in the criminal justice system is not a new problem. It paints a disturbing picture of what it describes as preventable tragedy between 1990 and 2007, stating that during that period

"115 women died in prison of which 88 were self-inflicted deaths. One woman has already taken her own life in 2008."

It describes

"the high level of distress and vulnerability among women prisoners",

and says that

"the persistent theme running through these deaths is the lamentable failure of the criminal justice system to enforce its own duty of care".

It concludes that women in prison are among the most disadvantaged and vulnerable people in society.

We often hear statistics, but it is also important to hear from those who are affected and have direct experience. Page 27 of Baroness Corston's report describes what she was told by staff at Brockhill, who said that most of those imprisoned there

"were mothers. Some had their children with them immediately prior to custody, others had handed them to relatives or their children had been taken into care or adopted".

The debate is focused on women, and women are often mothers. Indeed, in the prison estate, it is estimated that the mothers of some 18,000 children a year are sent to prison. Of those, 5 per cent. remain in their own home after their mother has been sentenced. It is estimated that by 2012, there are likely to be more than 200,000 children with parents in prison. A problem that arises from that is that only seven out of the 15 women's prisons, as I understand it, have facilities for children to stay with their mothers. The staff at Brockhill went on to say of the women who were imprisoned there:

"Some were pregnant. Some discovered they were pregnant when they had no idea that that could be a possibility...They were drug users. It was not uncommon to have £200 a day crack and heroin habits disclosed...They were alcoholics...They often looked very thin and unwell...They had been sexually, emotionally and physically abused...They were not in control of their lives...They did not have many choices...They were noisy and at first sight confident and brash but this belied their frailty and vulnerability and masked their lack of self-confidence and esteem...They self harmed...They had mental health problems...They were poor".

That is what the staff said, but it is important to think about the individuals involved. I can reflect on one such individual, Sofia, whom I encountered during my early years representing criminal clients, including women, as a defence solicitor. She was presented to me as a client who had just got into trouble and had been charged with a shoplifting offence, but as someone who had every potential in life. She was very able and from a relatively stable background, and she had the life chances that we would all hope she would have. However, she had recently come under the influence of a heroin addict, who had introduced her to drugs, particularly heroin.

That was the situation when I first represented her at Enfield magistrates court, but there was another such occasion, and another and so on. The fifth time that I represented her, two years later, she had descended into addiction and suffered the consequences, which included homelessness and health problems. When she appeared in court she was particularly vulnerable. The court's various interventions, from fines, conditional discharges and probation, to supervision and community service orders, came and went, and in many ways failed. Indeed, she often breached the orders and continued as before. It is important to note that throughout those interventions, she was never given the opportunity to seek residential rehabilitation for her drug addiction.

When she went to court for the final time—it was one of my last such appearances with a client—she was very much at the end of her life. I told the court that it was her last opportunity. She recognised that she had descended into heroin addiction and that her life chances were few, and it was her last opportunity to gain some kind of drug rehabilitation. Perhaps more by luck than planning, funding and a place became available for a residential placement, and Sofia wanted to take it. Before that, she often asked not to receive a community penalty but to go to prison, so that she could have a break from the people influencing her and to have some stability, but on this last occasion she decided to take what in many ways was the harder option—it presented her with more challenges—and receive assistance within a structured regime.

I heard nothing of her for two years. As part of the addiction working group, which was part of the Centre for Social Justice policy review of addictions, I visited Phoenix house in Sheffield, which is one of the few residential units for women and children offering rehabilitation. Crucially, it provides a link to enable children to be with their parent, and thus enable the parent, as part of their rehabilitation, to help with family life. I was presented with a leaflet, part of which described what Phoenix House does. It provides excellent residential rehabilitation care, but the availability of such care is all too scarce, particularly for women and children. Lo and behold, the leaflet included a picture of Sofia, and told her story. She said:

"For 10 years I struggled to deal with childhood rape and abuse. I spiralled from one destructive relationship to another, trying many different substances and eventually becoming addicted to heroin and crack-cocaine. When I hit rock bottom I was living on the streets and slowly fading away."

That was when I came into contact with her. She went on to say:

"That is when I knew I had to get help".

She received that help from the Alpha service. She took part in key work, including counselling sessions, and undertook various activities. She said:

"The best bits about being here are the structure"—

something that is often lacking in prison, rehabilitation or rehabilitation in the community—

"the help of my peers in the therapeutic community and the support of the care team. Since being at Phoenix House I've built bridges with my family"—

that is crucial—

"and started to make plans for the future I never before believed I had. I'm going to go back to college and get the qualifications I need to become a psychologist. Eventually I'd like to have a family of my own, but for now my own place somewhere safe with my inner peace will be fine."

It was heartening to see that success story in the brochure from Phoenix house. Sofia came through the system. She was particularly vulnerable when she went through the criminal justice system, but she has found a way out through the assistance and fine work of Phoenix house. The challenge is to replicate and increase such experiences by using the voluntary sector and working in harness with the prison and probation services to ensure that stories such as Sofia's are not the exception.

It is an old story that has been repeated in reports, initiatives and plans. The Children's Commissioner highlighted as a concern the relationship between mother and baby, particularly in the criminal justice system, and published a report in January drawing attention to the fact that there are too few mother and baby units, and that they are thinly spread across the country. That means that far too many women in prison who are expecting a baby are miles away from where they come from. As I understand it, there is only one unit, at Rugby in Warwickshire, for girls under 18. I invite the Minister to respond to that, or to investigate the lack of such facilities.

It is all very well to say that now, but it is important to make the point that when a review of mother and baby units was held as long ago as 1999, the matter was mentioned then, but very little has happened, and the problem has got worse. We all welcome Baroness Corston's report, and we are anxious that its recommendations should be implemented. It is important that, amid plans and initiatives, there is action on the ground, so that the Sofias of this world, mothers with babies, and those with other vulnerabilities can seek proper assistance. Concerns are particularly profound about the distance between prison and court, and how it has increased over the years. More than half of female prisoners are held more than 50 miles away from their home, and at least a quarter are held more than 100 miles away. We want to encourage smaller and more local units, as Baroness Corston recommended.

Maria Eagle: Is the hon. Gentleman's party saying that 20 to 30-bed units would be desirable, and that the Conservatives would commit to introducing them if they had the opportunity to do so?

Mr. Burrowes: I hope to respond to that question when considering the Government's recently published response and progress report on meeting the needs of women. It is important to set the Government's response in context. It has come in the form of governance and improvements to governance; we have the champion of that approach before us. It has also come through interministerial groups and sub-groups, cross-departmental criminal justice women's units, the production of a more detailed delivery plan, the publication and implementation of other action plans and schemes and the setting up of projects to review matters.

In 2005, the Select Committee on Home Affairs reported its concerns about female prisoners:

"Whilst the Government has said that it wishes to constrain the overall growth in prisoner numbers, the sharp rise in women prisoners would appear to deserve particular attention...We recommend that the Government consider setting targets for reducing the numbers of women offenders".

The Select Committee has expressed such concerns in other reports, both before and since, but we need action and delivery. The proposal for small custodial units is the crucial aspect of the Corston report. It is, I suggest, the one that exercises the Government's mind the most, and the issue on which they diverge most from Corston's recommendations. She recommended:

"The government should announce within six months a clear strategy to replace existing women's prisons with suitable, geographically dispersed, small, multi-functional custodial centres within 10 years."

I understand that the Government working group has agreed the principle, the model and the range. It supports the principle, but when it comes to the details—

Maria Eagle: We do not support the principle of 20 to 30-bed units. We think that they are too small to do effectively what Corston's report suggested they would achieve, although we think that some of the design principles that she talked about are worth taking further.

Mr. Burrowes: I am grateful for that clarification. Moving to the Government's response, page 13 deals with the potential effects on vulnerable women. The Minister refers on that page to overseas examples of the negatives, rather than the positives, of the small unit model, concluding:

"We are not willing to risk women's safety until we are satisfied there is a model which reduces bullying risks."

The reality is that women's safety is already compromised in many ways by the present state of prisons; the matter is already urgent. We have seen from the extreme figures on self-harm and death that women's safety is at risk now, and we must ensure that we move towards proper action.

It is not adequate to deal with the debate and consideration of whether small units are appropriate simply by saying, "Well, the answer is to deal with lower-risk, short-sentence women offenders in the community." No doubt we all want to encourage robust community penalties that are wholly appropriate, like Sofia's. She was given a number of community orders that failed, primarily as a result of her lack of compliance, but also because they were often not tailored to meet her needs, especially her needs as a drug addict.

[Mr. Burrowes]

The figures on women in prison show that, although most females serve shorter sentences than males, the percentage of women sentenced for six months or less is double the 7 per cent. figure for men. The percentage of women serving six to 12 months is 7 per cent., as opposed to 4 per cent. of men. There is also a disproportion between the percentages of females and males serving sentences greater than 12 months, but nevertheless, 80 per cent. of females are sentenced to more than 12 months. That is a significant figure. Although it is important to deal with short-term sentences, it is also important to be aware that the reality is that 80 per cent. of women serve long-term sentences of more than 12 months.

One cannot deal with the issue and Baroness Corston's recommendation by saying, "Well, we'll deal with them better in the community." One must still grapple with the fact that while some people in prison need to be there, they should be in units closer to home. One cannot say simply, as the paragraph that is headed, "Ensuring appropriate provision for the target group" says, that

"more serious, longer-term offenders often have a different set of needs and requirements which may not in fact be best served by small custodial units."

One size cannot fit all in relation to the numbers and units, but I must challenge the claim that the closeness-to-home issue is not pressing. What is the evidence for stating that prisoners, whether serving short or long-term sentences, are not concerned about how close they are to home? Sadly, as prisoners serve their sentences, relationships become sparser and less linked to the outside, and often the continuity of any kind of relationship is limited more to probation officers and less to families. I remember from my experience with clients that more often that not, their continuity of relationship was with a defence solicitor more than anyone else, which is depressing for anyone. I challenge the Government not to put to one side those serving long sentences, or think that closeness to home is not an issue.

Both male and female prisoners are increasingly disconnected from their communities, and that disconnection continues after their resettlement. Although the usual supervision requirements provide prisoners with links after they have been dealt with by prison, those links are very limited, particularly for those serving sentences far from home. A different approach is required to take account of the whole estate and to establish new smaller prisons closer to the court and the local community. We need to ensure that prisons and their governors are responsible not just for ensuring prisoner safety and implementing rehabilitation programmes, but have a foot outside, as well as inside, the prison. That is why we have proposed prisoner rehabilitation trusts, with governors responsible both for what happens inside prisons and for rehabilitation inside and elsewhere. They would seek to work properly with the voluntary and private sectors and to run rehabilitation programmes that would dramatically improve opportunities for male and female prisoners, allowing them to pursue resettlement and not to reoffend.

The critique of the Government's position is clear and comes from many sources. *The Guardian* described the Government's response as "lacklustre" and went on to state that

"Corston's work appears to have been shelved. The truth is that the Government's reaction has been to dither."

The Prison Reform Trust said that the Lord Chancellor was questioned by the Justice Committee about the lack of dedicated funding for implementing Corston's recommendations. The Howard League stated:

"The reaction of the Government...was incredibly disappointing. They just set up a third review, thereby reacting with yet more procrastination, delay and cowardice".

Others have commented that we do not need any more reviews, or reviews of reviews.

The Solicitor-General (Vera Baird): How much money would the Tory party put into these small units, if it ever gets back into government, and exactly what would they look like? How big would they be? Will the hon. Gentleman tell us all about them, as we are intrigued.

Mr. Burrowes: I invite the Government and the Ministers present to read our document, "Prisons with a Purpose".

The Solicitor-General: So the hon. Gentleman does not know.

Mr. Burrowes: If hon. Members want, I could spend my time going through our proposals for the redesign of prisons.

Maria Eagle: I have read the hon. Gentleman's document, but would he care to answer the question that I asked him earlier: is he committing the Tory party to building small custodial units for women, each holding 20 to 30 people?

Mr. Burrowes: I would not prescribe a particular number, but certainly we are in favour of smaller and more localised prisons and units. As we and a number of organisations have said, the Government have missed the opportunity to transform the custodial estate. We could subject our old prison sites, both male and female, to commercial development and use the lease capital to build new prisons closer to local communities that are fit for purpose.

The Government have been sidetracked by the shadow of titan prisons. Lord Carter's review of prisons barely mentions the vulnerability of women in the criminal justice system and other issues affecting women. The latest consultation on Lord Carter's report mentions Baroness Corston's report, and states that the direct impact of titan prisons on women is expected to be neutral, and that it might even provide some headroom. I challenge the Government on that claim. The focus on titan prisons and the £1.2 billion of additional funding, on top of £1.5 billion of funding, has cast an inevitable shadow over any programme for delivering step improvements in the women's custodial estate. The shadow of titan falls on all approaches to the custodial setting, including the women's custodial estate. The effect is not neutral, but detrimental. The model proposed, in the light of scarce resources, is for larger, warehouse-type prisons, rather than those that properly meet the needs of the community.

Maria Eagle: I cannot let the hon. Gentleman get away with that. I know that he does not like the concept of titan prisons, but they are not intended to be warehouses. They are intended to bring together many smaller and more focused units that will enable the prison service to

deliver a good service to those in them. The location of the three that are planned will keep male prisoners closer to home than many existing prisons.

Mr. Burrowes: I hear what the Minister says. We have had this debate before, and we do not need to spend too long on the titans, but I still think that the shadow looms large.

Another area on which I do not want to focus too much today—it has been the subject of other debates—is Lord Justice Gage's sentencing commission working group report, which we eagerly await—*[Interruption.]* Someone asks, "Is this to do with women?" Members do not have to take my word for it, as a circuit judge commented in *The Guardian,* on 23 June 2008, on proposals for a restrictive sentencing grid framework, such as that used in the United States. I accept that the Government might take an alternative approach, but we should not remove judges' discretion in sentencing and their ability to consider personal circumstances. The circuit judge told *The Guardian*:

"If you have that sort of framework, you're inevitably going to hit the weaker members of society, the minority groups and the women".

Maria Eagle: Will the hon. Gentleman give way?

Mr. Burrowes: In a moment. *[Interruption.]* It is relevant. It is important that we do not compartmentalise the debate on the impact on women in the criminal justice system of these various plans and interventions, which is why people are concerned that Lord Carter did not mention women in the custodial estate. The sentencing commission working group must have proper regard to the impact of sentencing on regional variations and gender.

Maria Eagle: I do not wish to take up the hon. Gentleman's time, but the Secretary of State for Justice made it clear that the proposals of the sentencing commission working group will not deal with the impact on a sentencer's capacity to pass appropriate sentences.

Mr. Burrowes: As I have said, we look forward to the report, and we will see whether that happens.

I shall not take too much longer, as several hon. Members wish to speak. I invite the Solicitor-General to consider the issue more widely, and not just look at over-18s. There is also concern about under-18s, who are serving long sentences during which they reach adulthood and go into the adult custodial system. What regime will they go into? If a young woman receives a custodial sentence in London, there are no secure children's units or homes there for her to go to. She would have to travel a long way to serve her sentence. It is always a concern if there is a great distance between someone's home and where they serve their sentence, but particularly so if that person is of a young age. We need to take proper account of that, and not lose sight of that issue and the lack of provision for under-18s.

The Solicitor-General asked about costs and how we should deal with them. It is important that we look at costs in the round. In her report, under the heading "A final word on costs", Baroness Corston says:

"Too often costs are masked by a narrow focus on prison places and a failure to take a necessarily broad view across departments responsible for health, social services, housing and employment."

She discusses the importance of considering the impact, across the board, of plans and initiatives. Cross-departmental work across projects is welcome, but it is important to consider those impacts. It is also important to consider making radical changes on costs or changes that would dramatically improve purposeful work in prisons and rehabilitation work outside prisons. That would lead to a large fall in reoffending rates, and would release a large amount of money that would properly be used in the criminal justice system. We need radical change, and the concern is that the Government's responses to Corston's report and previous reports have not gone far enough—certainly not far enough to bring about, in Baroness Corston's words,

"a radical change in the way we treat women throughout the whole of the criminal justice system".

The Solicitor-General: Did I mishear the hon. Gentleman when he said earlier that 80 per cent. of women were in prison for longer than 12 months? He might have said 18 per cent., but if he said 80 per cent., I think he is wrong. I wanted to raise that with him before he concludes.

Mr. Burrowes: The Minister did not mishear me; I was relying on figures that were provided by the Library under the heading "Sentenced population by length of sentence, England and Wales, 31 December 2007".

The Solicitor-General: Really?

Mr. Burrowes: Yes; the source was "Population in Custody Monthly Tables, December 2007."

In conclusion, we need more radical change and we must ensure that after these long years of concern regarding the particular vulnerabilities of women in the criminal justice system, we have more than plans and reviews. We need real change and improvements for women, their children and the whole community.

Several hon. Members *rose—*

Sir Nicholas Winterton (in the Chair): I shall call the Liberal Democrat spokesman to speak next, but I have no doubt that all hon. Members present will have time to speak.

4.24 pm

David Howarth (Cambridge) (LD): Thank you, Sir Nicholas. To facilitate that, I shall truncate my remarks as much as I can.

The debate is about women with particular vulnerabilities in the criminal justice system. It could therefore include issues such as women victims, and I hope that at some point we will have a chance to talk about them. The main focus this afternoon, however, must be the Government's response to the Corston report, and the topic of women in prison.

I thank the Under-Secretary for her report and for the promise of six-monthly reports. I praise her in particular for a part of her speech that I hope I heard properly, in which she appeared to adopt the justice

[David Howarth]

reinvestment approach. If that is the case, it is an important and welcome development. With the justice reinvestment perspective, one looks at the money that is spent on punishing people from a particular community, and then considers how it could be better spent in the community from where the offender and, usually, the victim come, both to prevent crime and for the general welfare of the community. That sounds simple—even simplistic—but it is a powerful tool for ensuring that different levels and departments of government act together. Criminal justice policies have often failed to take into account the impact across government and society of different ways of attempting to reduce crime. However, the focus today is on women's prisons and Corston.

Having read the Corston report, I still feel that there is something profoundly wrong in the women's prison system. There are currently 4,600 women in prison, which is a 41 per cent. increase since 1997. The Under-Secretary says that there is not overcrowding, which might be technically true, but the increases continue. That is not justifiable and has to be explained.

The characteristics of women prisoners have been described by the Under-Secretary and the hon. Member for Enfield, Southgate (Mr. Burrowes), but it is worth repeating the statistic that nine out of 10 women prisoners are in for non-violent offences—very few are a danger to the public, although there is no doubt that those few have to be held in prison—about half are in for first offences, which seems a high proportion, and about a quarter are in for drug offences. Much of the publicity around that figure has to do with drug mules, but I would be surprised if the number of drug mules was so high. I would be grateful if the Solicitor-General gave more detail in her reply, if it is available, on how the figure that more than 1,000 women are in prison for drug offences breaks down by offence.

The women's prison population is very troubled and vulnerable. As the Under-Secretary said, 80 per cent. of women prisoners have recognised mental health problems. Some 37 per cent. have attempted to commit suicide, and, as the hon. Member for Enfield, Southgate said, nearly all the deaths of women in custody—80 per cent.—are suicides, of which there are about four or five a year. Self-harm rates are also very high, and increasing. Our calculation seemed to show an increase of about two thirds since 2003, but the Government said that it was about a half. However, even an increase by a half is an extraordinary and disturbing development.

Half of women prisoners have previously been abused or have suffered domestic violence, and 20 per cent.—one fifth—have been in care. That is more than 10 times the national average. Some 71 per cent. have no formal qualifications at all. Given all that, it is surprising that the reoffending rate for women is about the same as that for men, at 65 per cent. I am surprised that it is not worse.

The Solicitor-General: I am going back in my mind to what the hon. Gentleman said at the outset: that we should debate the issue of women victims in the criminal justice system. He has finished his accurate catalogue of the vulnerabilities of women in the prison sector. If he now thinks about domestic violence, sexual abuse and so on, I think that he will find that he is talking about a very similar population—people who are victims one day and prisoners the next.

David Howarth: I am glad that the Solicitor-General makes that point. It might turn out to be absolutely accurate. That connection, not just in this generation but in generations gone by, is crucial to understand how crime comes about, and how we might prevent it.

It is important to improve conditions in women's prisons, which is another theme in the Corston review. I welcome the Minister's announcements on strip searching and I am glad to hear that the developments are working so far and that resistance to them is being broken down.

There is concern about the basic fabric of women's prisons. As many women's prisons were originally designed for men, problems of privacy and sanitation make many such buildings unsuitable for women. I hope that the Solicitor-General will address that issue in her summing up. The greater use of approved premises is a very good idea, but it will not reduce the need entirely to use existing buildings.

I want to comment on the issue raised by the hon. Member for Enfield, Southgate about small custodial units. Baroness Corston's report proposed setting up local units for 20 to 30 women with access to appropriate services. The Home Office's own research shows how important it is that prisoners maintain contact with families. The issue of separation from families is one of the most important that the Prison Service, women prisoners and the children themselves face. Two thirds of women prisoners have dependent children under the age of 18. In 2006, nearly 18,000 children were separated from their mothers by imprisonment. Let me give a perspective on how big that problem is: in that year, more children were separated from their parents by imprisonment than by divorce. It is an enormous problem.

How does that affect the children themselves? The Government have not produced any robust research on that, but it is sure to be an important problem. It might even be—this is hypothesis rather than proven fact—that separation from family is a factor in self-harm and suicide.

When the Government say that there are reasons for not trying out Baroness Corston's local unit proposal, they should hesitate and perhaps think again. The Minister gave three reasons for not going down that route. First, there was the fear that small units might produce conditions in which more bullying is possible. Secondly, she said that there is a lack of specialist staff to cover all possible needs, and, thirdly, she said that there is a lack of resources. The question is, why not pilot the idea? The Bronzefield proposal is not quite the same thing. As the Minister said, the basic numbers in that prison are higher. The units will be smaller but they will be put together in the same place. Therefore, it would not be a fair trial of Baroness Corston's proposal.

As the Government said, there are risks in piloting such schemes, but there are enormous risks in the existing situation. The risks are so high that if one were to put forward the existing situation as a new proposal, the Government would say the same thing—that they are not going try it out because it is too risky.

I fully support my right hon. Friend the Member for Berwick-upon-Tweed (Sir Alan Beith) on the question of resources. In an intervention, he said that ample

money is available for new prison building—including the type of prisons that I hope we will have another opportunity to debate at some point soon—but no money for other sorts of intervention or investment in the criminal justice system. I ask the Government to think again about piloting the Corston proposal.

We can learn much from the rest of the world, as the Corston review pointed out. Different regimes around the world achieve better results than we do in this country. In Denmark, for example, the basic principle is normalisation of prison life. Prison officers are highly trained, and overcrowding is illegal. We have to learn from others and not just go down routes that have been established for reasons of fear of risk and cost.

The most obvious point in the Corston review was that too many women are in prison in the first place. On that, some of the Government's announcements are welcome. It is important that sentencers have confidence in community penalties. I agree that that area must be tackled. Sentencers lack confidence in community sentences because of the lack of resources for such sentences. A few weeks ago, a report from the National Association of Probation Officers showed enormous delays in getting offenders into community programmes. One of the biggest delays was on domestic violence programmes, to which the Solicitor-General has already referred. Therefore, it is a matter not of magistrates believing that only prison works—my experience of magistrates, including the one to whom I am married, is that they do not think that at all—but of the availability of programmes that they are confident can be carried out.

I praise the pilot on integrated community and residential facilities—it is certainly worth supporting. Support has been given for the Turnaround project in Wales, which is another good project. I hope that the piloting of conditional cautions with rehabilitative conditions will be conducted in such a way that we can draw conclusions from it. I hope that there will be a big enough sample. I do not know how many people will be involved, but I hope that there will be a way of doing it that will come close to a random trial, because we can learn from that sort of trial.

The problem is that we know of interventions that work, so perhaps we should consider those rather than just concentrate on possible innovations. Some of those interventions, including restorative justice, work better than short prison sentences. Joanna Shapland's review was published last week and it showed that restorative justice provided value for money, that it could lead to a 27 per cent. reduction in offending, and that, on the whole, it works. We know that drug and specialist courts work, as do certain forms of drug rehabilitation and mental health treatment—although not all. We should be acting on that evidence rather than always trying to think of something new or returning—as we always seem to do—to short-term imprisonment as a default option. That is all I want to say about the Corston report. The Government have responded to it, but there are many aspects of that response that are disappointing.

There is one other issue that I want to raise today and it involves a woman with particular vulnerabilities in the criminal justice system; it has been mentioned before, but it deserves fuller consideration. It is the issue of the SP public inquiry and the resignation of Stephen Shaw, the prisons and probation ombudsman, as chair of the inquiry.

SP was a young woman in the prison system. She was remanded in custody at the age of 16. The period that we are concerned with is when she was aged from 17 to 19. She has repeatedly attempted to take her own life and engaged in self-harm while in custody. She has ended up in solitary confinement in cells that are normally used as punishment cells.

There are unique circumstances in the case of the SP public inquiry. It is an article 2 inquiry about the right to life; the Government and the state have a duty to investigate circumstances in which a person's right to life is violated or might be violated. Unusually, in this instance we have the young woman herself available to speak about her experiences; SP is still alive.

Mr. Shaw has been attempting to take this investigation further. The Howard League for Penal Reform is also involved in the case—as a solicitor, I believe, rather than as a campaigning organisation. It reported that Mr. Shaw's resignation letter says that he has found it impossible to carry out his duties because of a lack of co-operation from the Prison Service. Mr. Shaw says that the terms of reference that were agreed last year are now being "challenged" by the Prison Service. He also says that the Prison Service is seeking to

"control what other parties can and cannot see",

including preventing him from having "unfettered access" to all the documents and to staff. Finally, he says that the Prison Service is attempting to

"dictate how I should conduct the investigation",

and that it will not

"focus on the core issue: life-threatening self-harm amongst so many young women prisoners."

I ask the Solicitor-General to comment on what is going on and to say what Ministers are doing to correct it, in particular what they can do to assure the House that this inquiry will go ahead with the full co-operation of the Prison Service.

4.42 pm

Barbara Keeley (Worsley) (Lab): I am pleased to contribute to this debate on the Government's response to Baroness Corston's report. I commend the report; it will be seen for years to come as having vital importance. In her foreword, Jean Corston recalls her first visit to Holloway prison many years ago. She records her shock

"at the reality of prison life",

and states that she will never forget

"my first sight of a baby in prison."

I was able to visit Holloway prison last Monday, alongside my right hon. and learned Friend the Minister for Women and Equality. It was her view that Holloway had improved immeasurably in the years since her first visit. We were able to visit the mother and baby unit and although the staff there are doing a great job, it does not seem right for a baby to live in prison. In the crèche in the unit, a staff member was caring for a baby who was almost nine months old. Sadly, he would be parted from his mother soon afterwards. The loss of access to children seems to me to add significantly to the sentences that women serve in prison.

[Barbara Keeley]

I would also like to commend the Under-Secretary of State for the Government's response to the Corston report and particularly for her work in leading the inter-ministerial group and in providing governance to that work. She is really acting as a champion for women.

This issue has already been discussed today, but one of the most significant recommendations in the Corston report is that some or all of the existing women's prisons should be replaced with small, geographically dispersed, multi-functional custodial units, which would be phased in over a longish period. From the debate that we have had so far, it seems that there are different views about that recommendation, but I think that it has a great deal of merit. Indeed, when I talked to the governor and her staff at Holloway last week, there was support for small custodial units and a feeling that there would be less bullying in such units.

The other important issue in the report is that of alternative sanctions, which are dealt with in recommendations 18, 23 and 35. As the Government's response suggests, prison is necessary for those women who are serious offenders. Indeed, we heard on our visit to Holloway that there are a number of women serving a life sentence there; I think that the number was 43 or 45 women. As I say, prison is necessary if women are serious offenders, or if they present a risk to others.

However, I agree with recommendation 23 in the report:

"Community solutions for non-violent women offenders should be the norm."

I also agree with recommendation 35 that it should be Government policy that

"prison is not the right place for women offenders who pose no risk to the public."

Clearly, deciding what sentences are appropriate for women offenders is a matter for the courts, but I agree with the Government that more must be done to ensure that custody is used only for those women who really need to be there. My experience as a Member of Parliament in the past 18 months suggests that we need to do more to ensure that sentencers adapt the sentences that they hand out, so that those sentences are in line with that policy statement.

In December 2006, two constituents of mine were given an eight-month custodial sentence in Styal prison for an offence related to a pub brawl. Throughout their case, they had been assured that they would be given non-custodial sentences for that first offence. The young women, who were sisters in their early 20s, both had good jobs. They were sent to Styal prison on 21 December 2006, in great shock at their sentence. The Under-Secretary of State said that that length of custodial sentence is the least useful length of sentence. In fact, the two sisters had their custodial sentence quashed on appeal, after serving about four months of the sentence. They had some issues with their experiences in Styal, which I have already taken up with my hon. Friend, but the key point is whether they should have been given those sentences at all.

One of the sisters worked in local government and she was warned that she would automatically lose her job, because of the custodial sentence that she had been given. As her MP, I intervened with the council and she was eventually allowed to continue in her employment.

Overlapping with that case was that of another constituent whose 24-year-old daughter received a 15-month sentence, which is also to be served at Styal. In that case, the young woman was convicted of being an accomplice to crimes committed by her boyfriend, as he had used her car to commit the offences. Her father felt that she had been unduly punished for crimes committed by someone else and he was also deeply disturbed that, after a first offence, she found herself in Styal prison. In fact, he had read the Corston report and was very worried that his daughter would self-harm or commit suicide in that prison. It was very difficult for me to tell him that I could do very little about his daughter's situation.

The crimes committed by the man in that case were serious offences, so it is difficult to know the extent to which that young woman was culpable. However, we know from Baroness Corston's review that vulnerable women are susceptible to other people and that relationships feature heavily in women's route into crime. Drug offences, theft and handling stolen goods seem to be the routes for women into prison. Thirty-one per cent. of sentences for women are for theft of goods and 33 per cent. of women in prison are there for drug offences. Those are also situations where women find themselves participants or implicated in the crimes of their partners or other people who are strong influences on them.

On my visit to Holloway, I met two women who had been similarly sentenced as accomplices of their male partners. Lying to cover up a crime, having goods stored at the woman's home or lending a car to someone that ends up being used in a crime are the ways in which accomplice crimes happen. Helping women to gain self-esteem and coping skills might help them to avoid entering such damaging relationships or, at any rate, help them to keep away from becoming involved with partners who commit crimes. Such help is very important.

Despite recognition in many quarters that prison should only be used for the most serious, violent and persistent criminals, it appears that there is a conflict within the criminal justice system between the ideas of punishment and rehabilitation. With regard to the women in the prison system who we are discussing today, that conflict is very relevant.

Baroness Corston highlighted the high proportion of women in prison who went on to reoffend. However, that number is reduced when community sentences are given. Women who go to prison seem more likely to become persistent offenders.

I welcome the national service framework, which was published just over a month ago, in particular its short-term objective to

"work with sentencers to increase their understanding of the needs of women offenders and enable fuller use of community provision".

We must address the situation whereby twice as many women as men are given sentences for first offences; I have already cited examples from my own constituency of cases where that has happened.

As we know, two thirds of women go to prison on remand. More than one half of those do not then go on to receive a custodial sentence; indeed, one in five are

acquitted. Like custodial sentences, remand should be used only if there would be a serious threat to the public in the time between arrest and trial. As so few women's sentences are for violent crime, it seems difficult to justify such numbers.

Working with the judiciary to change sentencing attitudes is important. There is a wealth of evidence to show that attitudes towards men and women who commit crimes are different. Antisocial behaviour, drugs, violence and aggression are considered unfeminine as well as illegal. Baroness Corston addressed that gender stereotyping in her report, and work needs to be done on it.

I appreciate that the Under-Secretary of State cannot dictate to the judiciary, but it is important that something is put in place to ensure that the circumstances of women are taken into account more fully, so that they are not given unnecessary short custodial sentences which often mean that they lose their homes, jobs and children. We were told on our Holloway visit that 40-odd per cent. of the women there did not have accommodation options when they came out of prison. That is the point when things start to go wrong. Such situations place women in the prison system's revolving-door, which is something that we all want to avoid.

I am disappointed that the recommendation on small custodial units has not yet been fully adopted. The Under-Secretary of State mentioned the new wing of Her Majesty's prison Bronzefield. I hope that it will be a success and that it will show that women are better off in smaller units that are designed for their use. If Bronzefield is a success, we could start to think about even more smaller units. Small units are desirable because they offer the potential for the sort of intensive rehabilitative treatment that would help many women to exit the prison system for good when they come to the end of their sentence.

I am sure that other Members will refer to the fact that geographical location is also important. We need smaller units and more of them. Indeed, women who want to keep their babies for longer than nine months would have to move from Holloway to Styal, which is a long distance away for families who want to visit. Two thirds of female prisoners have a dependent child and one third have a child under five. Keeping their links to their children and keeping close to their families, if they can, are crucial.

Intensive rehabilitation work is important to try to break the cycle of offending, which is so crucial. We have touched on the fact that many women themselves are victims of crime. Domestic violence and physical, emotional or sexual abuse help to create the cycle, and many of the women have been in care. If their children go into care at nine months, the cycle will continue with the next generation.

We have already discussed the extent to which women in prison have diagnosable mental health problems. Perhaps we need to focus more on the number of women, particularly self-harmers, with personality disorders and do more with behavioural therapy, which is starting to have good results. We need to deal with the fact that many of the women have poor social and coping skills. Clearly, it is important to teach basic life skills, and to help women to get their lives back on track and to gain some control.

Many people consider the community sentence to be a soft option—we hear about that when we have questions in the House on the topic—but it seems to be better at helping women to learn the skills that can get them out of such cycles. Projects across the country are making an excellent start on implementing some of those ideas. The Turnaround project has been mentioned. In my region, the Together Women project uses a multi-agency approach to try to break the cycle of vulnerability, offending and reoffending. Society often sees a troublesome, aggressive and antisocial person, but the project tends to show people who have no confidence, who struggle with money and who are themselves victims of abuse or violence. The scheme is an ideal way to offer skills in parenting, and to help with self-esteem, debt management and employment.

I am looking forward to the project evaluation of Together Women, as I think that it will show positive results. Baroness Corston recommended rolling out the project nationally, and I am very much in favour of that.

The Government response proposes a long-term sustainable strategy to deliver a more sophisticated, intelligent, visibly led and better co-ordinated approach to the issues identified in the Corston report. I hope that our debate today contributes to the development of that new approach.

4.54 pm

Dr. Roberta Blackman-Woods (City of Durham) (Lab): I have for some time had an interest in how women fare in the criminal justice system, and it has been heightened in recent years by the fact that I have a women's prison in my constituency. When I visit Low Newton, which I try to do fairly regularly, I am struck by two things. The first is the excellent work of prison staff to support the women and to try to discourage them from reoffending. The prison has very good health support services and the education centre is also excellent. Staff put a lot of work into not only the life skills that my hon. Friend the Member for Worsley (Barbara Keeley) mentioned but skills for employment.

The second thing I am struck by is that, despite the excellent work of the staff and the good facilities at Low Newton to support women and try to redirect them from crime, so many of the women simply should not be there. Generally, they are there either for being an accomplice to a crime or for shoplifting or drugs offences; very few of them are violent, at least to other people. A large proportion of them have mental health problems, and, generally speaking, they have had a vulnerable past and have often been in abusive relationships. They end up not having the coping skills to make a success of their lives, nor do they have support networks in the community to help redirect them from crime when they are released. Obviously, I very much welcome the Corston report. It has again put a spotlight on the fact that we are simply sending too many women to prison.

Statistics show that courts have been using custody more frequently for women over the past few years. The hon. Member for Enfield, Southgate (Mr. Burrowes) gave them earlier, so I shall not go through them again. Although we know that the nature and seriousness of women's offending has not, on the whole, been getting

[Dr. Roberta Blackman-Woods]

worse—there is now a slight increase in violent crime being committed by young women, but the overuse of custody in the system predated that—magistrates courts, for example, used custody three times more frequently in 2002 than they did in 1994, and evidence suggests that courts are imposing more severe sentences on women for less serious offences. Through my visits to Low Newton, I am able to witness how the statistics translate into reality for many women who should not be in prison.

Home Office figures show that in the past 10 years or so there has been a dramatic increase in the number of women in prison, from an average of 1,560 in 1993 to around 4,248 in 2006. The highest number, 4,672, was reached in May 2004, so there has been a slight decrease in recent years. Nevertheless, in the past decade or so there has been a huge increase in the women's prison population overall, although it still amounts to only about 5 per cent. of the total prison population.

Historically, responses to offending have generally been developed with male offenders in mind, and Corston and the Government's response are now bringing an important, necessary and welcome break with that. However, the fact that women make up only a small proportion of offenders, and that about 14 per cent. of them are given community sentences, does not reduce the importance of addressing their particular needs and characteristics. If we fail to do that, there is a real danger that the women's prison population will increase again and that the lives of an increasing number of children will be seriously affected by their mothers' offending. I think that all hon. Members understand the terrible consequences, for children and their mothers, of women being put in prison, especially if the children end up in care.

Custody rates and sentences for men have also been increasing over the period we are discussing, but that does not negate the need to look specifically at how women are treated in the criminal justice system. I also recognise that the Home Office has, for some years, been examining the reasons behind the trend towards increasing numbers of women in the criminal justice system and has been thinking about steps to take to ensure that custody is used only in the last resort.

Some recognition has been given to the need for a multi-agency support system, which has been around for some time. The Together Women programme, which my hon. Friend the Member for Worsley outlined, aims to tackle the various factors that can affect women's offending, including poor housing, mental health problems, substance misuse and abuse, child care, education and employment. It is interesting that Baroness Corston has asked for this to be extended to all areas of the country.

There are still gaps in the information on which approaches work best with women, particularly within the community. We also have to recognise that improvements will not happen overnight. We need to ensure that women offenders have access to and are retained in services and treatment that are appropriate to their needs. Understandably, sentencers sometimes see prison as the safe option for women offenders who may be a risk to themselves or others because of a mental health or drug problem. However, only by assuring the availability of effective community-based facilities and services will sentencers have a credible, effective alternative to custody. We should find it shocking that prison is often seen as a place of safety. However, I know that this happens because of what staff in my local prison tell me.

There is also a demonstrated need for voluntary projects, such as the Open Gate project in my constituency, of which I am a board member, which seeks actively to involve women from local communities in supporting women ex-offenders. This unique local initiative is designed not only to deter women from returning to offending behaviour, but to educate people in the communities to which they are returning about their support needs when they are released from prison and to try to develop a greater understanding in the wider community of the needs of women prisoners and offenders. Open Gate engages with groups throughout north-east England, because the women in Durham prison do not come just from the local area.

The Open Gate project has drawn on research showing that women need most support immediately before they leave prison, at the point of release and during resettlement into the community, when they can often feel abandoned and isolated in their struggle to avoid going back into crime. It is at this critical point that women feel it is vital to have some kind of support, whether emotional support through a mentor or being put in touch with an advocacy project. They need reassurance and access to support through projects seeking to divert them from their previous lifestyle, which led to their offending. Open Gate aims to provide such support to reduce persistent re-offending and facilitate effective re-integration into the communities. It has good links with the probation service and the prison resettlement team, but identifies daily the need for a more co-ordinated multi-agency approach on release. Open Gate is trying to fill that gap.

All voluntary projects, including Open Gate, would like a more coherent statutory framework, and related services, to engage with. In this context, I return to the Corston report. It is excellent that the report was commissioned and the Government's response to it is to be welcomed. There is still some way to go, but it is good that most of the report's recommendations have been accepted.

Some of the report's particularly important recommendations include applying the gender equality duty to the criminal justice system so that we get an emphasis on women's needs; the need for women's prisons to be replaced with small multi-functional custodial centres, about which I shall say something in a minute; the excellent inter-departmental ministerial group that is now up and running; and the better co-ordination of pathways looking at women's specific needs.

I want to highlight Baroness Corston's emphasis on housing. She identified the accommodation pathway as the one most in need of speedy, fundamental gender-specific reform. Of course, she recommends that more supported accommodation be made available to break the cycle of vulnerability and re-offending. The Open Gate project, which I work with, would certainly agree. We find that the greatest problem faced by women on release is the lack of suitable housing, and particularly the almost total lack of supported accommodation available to women on release.

Life skills and education also need to be given greater priority and, as every other hon. Member has said, custodial sentences for women must be reserved for serious and violent offenders. Women who are unlikely to receive a custodial sentence should not be remanded in custody—that must be stopped—and sentencers need to be given more information about the alternatives to custody that are available. There is evidence suggesting, as is outlined in the Corston report, that magistrates and judges do not always know about the wide range of alternatives that might be available. We must ensure that they know that a viable alternative exists.

There is also an urgent need to address the mental health issues. It is excellent that the primary care trust now commissions such services and that they are mainstream NHS services. We have a good prison mental health team in the north-east that is well funded, but it reports that, despite its best intentions, it is still unable to align the mental health support services in prison with those in the community, so more work needs to be done to achieve that alignment.

The publication of the national service framework for women is to be welcomed. It clearly puts in place the strategic outcomes, including the desire to reduce the number of women entering the criminal justice system at all, and it talks about trying to ensure that sentencers are better informed about alternatives to custody and to reduce the number of women who end up in prison.

I share hon. Members' views that it is disappointing that the Government seem to have rejected the idea of smaller multi-functional units without carrying out a proper pilot scheme. Most of the people in the sector to whom I have spoken seem to think that Corston's suggestion for smaller units where good support can be given to women was sensible. I do not accept that the number is too small to be given adequate support. When those units are operational, they should be able to draw on services that are already available in the local community to support women. I hope that the Minister and her team will think again about that, and about pilots to demonstrate whether that approach could work.

The issue is not just about supporting women better. We want to deter women from going into the criminal justice system in the first place, which requires more support services in the community. It would be nice if the money spent on keeping women in prison were invested in community support, including supported housing. The average cost of keeping a prisoner in a local establishment for females is about £50,000, so if we can get this right, money should be available to divert to community support.

I hope that the path on which the Government have embarked and their positive response to Corston will become a reality. I welcome the updates on the implementation of the report that the Under-Secretary announced this afternoon. I thank her for engaging with all of us who have a real passion about the matter. I know that she shares that passion and that she is pushing the agenda forward.

I hope that the great degree of consensus about women in the criminal justice system—we have heard about that this afternoon—means that it is relatively easy to move towards implementing the Corston report in full.

5.12 pm

Julie Morgan (Cardiff, North) (Lab): I am pleased to speak in this important debate. I am glad that the Government recognise the vulnerability of women in prison, and that they recognise that something needs to be done. I pay tribute to the Under-Secretary of State, who is the champion for women in that situation.

We are talking about a relatively small number of women—about 4,500—and although numbers have doubled over the past 10 years, it is still small and we should be able to do something about it. It is small compared with the male prison population. The majority serve short sentences—earlier, there was a dispute about whether women serve long or short sentences. All the evidence that I have seen shows that the vast majority serve sentences of less than six months.

One reason for the increase in the number of women in prison—

Fiona Mactaggart (Slough) (Lab): I notice that heads in the Chamber are shaking. I believe that the source of the confusion is the number of sentenced women versus the number of women who are in prison at any one time. The vast majority of sentenced women are sentenced to less than a year. Because there are relatively few women in prison, a large proportion of those who are in prison at any one time might have been given a longer sentence.

Sir Nicholas Winterton (in the Chair): Order. I am not sure whether that was a question or an observation.

Julie Morgan: My hon. Friend may be right. The figures that I have show that most women serve very short sentences, and that in 2006 nearly two thirds were sentenced to six months or less. That is what happened then, and the point that my hon. Friend made probably clears up the matter, but I am sure that my hon. and learned Friend the Solicitor-General will address it in her response.

Over the years, the severity of sentences for women has increased, and that has caused some of the rise in the prison population. The number is small, and from what we have heard here today, it seems that all hon. Members agree that the problems concerning women in prison are health, mental health, drug use, suicide, the terrible tragedies of backgrounds in care, and domestic violence. Those issues have been well aired today, and there has been a great deal of consensus on what the problems are.

There is also the huge issue of the children of women in prison. We know that when children are separated from their mothers by imprisonment, only 5 per cent. remain in their own homes. It is impossible to calculate the misery that is caused to families, and when women are sentenced to prison, the whole family is sentenced. We must be aware of that in our sentencing policy. For many women, it is the first time that they have been separated from their children, and one can imagine the trauma for the children. I have visited Holloway prison and the mother and baby unit. The number of such units throughout the country is limited, but they are not suitable places in which to bring up babies. Absolutely

[Julie Morgan]

every effort should be made not to sentence mothers with small babies to prison, and that is where we should start.

The numbers are low, the problems are recognised, and we know that there is public support because opinion polls have shown clearly that people support a change in policy on imprisonment for women. I commend what has been done so far, but I urge the Government to go further. Jean Corston said that

"prison is not the right place for women offenders who pose no risk to the public."

I commend her work, and I commend all that has been done. I also commend the work of the Justice Committee, whose Chair has just left. He came along because we are in the process of producing a report on effective sentencing, which addresses the problem of women in the justice system. The majority of women do not need to be in prison, and the Government must act urgently to address that. The focus of their efforts should be a network of local centres for women urgently to address the cause of their offending and to prevent them from going to prison.

I am grateful that the Under-Secretary visited the Turnaround project in Cardiff with me a couple of weeks ago, and I hope that it will be the basis of a turnaround in the problems of women offenders in south Wales. The project is funded by the National Offender Management Service as part of the response to the Corston review, and is housed in the women's safety unit, which is an internationally recognised unit that tackles the problems of domestic abuse victims. It is extremely important that it is housed there. The Solicitor-General made the point that the women we are talking about are victims one day, offenders the next day, and victims again the following day. Women who have offended have been referred by the Turnaround project to the women's safety unit. They are in the same building, deal with the same group of women, and it is important that they are housed in such a place.

I want to speak about the unit, because it is the basis for where we are going to prevent reoffending. The project started only in November, but already there have been more than 100 referrals. It is currently providing support for 38 women in the community and 26 in custody. The outcomes are positive so far. No woman has been charged with a more serious offence, and only two with new offences. The problems that the project workers are dealing with are the well recognised problems relating to women offenders. The top ones are coping with their families and children, accommodation, domestic abuse and drugs. They fit the pattern that we know about.

The project workers have already been able to intervene in court proceedings to prevent custodial sentences and to continue to support the women. The key point is that they work collaboratively with other agencies, so it is an inter-agency unit. In many instances throughout the country, we would be able to plug into voluntary agencies that are keen to be involved in the work, and we should aim for a strategy for the whole of the country and a network of centres that can link up with existing agencies. However, the project is on a fragile footing. The first funding—£120,000—was for six months and that has been extended for another 12 months by a £200,000 grant. By their nature, the posts are temporary and that means—

Sir Nicholas Winterton (in the Chair): Order. The Division sign has just flashed up.

5.20 pm

Sitting suspended for a Division in the House.

5.40 pm

On resuming—

Julie Morgan: I am drawing to the end of my remarks. I was speaking about funding for the Turnaround project. By their very nature, the posts are temporary. One person has already finished her secondment there, which has necessitated a change of worker. The project could have a big influence on policy relating to women in Cardiff, and I would like to see it put on a firmer footing. It is managed by Safer Cardiff, a voluntary sector organisation. It is in the right place.

Wales does not have a women's prison. Women from south Wales are usually sent to Bristol, which causes huge difficulties for them. However, I would certainly be against having a women's prison in south Wales unless it is was of an entirely different nature, as the numbers would not justify it. It should be possible to stop the vast majority of women from south Wales going to prison if we provide enough support in the community. We have the framework to do so, but long-term funding is required.

If the project continues, the women will have the solidity of knowing that they will still have a job next year. That would be good for everyone concerned, including the victims of women offenders, because as many as 64 per cent. of women released from prison in 2004 were reconvicted within two years, compared with 38 per cent. 10 years ago. The reconviction rate is rising. Victims want to know that whatever happened to them will not happen again, but under the present system it does. It would be much less likely if we kept that network of resources. I say "Well done" to the Government, but my plea is for a firm foundation—a comprehensive network of preventive centres that could reduce the number of prison places that are needed. That should be the main focus. Before we consider custody units, we should concentrate on prevention.

5.42 pm

Fiona Mactaggart (Slough) (Lab): Before starting my speech, may I declare a non-pecuniary interest? I am the chair of a charity called Commonweal that runs a project to house women just out of prison to give them a chance to unite with their children. I may have another interest, in that I am the person who suggested that Jean Corston would be the right person to undertake the review. That decision was justified by the excellence of her report.

I welcome the fact that one of the key factors mentioned in the report is that the issue requires leadership and a strategic approach. That is what we have seen in the Government's response. I particularly like the fact that the Minister has been making regular reports on the matter. That might nail to the ground their delivering

on the issue. That approach is rather different from the one taken by the hon. Member for Enfield, Southgate (Mr. Burrowes), which sounded more like, "Who might be listening? Who can I impress?"

Turning to my criticisms, I am concerned about the response to the need for small, multifunctional local units, because "multifunctional" has trumped the other characteristics that the Minister rightly mentioned, which were meant to preserve family links for women serving custodial sentences and provide supportive resettlement and a suitable environment. I am worried that those who seem to be rather keen on business as usual are suggesting that, because we cannot provide a completely multifunctional approach in small units, we should avoid small units. That is an error.

Some things can be provided only in big prisons, and some of them are excellent. I remember seeing a production of the opera "Chicago" at Bronzefield prison. A prisoner came up to me afterwards and, grabbing me by the lapel, she said, "I am a thief. I've been through lots of prisons. This is the best thing that's ever happened to me." She was right: for her, the discipline and the performance had been a transformative experience. That sort of project cannot be mounted in a small unit, and it cannot be universally provided. However, at that moment, it was profoundly important.

We worry too much about the multifunctionality of units, and we should focus more on the importance of links with family, a suitable environment and the need to improve resettlement. Much has been said today about the link between the experiences of women as victims and as offenders. Among other things, Jean Corston's report focused on the importance of dealing with that link, both for women who are victims of domestic violence by providing a National Offender Management Service pathway for them, and for women seeking to leave prostitution.

The Chamber will be aware of my concerns about our policy on prostitution. We had an opportunity in the latest criminal justice legislation—because of other matters relating to prisons, it was dropped—to provide a more rehabilitative sentence for women involved in prostitution. We need a better way to help resettle women who have been in prostitution, helping them into a way of life that is not a reoffending one.

The Solicitor-General: Although my hon. Friend is right about what happened, we have hopes and intentions of introducing a caution for women in prostitution that would have the same conditions as the sentence proposed in the last Bill, notwithstanding any determination by the Ministry of Justice to reintroduce that positive sentence. However, we are working on it in the interim, so I hope that that cheers my hon. Friend a little.

Fiona Mactaggart: I would welcome that, but my hon. and learned Friend knows that I am of the view that the wrong people are being sentenced. As is often the case, women are being sentenced for something that is triggered by the actions of men. Arguably, we should completely recast the law on prostitution, making the man the perpetrator rather than the woman. However, that is a subject for a separate debate.

One thing that strikes me in my role as chair of Commonweal is the importance of housing in allowing women to resettle. For men, employment is the critical determinant of an offence-free future. For women, I believe that it is housing and being reunited with their children. For women offenders, their relationship with their family is a profoundly rehabilitative thing, and is a great motivator for going straight.

I am deeply concerned that it is possible to meet NOMS targets for housing and so on by giving a bit of advice, by pushing someone in a particular direction. Some local authorities deem that women who have been in prison have made themselves intentionally homeless, and women remain separated from their children after they have served their prison sentence because no suitable housing is available. Accommodation must be a priority. The best way to reduce the number of women in prison is to reduce reoffending. The figure that I find most worrying is not the increase in the number of women in prison, although it is worrying, but the increase in the proportion of women who reoffend. The figure has more or less doubled in the past 10 years. At every stage, we must reduce that re-offending.

I believe that small holistic units will reduce reoffending, and the horrible distress seen by all who have visited women in prison. I will never forget the woman I visited in a prison in the constituency of my hon. Friend the Member for City of Durham (Dr. Blackman-Woods) who had buried a pen in her arm. It was part of a huge history of self-harm, which ended in her killing herself. We should never forget that the trigger for the Corston report was the deaths of five women, who killed themselves, in Styal. The reason for small units is not only that they are the most likely units to rehabilitate women, but that they provide for many vulnerable women who have been victims an opportunity for a more optimistic life and for reducing the distress that inevitably goes with prison, separation from their children and so on. I believe that we should put those units higher up the agenda.

I should like briefly to talk about children, because more children suffer from the experience of having a parent in prison than from a divorce in their family. We should not tolerate that. I was looking at my case load of women from my constituency who had gone into prison and found one classic example. A Zimbabwean woman who has two children—she is an asylum seeker—had used forged documents to obtain employment so that she could look after her children. She did not think that she would go to prison on the day she appeared in court. She left her children with her sister and was locked up after her case was heard. Nobody—absolutely nobody—apart from her solicitor knew that she had children to take care of. There is no system to ensure that when something like that happens to women—and women often do not believe that they will be given custodial sentences—there will be any care for their children. The woman's sister was also an asylum seeker and she had no National Asylum Support Service money for the children. We can imagine the impoverishment of that family. The woman was sentenced to a year in jail. That is just one example of the over-sentencing of women.

I urge the Solicitor-General very strongly to do two things for the children of women prisoners. First, we must have a system that knows that they exist. In our present system, there is no duty on the Prison Service to keep a record of the children for whom a prisoner is responsible. A promise was given on 12 September 2004

[Fiona Mactaggart]

in answer to a parliamentary question that the figures would be kept but, to date, they have not been. My first request to the Solicitor-General is that as part of the programme, we should begin by keeping those figures for women prisoners. We have recognised that we need to take a different approach to achieve equality for women, so let us start by keeping those figures, because we know that women are more likely to be responsible for their children, although many male prisoners have children. Let us start by finding out about the children for whom women are responsible. Secondly, let us ensure that, when women leave prison, they have a home to go to where their children have the prospect of living with them. Those two things would make a real difference to women in the custodial system.

5.53 pm

The Solicitor-General (Vera Baird): I thank everyone who has contributed to the debate, including the hon. Member for Enfield, Southgate (Mr. Burrowes). I should get this over with so that I can turn to the substance of the debate: it is a pity that neither Opposition party could muster a single woman to come and talk about vulnerable women in the criminal justice system, but there we are. The input of the spokesmen was, none the less, good to have.

We have heard again today some of the many reasons it is right to have a distinct strategy for women offenders. That is a proposition to which the Government have been committed since 2004, and for which we clearly understand the need. We are committed to making real and lasting improvements in how we deal with women who come into contact with the criminal justice system.

I should like to deal with some of the criticisms that were thrown over the Chamber, as it were, by the hon. Member for Enfield, Southgate. He said that the Government are not committed to making the changes to the estate that Baroness Corston advocated because the money is going on titan prisons. The Under-Secretary of State for Justice, my hon. Friend the Member for Liverpool, Garston (Maria Eagle), made it clear at the outset that the resources that are going into the male building programme need to go into that programme. However, it is not a resource issue primarily that steers us away from the small local units that Baroness Corston advocated.

Let me be clear: my priority—our priority—is the many women who are unnecessarily in prison. We do not want women to be in custody unless it is absolutely necessary, so more can and must be done to divert women offenders from custody when provision in the community would be much more appropriate in a large number of cases. That is our priority—it is not about building more, bigger women's prisons if that is what the hon. Gentleman was making some sort of hilarious bid for. There is no overcrowding in women's prisons, and we want to get more women out.

There are bound to be a small number of women—let us be clear that the number is small—who are going to be in prison and who are perhaps going to be there for some time: they have committed very serious offences or present a risk to others. We have a responsibility, which is heightened by Baroness Corston's very good analysis, to ensure that the custodial system fits those women's needs. We should ensure that the system is not simply what one fears has happened historically—one senses a resonance of that fear around the Chamber—namely, a system based on the fact that women's prisons have been tagged on to the end of men's prisons because women are such a small group of offenders that they have never merited enough focus of their own. We must stop that, and perhaps we have already. One might think that my hon. Friend the Under-Secretary exemplifies as a champion for women the fact that that approach is well behind us.

On the small custodial units for 20 to 30 women based in town centres, which is what Baroness Corston proposed, we concluded that there were demerits, if that is not a clumsy concept. First, overwhelmingly, prison must provide a wide range of effective interventions, programmes and resettlement services. We concluded that it would simply not be practical to do that in the proposed tiny little units, even if we consider only women's needs for training in life skills, financial management, self-confidence, basic literacy and numeracy and so on, which my hon. Friends mentioned. All those things must be put in place before going on to anything like training for a job outside. How on earth could all those things be made available in a tiny unit? They could not, any more than a full, across-the-board education for children could be supplied in a tiny school. The difficulty—this is one of our fears about the proposition—is that a woman in custody would have to move to receive all the inputs and courses that she required, which would be wholly undesirable. The Tories appear to advocate it, because they tell us that they support small units. We therefore assume that they are going to finance them, although the hon. Member for Enfield, Southgate was ominously quiet when I asked him about figures for sizes, money or anything else, to put some flesh on the bones of the proposal.

That picture, which is based on a real fear, is not of a stable situation. Such arrangements are not a recipe for enabling someone to settle into their sentence and use the advantage that can be offered in what would appropriately be somewhat larger units. Small units could not deliver the wide range of services that women would require. The hon. Gentleman tried to assimilate the notions of small units and being close to home, and they look as if they go together. However, at present, the average distance—it is open to comment—of a woman in custody from her home is 55 miles, and for a man it is 49 miles. Whether that is an acceptable distance or not, there clearly is not, because of the absence of small units, the massive association that the hon. Gentleman suggested. It is not the refusal to spend resources or the failure to appreciate the importance of local contacts and the preservation of family ties that have led us to conclude that there are difficulties with the proposal.

Dr. Blackman-Woods: I hear what my hon. and learned Friend is saying about smaller units, but has she considered in detail how they could plug into services delivered regionally or sub-regionally? For example, a project teaching life skills could operate at a number of units rather than being attached to one. Regional National Offender Management Services are considering more support services in the community for women with community sentences. Has she considered that as a possible way forward?

The Solicitor-General: Yes, I am sure that that has come into the frame. My hon. Friend has visited Low Newton; in fact, I know that she visits it a lot. I, too, have visited Low Newton. For a fleeting four or five weeks, I was responsible for the Government's response to Corston in the Ministry of Justice, although I must say that I was never a champion like my hon. Friend the Under-Secretary. The courses at Low Newton are incredibly intensive—but they need to be, and they need to be supplied to vulnerable women by the same person day in and day out. I do not know whether that can be practical in a unit of that size, and I do not know whether the model that she suggests is capable of fulfilling that need. That is our worry.

I add, though, that we took into account views expressed by women prisoners themselves, and we considered whether they would welcome the idea. When asked about their preferred size of custodial unit, some expressed concerns about units being too small and claustrophobic. As my hon. Friend the Under-Secretary said and others have echoed, there is concern about the danger of increased bullying in smaller units, where it is possible for an individual or group of individuals to dominate. The last thing we want to do, given that we are dealing with vulnerable people in prison, is to design a unit that increases their vulnerability to falling foul of bullying.

Fiona Mactaggart: I thought that one of the things that my hon. Friend the Under-Secretary mentioned—I could not refer to it in my speech, as I was trying to be brief—was the possibility of slightly more creative use of probation hostels for sentenced women. I am not sure about that, but it seems to me that they are of the size suggested by the Corston report. If it were possible to use them in that way, would that be a means of piloting that approach?

The Solicitor-General: My hon. Friend puts her finger on probably the best proposition made today for combining localism with all the different services that we are conscious such women need. Approved premises vary in size; some have accommodation attached, so there may be prospects for some kind of service delivery.

We considered the question of small units fairly quickly, because of the state of flux of the estate generally and the need to consider questions involving building as early as possible. I emphasise that proper considerations of the kind that I described brought us to the conclusion that the model advocated by Baroness Corston was not entirely correct, but that the principles that she outlined were entirely right. We also looked to the immediate prospect of testing her principles for managing women who must be in prison, in the new 77-bed wing at Bronzefield.

There are now gender-specific standards in women's prisons, and a number of people are very pleased about that. It is key, as is the assault on the horror of repeated strip searches as part of a prison regime. Before I was a Member of Parliament, I sued the Home Office repeatedly for excessive strip searches of women prisoners. It was a proposition to which the Home Office clung at that time, but Baroness Corston has seriously shaken up that position. She made it clear how strongly she felt that it was, in the main, unnecessary. My hon. Friend the Under-Secretary has championed the need to test the necessity, which was found quickly to be fairly fragile. As she said, about one third of women in custody are not now subject to the regime of strip searching that Baroness Corston criticised. We hope that that will be rolled out further fairly soon. As an aside, it is interesting that because the custodial estate for women is so small—there are so few women in it—radical things such as that can be done quite quickly. We should be trying to use that smallness to do radical things that we might in time be able to read across to men or other vulnerable people.

My hon. Friend the Member for Worsley (Barbara Keeley), as ever, got to the core of the issues. She talked, as many have, about the vulnerability of people going into custody, the difficulties presented by the question of whether to leave a person with their child, the high proportion of women in custody who have children for whom they are responsible, the difficulties of rehabilitation and the overwhelming need for support. I can only applaud her understanding of the issues, as I applaud my hon. Friend the Member for City of Durham (Dr. Blackman-Woods), who has three prisons in her constituency.

As I said, I have been to Low Newton, as my constituency lies in the same direction. I know the governor somewhat. He is excellent, and it seems to me that the prison does a lot of enormously good work with young women whom she described perfectly as people with inadequate coping skills. Whatever the misfortune—whether it be domestic violence or something as small as debt—they cannot cope without their lives descending into chaos. One must start at the very bottom with them in teaching life skills and management. Again, she reflected what Jean Corston found important. Such women have a long way to go before one can consider teaching them skills for going out into the world; the ability to manage themselves as people is lacking, and that is a great shame.

My hon. Friend is right to say that Baroness Corston shone light on that issue. She mentioned the good efforts made in prisons such as Low Newton and gave an impressive reference for Open Gate, which supports women at their most vulnerable time, pre-release. That, too, synchronises with Baroness Corston's emphasis on the availability of well-publicised support systems. My hon. Friend made the very good point that the issue might not be exactly the one countenanced by the hon. Member for Cambridge (David Howarth), who said that it is over-subscribed and not used because it is under-resourced. The issue may be one of availability and understanding of exactly what good things projects such as Open Gate can do.

My hon. Friend talked about the mental health team at Low Newton. I remember seeing a young woman when I went there who had repeatedly attempted suicide in the most amazing circumstances. She was under constant watch in a cell that fronted the corridor. There was an officer with her all the time who conversed with her through the bars and people passed and said hello, but despite that she had still managed to attempt suicide a number of times. The good people at Low Newton were keen to get that young women out of the prison and into some better, more supportive community, and they found what my hon. Friend called a misalignment between the availability of local hospital places and the good efforts that can be made in prison, but that simply cannot reach out to somebody such as that. She made a sound point.

[The Solicitor-General]

My hon. Friend the Member for Cardiff, North (Julie Morgan) agreed that we all agree that we are talking about very vulnerable people, and summed up well what we all say ought to be the right features of the way forward. She is entirely right to say that we should not be talking about mother and baby units when we do not have to. By and large, women with children should not be going into custody. unless it is overwhelmingly necessary—I shall turn to the query from the hon. Member for Enfield, Southgate about women and baby units in a minute. My hon. Friend made a strong point about fragile funding, and I am sure that the little project in Cardiff that she mentioned could be pivotal. Her point has been heard. Currently, there is no women's prison in Wales, and she does not want one, which I was relieved to hear. I agree with her.

My hon. Friend the Member for Slough raised a very specific point about NOMS and the failure to record whether a person taken into custody—even women—has children. I am told that my hon. Friend the Under-Secretary takes that point. I understand that the Home Office promised, on the birthday of my hon. Friend the Member for Slough, in 2004, to put that on the computer. I am sorry that that has not been done yet, but my hon. Friend the Under-Secretary will write to her, and has taken the point on board, as she could not fail to do.

I am slightly disappointed that I could not please my hon. Friend the Member for Slough (Fiona Mactaggart) more by telling her about the caution that we have in mind for prostitution—but I must not allow myself to be taken off on to a different debate that I am sure we will have quite soon, given that we are currently reviewing how we deal with prostitution. At the end of the review, in about a month, there are bound to be issues to air.

The hon. Member for Enfield, Southgate mentioned mother and baby units, but I agree with my hon. Friend the Member for Cardiff, North: we do not want children in prison at all, if we can avoid it. Our aim is to keep women with children in the community if possible. Most women who enter prison either are deemed not fit to care for their children, or prefer to make other arrangements. There are seven mother and baby units with a capacity of about 75, and the guiding principle for admitting children is their interests. I am told that no child is refused a place on a mother and baby unit owing to capacity problems.

The hon. Gentleman raised the issue of girls under 18, and I am told that very few of them have their children with them in custody. According to the Youth Justice Board, a small number of women at Rainsbrook are in that position, but that is by way of a caring place to enable the mother to bring up the baby at the same time. In exceptional circumstances, and only if it is in the interests of the child, an under-18-year-old can be accommodated in the adult mother and baby unit, but I am told that that is not a significant issue.

The hon. Gentleman quoted some prison population figures, and he will have noted that we all reeled with disbelief when he suggested that 80 per cent. of women prisoners were serving sentences longer than 12 months. As my hon. Friend the Member for Slough said, the other measure is court outcomes, which give a more accurate figure, because women are counted only once, whatever sentences they receive. On those figures, of all women given a custodial sentence, 76 per cent. are serving under 12 months. It was interesting that, when he quoted the 80 per cent. figure, we all reeled with disbelief. That is a measure of how steeped in trying to tackle this problem the Government are and how at large in a strange land he is.

I shall touch on some issues raised by the hon. Member for Cambridge, whose measured and occasionally praising contribution I very much enjoyed, as I usually do. We cannot help him entirely with his question about drugs mules. I can tell him, however, that 20 per cent. of women in custody are foreign nationals, and about half of them are being sentenced for drug offences. I am not a great mathematician, but that means that about 400 are drugs mules, and therefore that about 600 are facing sentences for different offences. If we can clarify that further, and if he is interested, I shall write to him about the offences for which sentences are being served.

I do not propose to dwell on titan prisons, but everyone except the hon. Member for Enfield, Southgate knew before they came into the Chamber that they are not warehouses at all. They are built for bulk but are broken down into small units. He needs to get a grip on that.

It is not true that no funding has been allocated specifically for improvements for women offenders. The Government response highlights where there has been additional funding. We have heard about the Turnaround project, and there has been passing reference to something very important—the £9.15 million for the Together Women programme, which opens up the possibility of the conditional caution, which the hon. Member for Cambridge welcomed.

In places where conditional cautions have been taken up strongly and there is a Together Women project—in Liverpool and Calderdale, West Yorkshire, for example—the Crown Prosecution Service and the police will work together on a pilot basis. They will divert women whose offending is linked to a vulnerability, so that they may be, as a condition of their caution, taken out of the criminal justice system and obliged instead to take a needs assessment to work out what underpins their offending.

We cannot go significantly further than that because we cannot compel someone on a conditional caution to take two years' worth of counselling. However, people involved in TWP in Calderdale and elsewhere confidently expect that, if we get women to come through their doors and have their needs assessed, they are likely to come back on their own account to have those needs attended to afterwards. We have some hopes for the pilot, which will be carefully evaluated; indeed, it is being fully funded for that reason. Small though it is, it is a fairly important step for us. It is a bit more evidence that we are determinedly taking every opportunity to try to prevent women from being in prison.

I hope that I have dealt with all the issues that hon. Members have raised. Let me congratulate the right hon. Member for Berwick-upon-Tweed (Sir Alan Beith), in his absence, on being made a knight. I hope that I have addressed hon. Members' real concerns, rather than the posed ones, about the Government's commitment to improving the way in which vulnerable women are dealt with when they come into contact with the criminal justice system.

The Government's commitment is clear. With a champion such as my hon. Friend the Under-Secretary, how could it be anything short of clear? She has taken on her shoulders a mantle of transparency by reporting to Parliament, when she does not have to, exactly what she is doing. She has taken the step of making a written ministerial statement after six months and says that she will come back. Clearly, if she keeps her word, which she will, we will have to have made some progress, because we will look very silly saying the same things in six months' time.

I am grateful for hon. Members' contributions. I was pleased to get some reasonable praise from the hon. Member for Cambridge, although he wants more to be done, and I was not surprised to get no praise whatever from the hon. Member for Enfield, Southgate. I can tell hon. Members that Baroness Corston, who was overheard on "Woman's Hour" yesterday talking about her report, has given the Government's progress so far about eight out of 10. As my mother used to say to me even when I brought home school reports that good, which was not very often, "We need to do better, don't we?" Well, we do, and we are determined that we will.

Sir Nicholas Winterton (in the Chair): The House is grateful to the Solicitor-General for replying to the debate. I have been very impressed with the contributions of all those who have taken part in this critical debate.

Question put and agreed to.

Adjourned accordingly at eighteen minutes past Six o'clock.

Westminster Hall

Tuesday 8 July 2008

[MR. ERIC MARTLEW *in the Chair*]

Artists' Resale Rights

Motion made, and Question proposed, That the sitting be now adjourned.—*[Mr. Watts.]*

9.30 am

Mark Fisher (Stoke-on-Trent, Central) (Lab): I am grateful to you, Mr. Martlew, and to Mr. Speaker for selecting this subject for debate. Today's turnout shows that the subject was well chosen. Shadow and former Ministers, and people who really care about this subject and who often speak about it, are here today. Such a well contested and attended debate is somewhat unusual in this Chamber, so I shall keep my remarks brief to ensure that everybody has the opportunity to speak.

The background to the debate is that in 2001, the European Commission introduced a resale right for artists so that they benefit when their work is resold. The measure had long been promoted by the French Government, who called it a droit de suite, and long wished for by artists, who might have received very little money from a first sale, and who saw their patrons and the people who bought their work benefit commercially from its later success and from any appreciation in its value. It was understandable and perfectly correct that artists would lobby for the measure.

Despite the artists' good case and the fact that the resale right was originally intended to cover living and dead artists, as it does, the United Kingdom opposed directive 2001/84/EC when it was first promoted by the Commission because of the damage that it was likely to cause to the UK art market. After negotiations by Ministers—I had a certain amount to do with those when I was a Parliamentary Under-Secretary at the Department for Culture, Media and Sport, and previously, as an Opposition spokesman—the UK secured the right to derogate for a limited period. I should emphasise that the derogation applies only to the sale of the work of living artists.

It has been a success, although not unqualified. Living artists have undoubtedly benefited—some 568 benefited in the UK between February 2006 and August 2007. My hon. Friend the Member for Rhondda (Chris Bryant), who has taken a great interest in the subject and who has discussed and debated it previously in the House, reported in a debate in November 2005 estimates that some 85,000 or 90,000 artists would benefit. That has proved to be somewhat optimistic: a relatively small number of artists have benefited but, for them, it has been a success and has improved their living conditions.

To date, because, in my view, of the derogation, the UK art market has survived and prospered. It is the largest art market in Europe—it is very strong—and it is important for both artistic and commercial reasons. We do not lead in many world markets but, apart from the United States and one other entry into the field in the past year or so, we have the largest art market. That is important for us, not only commercially, but for the arts community, because it puts the focus on London and on the quality of art.

Mr. David Heathcoat-Amory (Wells) (Con): I entirely agree with the case being made by the hon. Gentleman. He will recall that the Government, despite gaining some concessions, voted against the original directive, because they saw the damage that it would do to the British art market. Does he know why the Commission is persisting with the move to extend the artists' resale right to dead artists? That would only help American, Japanese and Swiss dealers and arts centres, and would be to the detriment not only of London, but of Europe. Should not the Commission defend Europe as a trading centre rather than introduce disincentives for people to bring their art to Europe from elsewhere in the global market?

Mark Fisher: Perhaps because I share the right hon. Gentleman's position I am not the best person to explain the disadvantages of the scheme. However, one of the qualifications of the joys of the artists' resale right as it was originally envisaged is that if the measure applied to dead artists, their estates and descendants would benefit. That is not improper. It is quite right that the descendants of, say, Matisse, benefit from sales of his work, but it is not exactly what was envisaged by those who originally promoted the ARR.

Mr. Hugo Swire (East Devon) (Con): I agree with the hon. Gentleman on that point. However, given that collectors and consigners at the top end are very mobile and that they can have multiple consignments wherever they like, does he agree that it would be foolhardy to extend droit de suite until the EU has successfully negotiated with Switzerland and the United States, which are playing no part in the matter, and for good reason?

Mark Fisher: I agree with the hon. Gentleman, but the debate is moving considerably. The French, who originally promoted and envisaged droit de suite—hence the name—may well begin to recognise its effects on their art market, which they are keen to promote. We could see movement on that in future, and on the battle lines that heretofore have been quite well drawn. People other than the UK Government are beginning to recognise that, although the artists' resale right is admirable in its intention, if it is extended to the past, it will create problems that its original promoters did not envisage.

Mr. Don Foster (Bath) (LD): I am slightly confused by the hon. Gentleman's argument. He says that the current scheme for living artists is working well and that he would have liked more to be helped by it, but that the real problem lies with the future and passing those benefits on to heirs and successors. The argument against the original scheme, which he supported, was that it would be a huge disaster to the arts market in this country, but that has doubled in size. What is the evidence that there is a problem with the current scheme or that it will be worse in future?

Mark Fisher: The difference, as the hon. Gentleman knows only too well, is that we secured the derogation. It is right to extend that beyond 2005, perhaps to 2012.

[Mark Fisher]

While the art market changes and settles in the next decade, the derogation ought to stay. We would be well advised to extend the derogation so that we can see what changes in the art market. Huge changes are taking place. I mentioned that we were the No. 2 art market in the world after the United States, but we are now the No. 3, because of the astronomical development of the Chinese market. However, that will not be the only new market; it is likely that Russia and India will grow, too. Art is going to be a big area for development. Everything is changing, and while that is happening it would be sensible for us to negotiate with the European Commission to extend the derogation. We cannot anticipate what will happen to the art market in the next 10 years, so let us see what happens. The derogation has worked well and has saved the art market from its original fears, so we should try to extend it. That is the case that I should like to promote.

In 2012, the present derogation will expire, and Europe must decide what we do after that. There is a simple choice. On the one hand, we could go back to the original directive, under which all works of art—except for works of decorative art—would be covered. As we originally anticipated, however, that would cause problems for our art market and art markets elsewhere, including in France. On the other hand, we could seek a further extension of the derogation for a limited or, indeed, an indefinite period. Given that we cannot anticipate the future, a limited period of, say, 10 years would be a sensible measure, because we would be able by that stage to see how the art market had shaken out. We cannot predict that that will be a simple development, but an indefinite extension is probably not well advised.

What we have here is a clash of two good arguments. Artists have a good point, and I have great sympathy with their position and that of collecting societies such as the Design and Artists Copyright Society, which collects on behalf of artists. There is much to commend their position, although many people are somewhat uncomfortable about the fact that it is artists' families who benefit, not artists themselves. However, on the other side of the argument—the side that I definitely support—the British art market is good for the United Kingdom and for its artists, and the derogation would allow the art market's beneficial work to continue. This is therefore an interesting debate because it is quite finely balanced; it is not that one side has a rubbish argument and the other is incontrovertibly right. The debate raises interesting questions, but, on balance, there is a strong case for extending the derogation.

Those who say that the British art market is strong do not take into account changes such as those that are happening in China, which overtook us this year, or the fact that the art market is changing enormously as capital moves over the world and the profile of new countries increases. On the other side of the argument, the benefits to artists have not been quite as great as people originally envisaged. The 85,000 to 90,000 artists mentioned by my hon. Friend the Member for Rhondda in his speech in 2005 have not benefited—the numbers have been much smaller. Since February 2006, DACS has collected £4.4 million on behalf of only 1,400 artists, although that money is very useful and very good for those artists. However, only a relatively small number of people have benefited, contrary to the EC's original prediction that 250,000 artists might benefit. Indeed, another problem with the scale and spread of the money collected is that 80 per cent. of that collected in the UK went to fewer than 140 artists. One could therefore see this as a specialist scheme, which undoubtedly benefits a few artists, but not the whole artist community.

In that sense, the provisions are not unlike the public lending right. The public lending right is a wonderful thing, although it is underfinanced, but those who benefit from it are those who least need it, such as J. K. Rowling. She does extraordinarily well from the public lending right because her books are borrowed so much, but other, less famous authors do not do so well. My father receives a payment from the public lending right every year, and his cheque usually comes to a champion £5, which I gratefully receive and give to the Royal Society of Literature. It is not, therefore, the famous artists who need the money, and measures such as the artists' resale right and the public lending right for books, although extremely well intentioned and important, do not necessarily benefit the people we think they will.

There are good arguments on both sides, and I look forward to listening to colleagues, but I believe that the Government are playing it about right: they are consulting on the issue, and I hope to hear from the Minister that they are likely to negotiate hard for an extension beyond 2012 and perhaps for 10 years to allow them to see how the art market develops. I am encouraged in feeling that that is the right approach by the fact that things are changing in France, which has always been the champion of droit de suite, and we might well see some sympathy and even support for our Government's position from the French Government. That is hard to predict, but the world is changing, and we are on the right side of the argument in asking for a further derogation to see how fast and how much the situation changes.

9.45 am

Mr. Frank Doran (Aberdeen, North) (Lab): Thank you for calling me to speak in the debate, Mr. Martlew. I congratulate my hon. Friend the Member for Stoke-on-Trent, Central (Mark Fisher) on securing a debate on this important subject, which concerns many hon. Members, as can be seen from the turnout.

I have come across this issue on two separate occasions. I was Parliamentary Private Secretary to my right hon. Friend the Member for Makerfield (Mr. McCartney), whom I am happy to see here today, when he was the responsible Minister at the then Department of Trade and Industry. I was also a member of the Select Committee on Culture, Media and Sport when it considered the artists' resale right a few years ago and produced a report that helped the Government to come to terms with the issue after earlier opposition.

My position is directly contrary to that of my hon. Friend, because I believe that we should not seek a further derogation, but build on what has already been achieved by providing some remuneration to artists and allowing that to continue after their death. The argument that we heard from the other side of the Chamber is similar to the one we heard when the measure was first introduced way back in 1997. We were told that there would be an horrendous effect on the art market, which would devastate our position as one of the world's

leading art trading centres. However, things have not happened in that way. There are, however, other factors at work in the art market that do cause a problem, and I shall return to them later.

Mr. Swire: The hon. Gentleman is absolutely right that there has been no clear evidence to date to suggest that the measure has impacted on the UK's position as a leading arts centre. Will he not concede, however, that it is far too early to tell what effect it is having on the art market and that the art market in the UK is being distorted for several other reasons, including the high prices being paid by Russian and Indian collectors for works by impressionists and post-impressionists?

Mr. Doran: The hon. Gentleman has a background in this area and knows far more about the art market that I do. Clearly, I listen carefully to what he and others in the market say, but the evidence so far is that the impact has been minimal.

There are, however, other areas where we do have a problem. My hon. Friend mentioned the rise of China, and there are reasons why the Chinese art market has developed in the way that it has. We might also see the rise of Russia as an art market, although it is more difficult to see that at the moment because of some of the circumstances in Russia. We must be alive to the problems, but the artists' resale right is a pimple compared with the other problems facing the market.

Mr. Heathcoat-Amory: Is not the hon. Gentleman making the same mistake that the Treasury is making in relation to the British economy? Just because something goes well in good conditions, that does not mean that it is secure for ever. We may now be entering a period of recession, and the background to that is a shift of economic power to the far east and other economic jurisdictions. Is it wise of Britain to impose a fiscal penalty on one of its premier successful industries? That must be damaging. The hon. Gentleman will recall that the Commission assured us that other art markets would follow suit and introduce a retail levy, but they have not done so, putting us at a disadvantage unless we extend. Are the proposals wise?

Mr. Eric Martlew (in the Chair): Order. Interventions should be short.

Mr. Doran: The EU is still negotiating, and I do not know when, if ever, it will conclude those negotiations. However, I repeat my point that the amount of money that we are talking about is trivial compared with the overall turnover of the art market.

A few years ago I introduced a ten-minute Bill in the House with the aim of tackling the buyer's premium, which has an interesting history. In the mid-'70s, when the economy, sadly, was in a similar position to now, both the major auction houses, Sotheby's and Christie's, were having some difficulties, so they introduced the buyer's premium, which was 10 per cent. in those days. It had a significant effect on the market and obviously on their income. Progressively they have increased it, so that in some cases it is now 25 per cent.

I looked at Sotheby's website last night. In London its buyer's premium is 25 per cent. on prices up to £25,000. On prices above that level, up to £500,000, it is 20 per cent., and above £500,000 it is 12 per cent. The website helpfully gives an example—from New York, as the same figures apply there—of how that works in practice. On a lot sold in New York for a hammer price of $1,500,000 the buyer's premium would total $262,500. That is an added cost to the purchaser and a staggering amount when it is added to the seller's premium. I have not checked what that is, but usually we would expect it to be about 10 per cent., perhaps going up to 15 per cent., with a smaller percentage for more expensive items. It is ludicrous to argue in the context of those figures that a maximum of £12,500 going to an artist or their beneficiaries has a devastating effect on the market, and leads to the "We're all doomed," scenario that other hon. Members have presented.

Mr. Swire: The hon. Gentleman inadvertently hits the nail on the head. The auction houses would love to think that they get 10 per cent. from consignors. What happened when they put up the buyer's fees was that the consignors' fees came down proportionately. However, his point is a good one. He read out figures that are applicable in New York or London. That is the key point. Wherever one buys those works of art, one pays that commission. With droit de suite, one does not pay it in the United States and elsewhere.

Mr. Doran: The hon. Gentleman is right. At Sotheby's, exactly the same figures apply in London, France, the Netherlands, Italy, New York, Switzerland, Hong Kong, Australia and Canada, although the situation is slightly different in Canada. However, my point, if the hon. Gentleman will allow me to make it, is that if the auctioneers can add such an amount of money to their costs and, because of the reach of the two main auction houses, apply the premium around the world, they have a margin that can be cut if they feel that the £12,500 that they would see as being creamed off for artists is having a serious effect on their market. It could be taken out of that premium.

As a lawyer I have tried to consider the buyer's premium in terms of the contract, and it has always struck me that there is a real problem with it. The hon. Gentleman is right to point out that it enabled auction houses to reduce the seller's premium, which helps them to attract business; but the seller suffers in another way, because everyone who buys knows that they are paying the buyer's premium, and in a case such as the one I mentioned, no one will bid up to the price that they are prepared to pay. If I am prepared to pay £1.5 million for a work of art but I know that I will have to pay another £200,000 or £300,000 on top of that, I will cut what I am prepared to bid, so the seller loses anyway. That is a serious problem.

I have made the point I wanted to make. The evidence is that the scheme works: it has not damaged the market, and it will continue to work. Much of the reason it works is the efficient and effective way in which the Design and Artists Copyright Society has worked on it. It manages the scheme very effectively and fought for it through the various stages of its development that I have described, from 1997 when it first appeared in the in-tray of my right hon. Friend. The scheme works and the fundamental question for me is why artists should be treated any differently from writers and musicians; why should their heirs and successors lose when copyright extends for up to 70 years in those other cases?

9.54 am

Mr. Hugo Swire (East Devon) (Con): I am conscious that many of the arguments have been rehearsed before, and many hon. Members want to contribute to this debate, so I shall keep my comments brief. I congratulate the hon. Member for Stoke-on-Trent, Central (Mark Fisher) on securing this timely debate, and I hope that the Minister will reflect on various points.

First, it is too soon to say whether droit de suite has had an adverse effect, or otherwise, on the UK art market. The UK art market has been thriving. The Minister will have seen the report in *The Times* this morning on the huge prices paid by international collectors for impressionist and post-impressionist works. That, I think, has artificially maintained London as a centre of the art world in the current uncertain economic climate. The key point relates to international collectors. We are not talking about the small consigner or small purchaser. What really drives the auction houses and dealers—their engine room—is the big, expensive items, which are being collected by a new group of international collectors, who are united by one thing: their mobility. They may have properties here and elsewhere, and they move around the world. Consigners recognise that.

It is less a matter of the single consignment that might attract droit de suite than of the fact that in an estate with a multiple consignment, the impact of droit de suite on several paintings might seriously affect where the executors choose to consign those works of art. We are playing with fire if we choose not to extend our opt-out in this matter at a time when the United States and Switzerland—both vibrant centres of the art market—are not prepared to join in. I would have a rather different view of droit de suite if I knew that, rather like the buyer's premium, it was a universal levy. However, until it is, it would be foolhardy not to extend our opt-out.

This is not a question of fat-cat auctioneers, of which I was one—or rather I was a thin-cat auctioneer, associated for many years with Sotheby's, although I have not been for six or seven years now. When we talk about the art market, we should recognise that we are talking about dealers, the hotels that put up people who come to the great auctions, and—this will be of interest to the shadow Arts Minister, my hon. Friend the Member for Wantage (Mr. Vaizey)—museums and galleries, and exhibitions, all of which piggy-back on London's identity as an art centre. One only has to talk to the Mayor of London to realise that he wants London to remain pre-eminent as an art centre. That is not something that just happened, or will just continue. Other world centres would love to take on the role, not least Paris, as has been said. It is interesting that President Sarkozy, who is keen to re-establish Paris as a centre of the art market, is apparently having second thoughts. We can all subscribe to the romantic idea of "La Bohème" and the starving artist in the garret, but the reality is somewhat different.

Mr. Heathcoat-Amory: It is sometimes said that Christie's and Sotheby's are behind what is happening, and that allegation was certainly made when the matter was originally debated, but they own companies and have auction houses in New York, so in a way they will be the last to lose. It will be the small people such as packers, porters, framers and insurers—in other words, the workers—who cannot move, who will lose when jobs go from the London and European art markets.

Mr. Swire: Indeed that is true. My right hon. Friend has been a champion of the art world in that respect for many years—he has form.

To quote some more statistics, in the first 18 months of the measure's operation in the second largest art market in the world, only 1,104 artists benefited, of whom only 568 were British. The top 20 artists received 40 per cent. of the total collected, and the top 10 per cent. shared out 80 per cent. The idea that the money has filtered down and is saving artists from penury is far from the truth. The signatories to a letter in *The Daily Telegraph* last week suggesting that the artists' resale right should be imposed immediately, for ever and a day, were headed by the excellent artist Damien Hirst. He is not exactly a starving artist by anyone's reckoning. It is interesting that some other leading artists, such as David Hockney—I am not sure about Lucian Freud—are on record as being against droit de suite. There is by no means universal demand from the artistic community.

Who benefits from droit de suite? DACS clearly benefits. It has been driving hard to promote it; of course, that is what DACS is in the business of doing. I do not believe that the evidence suggests that droit de suite makes a material difference to struggling artists in this country. What makes a material difference to artists in this country, struggling or otherwise, is that London is still the centre of the art world, and that people from around the world come to the UK because of that. That has a huge knock-on effect, and it is incredibly important that that position be maintained.

Mr. Don Foster (Bath) (LD): Will the hon. Gentleman give way?

Mr. Swire: I am just concluding. We would be doing artists of every sort, as well as dealers, collectors and small auction houses, a huge disservice if we did not continue the opt-out, particularly at a time when the United States and Switzerland are not playing ball.

10 am

Derek Wyatt (Sittingbourne and Sheppey) (Lab): I congratulate my dear Friend the hon. Member for Stoke-on-Trent, Central (Mark Fisher) on securing this debate, even though, for the first time in 11 years, we are on opposing sides. Like my hon. Friends the Members for Aberdeen, North (Mr. Doran) and for Rhondda (Chris Bryant), I served on the Select Committee in 2005, and I think that it was our Committee that changed the view on the issue.

I have heard Members say, "We mustn't do this," or "We mustn't do that," using exactly the same argument rehearsed in 2005. We were told that the measure would devastate the market. It has not. We are talking not about a major overhaul—it involves just under 2 per cent. of turnover—but about the rights of individual artists. That is something that the Labour party should be proud of. They are the people that we represent and should represent. I disagree, for the first time, with my hon. Friend the Member for Stoke-on-Trent, Central.

The Design and Artists Copyright Society's management of resale rights has been a great success. DACS has collected £5.2 million in royalties since February 2006, on behalf of just over 1,500 artists. Those royalties have reached a wide range of people, including the artists

whom the measure was intended to benefit: young artists and those on low incomes.

We are told that the UK art market has been in a terrible position. In 2004, the value of the market was £4.2 billion, but resale rights have had such a devastating impact that the value is now £8.5 billion. Perhaps we need another two years to check, but to say, "My goodness me, it's really dangerous to do this" is absolute nonsense. That growth is not just due to one or two large buyers, either; it is because London is the centre of the marketplace and always will be. That has been proved categorically. I simply do not see a danger that less than 2 per cent. of the market will alter or change habits; I do not follow that argument.

Mr. Heathcoat-Amory: The hon. Gentleman is displaying a bit of financial optimism. The world art market has enjoyed a comparative boom in the past decade, but that may come to an end. Also, the London art market might have done even better in the good years. Should we not prepare the ground for a further shift of economic power and buying ability to other countries, instead of putting further fiscal disincentives before foreign people who might want to continue coming here to buy and sell art? It is no good looking at the past; he must look ahead, rather than simply saying that, because the change was not too disastrous, everything must be all right for the future.

Derek Wyatt: What I find when I travel around the world—whether to an Organisation of Petroleum Exporting Countries summit, a G8 summit or other summits—is that the people who support France, Germany and America are British solicitors and British accountants. The whole service industry supports the whole world, and the art market is one part of that. I disagree; the measure will enhance the market.

Since the law was implemented, resale royalties equate to less than 1 per cent. of the current value of the UK art market. The cap on the maximum royalty payable for each work sold ensures that the royalties do not adversely affect the behaviour of sellers and buyers. The royalties change, so that those at the top get less and those at the bottom get more. That is redistribution, which is something that the Labour party should be proud of.

Some 87 per cent. of art market professionals say that the resale right has not damaged their business. I shall cite more of the report in a minute. The implementation of the UK regulations and the management of the resale right in the UK have been held up as a model of excellence by other countries around the world. The European directive obliges the UK Government to complete the implementation of the right for artists' heirs and beneficiaries. There is simply no evidence to suggest that buyer behaviour has been adversely affected by the introduction of the resale right during the transition period, and no evidence yet to suggest that it would be adversely affected by the implementation of stage 2 of the directive.

In work commissioned by DACS, Maven' Research spoke to 335 art market professionals and 151 artists. I understand that the *Antiques Trade Gazette* report "The Impact of Artist Resale Rights on the Art Market in the United Kingdom", which was supported by the British Art Market Federation, only surveyed 35 art market professionals. That is astonishing. DACS surveyed 335 art market professionals and 151 artists. What did it find? I have said that about 87 per cent. of art market professionals felt that the measure had not damaged their business. More than 60 per cent. of them said that resale rights take them less than five minutes and cost them less than £10 a quarter in administration, and 76 per cent. of them said that the purchase of artworks was unaffected by the new law. Some 39 per cent. of art market professionals feel that the impact of artists' resale rights has been positive; 95 per cent. of artists are in favour of them, and 90 per cent feel that the law should be extended to the beneficiaries of deceased artists. Some 80 per cent of the artists who receive resale royalties are British. The report's findings are broadly in line with the view of the UK Intellectual Property Office.

Mr. Don Foster: The hon. Gentleman rightly draws our attention to an important report. However, he has missed one important figure from it: 11 per cent. of the artists surveyed said that the implementation of the scheme has encouraged them to do more work.

Derek Wyatt: Indeed. Well spotted.

I hope that my hon. Friendwill understand that it is important to support young artists. The measure is a way to help them grow into different artists, and who knows where that will lead? I hope that we can persuade the Minister that 2010 is enough and that we do not need to change the date to 2012.

10.7 am

Chris Bryant (Rhondda) (Lab): I have, on occasion, disagreed with my hon. Friend the Member for Stoke-on-Trent, Central (Mark Fisher), but I have never disagreed with him quite as strongly as I do today. What I find most depressing about the contributions to the debate—not those of the two colleagues who served with me on the Select Committee on Culture, Media and Sport when we did our report on the art market, but those of other Members—is that the arguments are precisely those that we heard before.

I remember Anthony Browne, the chairman of the British Art Market Federation, telling the Select Committee that Cork street was going to die. He said in the *Financial Times*:

> "In effect we're going to hand a large part of the London market to New York on a plate. This is the single biggest threat to the competitiveness of the UK's international art market."

The *Antiques Trade Gazette* wrote:

> "The introduction of Droit de Suite in the UK could result in the loss of up to ten art dealing jobs for every artist who would benefit from the tax."

So far, 1,500 artists have benefited, so 150,000 people working in the art market have apparently gone—completely and utterly disappeared—in the past two years.

Mark Fisher: That is silly.

Chris Bryant: My hon. Friend may think that that argument is silly, but my point is that those who campaigned against the introduction of any artists' resale right in

[Chris Bryant]

this country said that, for every artist who gained, 10 people would lose their jobs in the British art market.

The hon. Gentleman opposite, whose constituency I cannot remember—the hon. Member for Sotheby's. [Hon. Members: "Withdraw."] I do not mean that in any derogatory way; that is merely how I often think of the hon. Member for East Devon (Mr. Swire), because of his previous job. He knows a great deal about the British art market, but I was intrigued by the fact that he said that the British art market consists not just of auction houses but of museums, galleries, hotels and all the people who work in the industry. The only people that he left out were the artists, whom he did not mention at all as part of the British art market, yet one of the reasons why the British art market and the auction houses and galleries in London are doing phenomenally well is that Britain has an extremely vibrant group of artists at the moment. France's art market is finding it very difficult to take off—or to regain the position that it once had—partly because it lacks that artistic vibrancy.

As several hon. Members have mentioned, since the introduction of artists' resale rights, there has not been a collapse of the British art market, but, if anything, a resurgence. I do not attribute that directly to the introduction of artists' resale rights, as my hon. Friend the Member for Sittingbourne and Sheppey (Derek Wyatt) was half suggesting, but it cannot be argued, as it was three years ago, that the British art market will suddenly become less competitive as a result and lose out to other markets around the world. Indeed, as we have seen, the market has grown from £4.2 billion to £8.5 billion.

Another argument used three years ago was that it would be impossible to administer the rights and almost impossible to find all the artists and to ensure that money was taken from those buying the paintings and so on. In fact, out of the 1,500 artists who have benefited, there have been difficulties probably on two or three occasions—absolutely minimal difficulty. In fact, the administration has gone more smoothly certainly than that of many other parts of government, such as working tax credits or—

Mr. Edward Vaizey (Wantage) (Con): The Child Support Agency.

Chris Bryant: Indeed. There is perhaps an argument for asking DACS to run parts of the Treasury.

There is a serious point: those who campaigned against artists' resale rights, arguing that it would be impossible to administer, must face the fact that it has been introduced remarkably smoothly. As my hon. Friend said, 60 per cent. of art market professionals say that it takes merely five minutes to do the paperwork for each transaction and that, per quarter, the administration costs them about £10.

The hon. Member for East Devon said that one of the problems is that those who receive the money are those who least need it, and my hon. Friend the Member for Stoke-on-Trent, Central referred to public lending rights. I must confess that I have published a few books that are available in libraries, but I gain nothing from the public lending rights.

Mr. Swire: Because nobody borrows them!

Chris Bryant: Quite probably. And neither are they available in any good bookshop.

From the inception of public lending rights, they extended to all writers who wanted to participate—one has to register to receive any money. As my hon. Friend the Member for Sittingbourne and Sheppey said, a large number of artists have benefited from resale rights—some 1,500 so far, and I am sure that there will be more—and significantly more will benefit if we stop the derogation and extend the rights to the estates of deceased artists. Only 2 per cent. of artists who have received money under the rights received more than £50,000, so those who suggest that it benefits only the Damien Hirsts and the Antony Gormleys of this world are wrong. I accept that the list of those who wrote to *The Daily Telegraph* was headed by some very famous names, but it included some 587 names, the vast majority of whom most ordinary people in Britain would not have heard of.

The artists' resale right works so effectively not only because it is a progressive tax—the larger, more valuable articles do not attract the same percentage—but because there is a cap of just €12,000. Some have argued, including three years ago—the hon. Member for East Devon repeated the argument today—that people might say, for example, "If you extend the right to deceased artists, those selling Bacon paintings will take them to the USA." I do not think that, if one is selling a work for 5 million, 10 million, 15 million or 20 million dollars or pounds, the €12,000 will make a significant difference. What does make a difference is where one believes that the best market is for an artist. For example, it is pretty unlikely that Lucien Freud works will go to the USA for sale, but many Francis Bacon paintings are already going there.

Mr. Swire: I believe that Lucien Freud's works are going there, too. The point that I tried to make was not about individual paintings, but multiple consignments. With a multiple consignment, auction houses, for example, will already be considering what seller's premium could be secured. They will factor in all those things, and I submit that, if someone has 20 or 30 paintings, all of which might attract the €12,000 charge, they will consider where best to sell them.

Chris Bryant: I am not so sure, although, obviously, the hon. Gentleman has a great deal more experience than I do in auction houses and the consigning of art works. However, I would have thought that someone thinking of consigning 20 or 30 artworks by the same artist at the same time—

Mr. Swire: Not the same artist.

Chris Bryant: Sorry, the hon. Gentleman is grumbling from his seat.

Mr. Swire: I was talking not necessarily about 20 or 30 Bacons, but about multiple consignments, which could consist of 20 or 30 works by different artists.

Chris Bryant: In which case, we return to the argument about how an individual chooses to sell works. I thought that the hon. Gentleman was referring to the consignment of lots of works coming from the estate of a recently deceased artist. In that case, it is very unlikely that an

individual will say, "Yes, it is a good idea to sell 20 paintings by the same artist at the same time," because that might dramatically affect the value of each painting and might not produce the best result for the individual.

In the end, the Government must face not only the rights and wrongs of artists' resale rights, but what should happen with works by deceased artists. As Members have said, the Government have a derogation until 2010, and if they want to, they must prove to the Commission that there is good reason for extending it until 2012. I will suggest two main reasons why I think that there is no good reason to do so: first, families are often the vital guardians of the an artist's artistic heritage. An interesting case is that of the artist William Scott, who sadly suffered from Alzheimer's for the last eight years of his life. His family passed on to me an interesting story through the William Scott Foundation. In 1950, he created a painting that sold at the time to a collector for £60, of which William Scott received £30—the dealer took the other half. Out of William Scott's £30, he had to pay £14 for the frame. So he received all of £16 for that artwork in 1950. Last month, that painting sold at auction for £1.1 million. William Scott is deceased, so the family do not receive anything. Some might think, "That's fair enough. He sold it. End of story!"

Actually, however, after William Scott's death, his family founded the William Scott Foundation, which provides a catalogue résumé of all his oil paintings, which was not likely to have been done commercially. They have also maintained an archive and, as often happens with many families, provide advice on whether works are fakes. Again, such services are nearly always provided free by families. As I said, they are providing a full authentication service for William Scott works to galleries and auction houses. They also assist students with theses and art history projects, deal with all the copyright and reproduction rights and have already established that 27 works are fake. And what do they do with all the money coming into the foundation? Every single penny goes towards Alzheimer s research.

Those who think that, by extending the right to the families of deceased artists, we will simply help the fabulously wealthy children of successful artists could not be further from the truth. I have one other example from Wales. Incidentally, £23,000 has been paid out to Welsh artists since the rights began. I am sure that many hon. Members will know of Sir Kyffin Williams, one of Wales' great artists, who generously gave a large number of paintings to a new gallery on Anglesey. His artwork is still significantly undervalued. I suspect that, in the next few years, it will significantly appreciate. If I could afford to buy one of his paintings, I would. He died nearly two years ago, in September 2006. Again, managing his estate is very complex. Nicholas Sinclair, who manages his estate, says that, in some cases, it is pretty much a daily job. He deals with licensing inquiries, memorial exhibitions and the fakes that have started to appear in auction houses. All that work is done on an unpaid basis.

The value of a Kyffin Williams in five years' time will largely depend on Mr. Sinclair's unpaid work. Those who own important paintings, or paintings by artists who are recently deceased, are likely significantly to benefit from the artists' resale rights going to ensure that families can maintain the heritage of the individual artists. If we want a vibrant British art market—as vibrant as possible—we must ensure that the derogation is ended and that artists' resale rights apply not only to living artists but to those who are deceased as well.

In the end, there is a moral point: those who benefit most from the great creativity and imagination of individual artists should surely be the artists themselves and the families who supported them, and whom they supported. If we cannot stand up for that in the House, I do not know what we can do of value.

10.22 am

Mr. Ian McCartney (Makerfield) (Lab): I congratulate my hon. Friend the Member for Stoke-on-Trent, Central (Mark Fisher) on securing the debate on artists' resale rights. I, too, have some form: it was 10 years ago this week, on 15 July, that I first participated in a debate in the Commons on this issue with the right hon. Member for Wells (Mr. Heathcoat-Amory), who sadly has had to leave the Chamber on other business. In addition, I was the Minister of State in the Department of Trade and Industry who, for two years, had to travel around Europe, negotiating with other Governments on this subject. Whether or not my activities were successful is another matter. Such is the life of a Minister.

My visit to Vienna was somewhat more difficult than my visits to Paris, Brussels and other places in Europe. When I arrived, a coalition Government had just taken power. I do not make this point to warn against coalitions, but I had to see two Ministers on the same day: the Minister for Legal Affairs, who was on our side, and the Minister for Art, who was not. Although we had decent discussions, I left with no clue what the position of the Austrian Government would be in the Council of Ministers. I hope that my hon. Friend the Minister of State will not have that problem in his discussions in the coming weeks and months.

We must consider how to manage globalisation with regard to the art market, in the same way that we have done with the financial markets, insurance markets, and education and health services. As markets change, there is always a debate about what role Government should play to help to manage the change, so that at the end of the change resulting from globalisation, there is an effective market in the UK. The marketplace is still changing, and 10 years on, the arguments put to me when I was a Minister remain legitimate.

As the market has changed, we have benefited from a global explosion in the number of paintings coming on to the market and from the price on resale of those works of art. Let us be clear, however: no country has a guarantee for ever and a day that it will be the place in which business is done. I do not agree with my colleagues when they say, "London has always been the place, and always will be." That is not true. As we have seen in the past decade, as our market has grown, new markets have emerged and grown from not having a single sale to being the second biggest marketplace in the world. In the next 10 years, there will be further significant changes. I want to ensure that, in the next 10-year cycle, the UK remains in as strong a position as it was 10 or 20 years ago and as it will be 10 or, I hope, 20 years from now.

Difficult decisions have to be made. At the end of the discussions, such decisions can only be made on the balance of probability; they can only be a judgment. As my hon. Friends the Members for Rhondda

[Mr. Ian McCartney]

(Chris Bryant) and for Sittingbourne and Sheppey (Derek Wyatt) eloquently said, that does not mean that we should use globalisation as an excuse or a barrier, because it will undermine artists and artists' rights. They are absolutely right to say that we cannot have art without artists. Nor should we have artists who sell on. Those who do well find that they can look after themselves in the marketplace, but for many artists, that is not the case. Many artists who are deceased left their work to their estate, but that work should be better handled and managed and recognised for its worth. That is all true. To do that, we have to operate in way that is consistent with the changes in the global marketplace. The argument that we heard 10 years ago remains the same today. We should all be in favour of artists' rights; but in a globalised marketplace, wherever that artist sells, they should be protected. It should not be part of the selling mechanism that one part of the world has an advantage in the marketplace over another part of the world.

That argument was made 10 years ago about the national minimum wage. The old argument for the minimum wage was that we needed to establish a right in the marketplace so that no employer undercut another on the basis of the wages and remuneration paid to their employees. That applied to small and national markets. Before the national minimum wage was introduced, whether it was a small company or a national company, people were being unfairly undercut in the marketplace. If we have a national mechanism in which everyone is involved, there is no disadvantage. The same is true in a global sense in this international argument that we are having. It is certain that had we not had the derogations that we have had, the UK would have suffered proportionately—even in an increasing marketplace.

Derek Wyatt: It has not.

Mr. McCartney: My hon. Friend says it has not. What is true is that we have been able to argue our corner and maintain our share during the exponential increase in the value of the marketplace. However, my hon. Friend should acknowledge that it is also true that in new and emerging markets and traditional markets, our competitors are at an extreme advantage in the coming years because they are not going to implement any international agreed norm in terms of payments of resale rights for artists. That is the reality. Therefore, we should not be arguing against each other; we should be trying to find a way forward. Perhaps my hon. Friend the Minister will come up with one in a few minutes' time. *[Laughter.]* The hon. Member for Bath (Mr. Foster) laughs. I was not attempting to undermine my hon. Friend.

The point that I am making is that the Government, over the past 10 years, have done quite well in getting us to the present position. Those who cried out from the sidelines have done nothing practical to resolve the two issues that must be resolved: one is to protect our place in the international marketplace, and the other is to do something about artists' resale rights, for which there is a desire. We need to do both things. I think that they can only be achieved by international agreement—whether it is by amendments to the Berne convention or by some other mechanism. Perhaps that is how we should be spending our time over the next two or three years—using the time for which we are arguing with the EU to have genuine international discussions, so that we can reach a conclusion on the matter. Even if we do not come to a conclusion, we cannot keep coming back to the marketplace with the changes in globalisation and use that as the only lever to defend the rights of the British marketplace. That will not work and it cannot work.

The Chinese experience proves that. From a standing start, the Chinese now have more than 46 per cent. of parts of the international marketplace. I hope that in 2010 at the Shanghai Expo—I will be the commissioner-general for this House at that event—we ensure that British artists are prominent, as one of the examples of how the UK is an international market leader and wants to remain so. I also hope that we will open up our businesses to increasing business opportunities in markets such as China.

I know that the Minister and the Opposition spokesmen need to respond to the points made so far, so I will make a final point. I say to my hon. Friend the Minister that I hope that he continues to take the position that he does regarding the negotiations, but at the same time we need to recognise that simply asking for a derogation is not good enough anymore. We genuinely need to try to find a way of gaining an international agreement that deals with the points that all of us want to be dealt with. We want to see Britain in a strong position in the top three places in the international art market, but at the same time we want to see artists and their families, or whoever comes after them when they die, getting their due worth for the works that they have produced, because, in the end, without the artists, there is no marketplace to defend.

10.31 am

Mr. Don Foster (Bath) (LD): I am delighted to follow the right hon. Member for Makerfield (Mr. McCartney) and other hon. Members who have made very valuable contributions: the hon. Members for Aberdeen, North (Mr. Doran), for Sittingbourne and Sheppey (Derek Wyatt), for Rhondda (Chris Bryant) and for East Devon (Mr. Swire). Above all, I congratulate the hon. Member for Stoke-on-Trent, Central (Mark Fisher), not only on securing the debate—in a sense, that was the easy bit—but on setting it out in such a rational and calm manner, quite rightly pointing out that we were going to have a finely balanced argument. He put that case very fairly. I will argue that, yes, the argument is finely balanced, but I come down on the other side of the argument to him.

We are debating whether the UK should take up the opportunity of derogation to pass on deceased artists' resale rights to their estates and successors from 2010 to 2012. This is a really important debate. However, what has hardly been said—only the hon. Member for Rhondda mentioned it, I believe—is that there are rules surrounding whether or not we can take up that derogation. It is worth reminding ourselves that article 8 of the directive states very clearly that member states may apply to have:

"up to two more years, if necessary to enable the economic operators in that Member State to adapt gradually to the resale right system while maintaining their economic viability".

Those are the criteria against which we must judge whether we even have a case that we should be making. I do not believe that we have a strong enough case against those criteria, although I accept that there are counterbalancing arguments.

When we obtained the extension to the derogation, we also obtained a number of other measures, including the limit of €12,500; I think that that is the figure, but if we can get the correct figure on the record, that would help. That limit has been very significant in ensuring the success of the artists' resale right scheme for artists who are living now. It has not put a huge burden on the art market, despite all the fears that were expressed on its introduction; we have heard them expressed by other hon. Members today, and they were also expressed in the run-up to the introduction of the scheme in 2006. There were those who said that the art market in this country would collapse as a result of what was allegedly a huge imposition on the art market. We have heard the figures; the art market has doubled from £4.2 billion in 2004 to £8.5 billion today. The capping of that limit has been crucially important to the growth of that market.

We only have to look at some of the record-breaking prices that have been reached recently to show how vibrant the art market is. Reference has already been made to the sale in June of the Lucian Freud picture for nearly £12 million at Christie's in London. The interesting point about that particular sale is that the picture was in fact being sold by a private art collection in America, and the owner chose not to sell it in the United States but to sell it in this country instead. That shows the vibrancy of the art market here. With the works of artists such as Freud and Bacon going for such astronomical sums, it certainly seems that that €12,500 limit is hardly having a huge impact on sales. Robin Woodhead, the chief executive officer of Sotheby's Europe, said:

"At the top end of the market the €12,500 ceiling for droit de suite [ARR] on any single work is not going to be a deciding factor. London is such an important centre and the market here is so strong, led by names like Freud, Bacon and Caro, that ultimately I do not believe it will make a difference."

Clearly, the evidence to date suggests that, despite all the fears, the €12,500 ceiling has not made a difference.

However, the hon. Member for East Devon and other hon. Members are right to ask whether or not extending the right to another group—the inheritors of the estate of deceased artists—will make a big difference. So far, nobody has given an estimate as to what they think that figure will be and what the impact of that change will be on the market. I am certainly no expert, and if the hon. Gentleman has better information than I do, I would be interested to hear it. However, the figure that I have been given is that the likely figure that will be collected will be somewhere in the region of £18 million or £19 million. That would equate to something like 0.4 per cent. of the value of the art market, which is a very small proportion in comparison to the figures of 10, 15 or 25 per cent. that we heard earlier on. I genuinely do not see that there has been a strong enough argument to show that this change will have a huge impact on the art market.

We have already heard from the hon. Member for Sittingbourne and Sheppey about the very detailed study that was conducted by Maven Research and I will not repeat all of the figures that he has given. Suffice it to say that the vast majority of artists believe that the scheme has been beneficial to them and that its extension would also be beneficial, encouraging them to do more work, which in turn would benefit the art market. As the right hon. Member for Makerfield has said, without the artists there simply is no art market, so we should be encouraging them. Equally, the vast majority of those people who work in the art market itself have said that the current system is not burdensome—they say it is neither time-consuming in terms of bureaucracy, nor unduly costly, and they support its extension.

However, there are some matters that it is important to address. The right hon. Gentleman made the very important point that those of us who believe that the scheme should be extended without the derogation for two years must acknowledge the point made by the hon. Member for Stoke-on-Trent, Central and other hon. Members, which is that we must remember that we are operating in a global market. There is a threat from the Chinese, the Swiss and the Americans, who are not applying these sorts of additional costs, however small I might argue those additional costs are, to their art market. That is why the right hon. Gentleman is 100 per cent. right to say that one of the crucial things that the Minister must do—I, too, hope that he will do it—is to confirm continued support for what was said in 2006 at the introduction of the scheme, which is that the European Union would work to try to ensure that those elements of the Berne convention that apply are adopted globally. It is critical that we work hard to do that and to show the benefits of the artists' resale rights worldwide.

However, I would also say that if we in this country are not prepared to carry on with the scheme that we have already agreed to, that can hardly be a very strong argument in negotiations, as we go around the world and say to people, "You should do it, but incidentally we are not prepared to do all of it ourselves." It is important that we maintain the scheme.

It is also important that we recognise that some of the arguments against the scheme really do not stand up, for example, suggesting, as some hon. Members have done, that it is only the very rich and very successful artists who have benefited. That is simply not the case and other hon. Members have given the figures that show why it is not the case. Other hon. Members have also pointed out that the costs of the scheme are very much lower than some people have suggested.

Since it was raised by the hon. Member for East Devon, I also want to refer to the letter that appeared in *The Daily Telegraph* on 30 June. He said that it was a letter signed by the likes of Damien Hirst, Sir Nicholas Grimshaw and others, and that it was hardly surprising that they would say what they did in the letter. However, I am sure that he also looked, as I did, at the full list of 500 artists or members of artists' families who were signatories to that letter. The vast majority of them are not household names. They are not making vast sums of money. I shall end by reading a brief extract from the letter:

"We are a group of British artists and artists' families. Some artists achieve success during their lifetime; many do not achieve recognition until after their death…The Government must make the right decision in order to protect the legacy of artists and the heritage of our nation…We should be entitled to bequeath our intellectual property—the value of our life's work—to our families. After all, musicians and writers have long been used to a royalty system which has not harmed their respective industries. The Government must implement stage two of the Artists' Resale Right immediately."

I agree.

10.40 am

Adam Afriyie (Windsor) (Con): There have been some excellent speeches today. Those from Government Back-Bench Members were a mixed bag, but they were fascinating nevertheless.

I congratulate the hon. Member for Stoke-on-Trent, Central (Mark Fisher) on securing the debate. He spoke in measured tones about the worthiness of the cause, and I agree entirely that artists should share in the value of future transactions involving their work. He spoke about the 568 British beneficiaries so far, and called in a measured way for an extension of the derogation to 2012, considering the effect that it might have on the art market.

The hon. Member for Aberdeen, North (Mr. Doran) was in favour of immediate implementation despite the risks, and the former shadow Secretary of State for Culture, Media and Sport, my hon. Friend the Member for East Devon (Mr. Swire)—the thin cat—made a both knowledgeable and impassioned plea that we take a realistic view of the impact on the art market.

The hon. Member for Sittingbourne and Sheppey (Derek Wyatt) made great play of defending artists. I could not help wondering if he was the same hon. Member who boasted in the not too distant past about the number of illegal music downloads he had enjoyed. To a large degree, I had to put his comments in that context.

Derek Wyatt: Actually, it was not me but my children. The hon. Gentleman should put that right.

Adam Afriyie: I am happy to put the record right: it was the hon. Gentleman's family rather than him.

The hon. Member for Rhondda (Chris Bryant) spoke in favour of immediate implementation. He locked horns during interventions on him and made an important point about the maintenance of existing works of art by those who inherit them. That was a key point for all of us to take on board.

The right hon. Member for Makerfield (Mr. McCartney) rightly drew our attention to globalisation and the importance of international agreements and the international context. I could not help wondering whether he had had a direct hand in some of the formal negotiations that brought us to the present reasonable position.

Given the amount of time available, I shall briefly whiz through my points. Stage 1 of the EU regulations on artists' resale rights was implemented in 2006. It entitles artists to a percentage of the sale price whenever original art works are resold in the British art market. The Government negotiated a delay to the full implementation until 2010, which can be extended on request until 2012.

Stage 2 would extend the resale rights to the heirs of deceased artists for up to 70 years after their death. The Government are currently deciding whether to push ahead with implementation or to apply for a further derogation. I hope that today, after so many representations, the Minister will finally reach a conclusion on the matter, because the current limbo and uncertainty are uncomfortable.

The UK, thanks to its artists, traders and entrepreneurs, is in the enviable position of being at the cutting edge of the art scene, as well as having a world-leading art market. Our painters, designers, sculptors and cartoonists contributed to an art market that was worth about £8.5 billion in 2007, as has been pointed out. It is the Government's responsibility to ensure that no unnecessary obstacles are placed in the way of British talent, and I am not sure that we need extra bureaucratic grit thrown into the smooth-flowing machinery that is today's successful British art market. We must nurture self-evident talent and protect and promote the free market that has given us such success.

The newly introduced resale right is certainly enabling artists and their heirs to share in the future traded value of their work, but many questions need to be asked. What will be the long and short-term impacts of the new resale rights on the UK art market? Will resale rights act as a barrier to emerging artists?

I appreciate that the decision has not yet been made, but it is worth reflecting on whether it is appropriate to extend the rights to the heirs of deceased artists. Some of those people may be non-UK residents. Indeed, some of the trusts may be based overseas and have aims that are in conflict with the UK interest. I do not express a view on those issues but simply flag them up for consideration before it is too late. I invite the Minister to explain the reasoning behind the decision that he may or may not have reached, because if the Government do not have a clear answer—*[Interruption.]* I am not pre-empting his taking a firm, clear view today. I hope that he will, but I am not pre-empting him.

We certainly believe that it is best if creators enjoy the value of the work that they create, not only because it is right but because it creates an incentive to develop new works of art for the enjoyment and economic benefit of the nation. The argument is that artists' resale rights will enable creators and their heirs to share in future transfers of the value of their work. It is equally important that the law creates a level playing field for those engaged in similar pursuits—that is an age-old principle. It is worth bearing in mind that the resale right brings the copyright for visual artists into line with those for other artists such as writers and musicians. I suspect that that is welcomed on both sides of the House.

Perhaps, above all, it is essential that new regulations do not restrict UK competitiveness, so it is reassuring that the independent report commissioned by the UK Intellectual Property Office suggests that the resale right has not so far damaged UK businesses. The UK art market has been growing at a rapid pace: its £4.2 billion value in 2004 grew to £8.5 billion in 2007. I recently met with Joanna Cave, the chief executive of the Design and Artists Copyright Society, who emphasised that the royalties are capped at €12,500, thereby limiting future potential royalty costs, that the right does not apply to private sales, and that there is no evidence that phase 1 of the resale rights scheme has harmed the UK art market. However, I would point out that these are early days and that the full evidence is yet to be seen.

There remain major concerns about the implementation of phase 2. Although the resale right may enable artists to share in the future value of their work, there are concerns about the long-term impact on the competitiveness of the UK art market. Some crucial questions must be answered by the Minister today.

First, will the measure damage the prospects of new artists? Will art houses begin to avoid selling the work of unknown or emerging artists in order to avoid the

added burden of paperwork, bureaucracy and expense? The IPO indicates that 80 per cent. of all payments were distributed among the top 100 artists, which seems to imply that, at present, it is protecting the most popular artists rather than specifically helping and encouraging new talent.

Secondly, what is the short-term impact? Extending the resale rights of deceased artists will account for a much larger share of market sales.

Chris Bryant: I have been listening carefully to the hon. Gentleman. He seems to be saying yes and no at the same time. Is he in favour of the artists' resale right? Does he or does he not believe that there should be a derogation?

Adam Afriyie: I thought I was being fairly measured in my comments, unlike the hon. Gentleman. I am merely pointing out both sides of the argument to show that this is a difficult judgment to make, which is why I shall urge the Minister to make a decision immediately.

Chris Bryant: So no policy.

Mr. Eric Martlew (in the Chair): Order.

Adam Afriyie: If the hon. Gentleman will stop barracking, our position is absolutely clear. The resale right may enable artists to share in the increasing value of their work, but there remain real concerns over the long-term impact on the competitiveness of the UK art market. Ill thought through European regulations could have a devastating impact on the UK economy. To ensure effective implementation in the UK, we are calling on the Government—I shall do that in a minute—to extend the derogation until 2012. That is clear, and I am glad that the hon. Gentleman had the patience to listen.

Royalties collected in 2007 accounted for 0.04 per cent. of the total value of the UK art market, whereas they would have accounted for 0.2 per cent. if they had been collected for living and deceased artists. On the one hand, the amount represents a tiny slice of the total UK art market; on the other hand, it represents a massive increase in share. In fact, it is a 500 per cent. increase—a massive jump.

Thirdly, what is the long-term impact? I received correspondence from the British Art Market Federation, which points out that the UK art market has benefited from a global art boom in the past few years but that we should consider the long-term effects if we are not in a boom situation in the future. New York has arisen very quickly.

Fourthly, we must ask what will be the effect on international UK competitiveness. The right hon. Gentleman put that point very well when discussing globalisation and the context in which we survive. In seeking the delayed implementation of the measure, the Government sought a commitment from the European Commission to introduce resale right into the international Bern convention, the idea being to ensure that UK and European art markets could compete on a level footing with others, namely in the US and Switzerland. If the UK moves ahead with stage 2 without progress on international negotiations, the UK is bound to suffer. I urge the Minister and the Government to get off their hands and get this negotiation underway and ensure that it is in place.

We must not forget that this is a retrospective introduction of a right. That is something that we should always be cautious about. I urge the Minister to seek a derogation until 2012 and I look forward to a crystal clear response this morning, because any further hesitation or delay only insults our artists and risks our international art market.

10.51 am

The Minister for Science and Innovation (Ian Pearson): I warmly congratulate my hon. Friend the Member for Stoke-on-Trent, Central (Mark Fisher) on securing this debate. I am glad to have the opportunity to talk about the artists' resale right. I acknowledge the substantial contributions made by my hon. Friend the Member for Aberdeen, North (Mr. Doran), the hon. Member for East Devon (Mr. Swire), my hon. Friends the Members for Sittingbourne and Sheppey (Derek Wyatt) and for Rhondda (Chris Bryant), my right hon. Friend the Member for Makerfield (Mr. McCartney), the hon. Member for Bath (Mr. Foster) and the official Opposition spokesman, the hon. Member for Windsor (Adam Afriyie), who seems not to have realised that last week we launched a consultation document on the artists' resale right derogation for deceased artists. It is therefore a little premature of the hon. Gentleman to expect me to make decisions immediately.

I appreciate how important the artists' resale right is, both to artists and to the art market. The UK has a thriving, prosperous art market of which we can be justly proud. It makes a huge contribution to our economy; it is the largest art market in Europe and one of the largest in the world. I appreciate the arguments made by right hon. and hon. Members about the art market being highly mobile.

Without the creativity of artists there would be no art market. Artists make a valuable contribution to the cultural identity of the UK. The Government want artists to be to able to benefit from their creativity. The artists' resale right raises strong, passionately held views on both sides in the debate, as we have heard this morning. The Government must strike the right balance between the interests of artists and the interests of those selling their work.

Droit de suite has been in place for just two years in the UK. The latest figures from the Design and Artists Copyright Society show that it has collected £4.2 million on behalf of 1,444 artists. That may not sound like a great sum in overall UK economic terms, but it is important to those who receive it. Has the introduction of droit de suite damaged the UK art market? The short answer, at least so far, is no. Since the introduction of the ARR, the UK art market has continued to grow. In fact, according to a recent study, it has grown more in the past two years than the art market in the United States, as a number of hon. Members have said. But we must not be complacent. Markets can change rapidly. It has been represented to us that the true impact of the artists' resale right on the art market may be masked by the current derogation.

We must ask ourselves who is right: are we peering over a cliff edge or can we count on our relatively benign experience so far as a reliable guide? The

[Ian Pearson]

Government are not omniscient in these matters; we are keen to listen to the different opinions out there. That is why we have launched the consultation. However, as those who read the consultation will understand, it recommends that, based on the evidence currently available, the option to seek an extension of the derogation is taken. However, the UK Intellectual Property Office is seeking views and evidence on whether that position is correct.

The consultation was launched last week. As we have heard already, the derogation was one of a number of concessions that the UK successfully fought for during negotiations on the directive, in recognition of the fact that the transition to artists' resale rights may not be completed by 2010. Member states that were entitled to use the derogation can apply to continue to use it until 1 January 2012, which would allow more time for the art market and collecting societies to adapt to the right.

My hon. Friend the Member for Stoke-on-Trent, Central asked whether the right to derogate could be extended for a further 10 years. Our priority must be to deal with the possible extension of the derogation to 2012. As he will be aware, a longer derogation would involve reopening the EU directive. We cannot be clear that member states or Members of the European Parliament—this would be a matter for co-decision—if given the chance, would not want to change other aspects of the right, such as the current limit on the cap, increasing the rate, and so on. My hon. Friend and those in the art market will want to reflect carefully before pressing us for a further derogation. At present, we need to focus on whether it is right for the derogation to be extended to 1 January 2012. Clearly, there are differing views on this matter, as we have heard this morning. I heard what my hon. Friends the Members for Rhondda and for Sittingbourne and Sheppey said in their powerful speeches.

Hon. Members also mentioned the important issue of the international context of the decisions that we are taking. I take on board the points made by my right hon. Friend the Member for Makerfield and the hon. Member for Bath. As I said, the UK's art market is the largest in Europe, so we need to consider the international position. The main competitors to the UK art market are, as we have heard, not other EU member states, but the United States, Switzerland and China, none of which has introduced an artists' resale right. It has been argued that the application of the right could mean a seller of a deceased artist's work moving the sale out of the UK to avoid the artists' resale right payment. The hon. Member for East Devon made that point clearly in respect of collections. We want to hear more evidence on that.

I take the point about the need for international agreement and those aspects of the Bern convention that are appropriate in this regard. Surely, it is right that globally we look to have a level playing field, and I can confirm that the Government want to pursue that. Other countries are showing an interest in the artists' resale right. Both Australia and New Zealand are considering introducing resale rights. That is positive news, but the major countries where art dealing takes place need to be part of an international agreement.

We also need to consider the effect that the introduction of the right for deceased artists will have on the administration of payments. That has not been discussed quite so much this morning, but it is important. I pay tribute to the work done by the collecting societies. That was acknowledged by my hon. Friends the Members for Stoke-on-Trent, Central and for Rhondda. The burden of administering the right falls on the art market. I do not accept that it is particularly burdensome to administer, but we always want to consider potential burdens on business.

I welcome this debate, which will help to inform the debate launched by the consultation document. I thank right hon. and hon. Members for their interest in the issue and encourage them to make representations during the consultation phase, which ends on 22 September.

Human Trafficking

11 am

Mr. Anthony Steen (Totnes) (Con): Every few months, we debate human trafficking in the House and, with wringing of hands and tearing of garments, every speaker highlights how awful it is. Ministers are abject with apology and say how dreadful it is, and the Government say that they are doing everything they can to stop it. Let us give the Minister his due. He is thoroughly decent and is doing a difficult job with conviction and humour. We all know that he is a good egg. He travels the world searching for answers, studying the problem and meeting officials and, rather like "The Pilgrim's Progress", is bedevilled, I hope, by obstacles rather than temptations. I pay tribute to his commitment.

I had not considered human trafficking before 2005, although I was trained in the caring professions. I first became aware of its horrors when, as a member of the Select Committee on European Scrutiny, I visited Romania and Bulgaria before their accession to the EU. I had never travelled to eastern Europe before 2005, and I had no idea of the extent of the abject poverty there, nor that fraud was a recognised way of life and that the judiciary and the police were riddled with corruption. I was also oblivious to the fact that there is, and has been for generations, a Roma community with 6 million to 8 million disadvantaged people living in a similar way to that in the middle ages in Britain. Some 70 per cent. of people in most towns and villages live on the breadline, and their only means of transport is a horse and cart, with the horse sharing the accommodation with the family.

In that environment, there are inevitable risks of young people in such communities being trafficked to more prosperous western European countries. Children are often sold through debt bondage to successful gangs who prey on the poorest members of their own communities. Some are duped by the lover-boy syndrome, and are persuaded by lucrative jobs that do not exist but are under the illusion that the Elysian fields are not far away.

Three years ago, trafficking in Britain was hardly acknowledged. There is relatively little mention of it in *Hansard* before 2004. Trafficking tended to be confused with prostitution, and I believe that it still is. Child trafficking was considered to be something to do with adoption from families who had too many children and wanted to find homes for them. It was something that charities dealt with.

What is the reality? Human trafficking is one of the most lucrative businesses in the world, comparable drugs and arms dealing. If it were not lucrative, traffickers would not do it. However, when the going gets tough, traffickers become craftier. If the risks become greater and the money less certain, traffickers switch to another country or another field of criminal activity. There is a pan-European criminal network, but much trafficking is conducted by a loose association of men and women who make a living by exploiting poor and vulnerable younger people who are looking for a better life.

Two years ago, the media were in full cry. A week did not pass without lurid pictures of grotty rooms inhabited by loosely clad women. The horror stories abounded. More recently, the police raid in Slough resulted in middle-page spreads in the tabloids depicting Roma children, many under 10, pickpocketing, stealing from ATMs and shoplifting. The media captured vividly the discovery of so-called cannabis factories on the edge of northern towns and cities with Vietnamese boys tending the plants for rich and influential bosses.

We must not be too surprised that the result of Pentameter 2 was 167 victims discovered, 528 criminals arrested, 822 premises visited, 6,400 police intelligence reports gathered and £500,000 recovered. Of the victims, 13 were children. That is hardly surprising, but what is surprising is that, apart from the BBC, which ran the news item all day, the media did not give it much media attention. It is as though they have grown bored with the subject, the public are anaesthetised to horror stories that no longer shock, and the media are moving on to something else.

Furthermore, MPs do not see many votes in the fight against trafficking. Constituents are not too concerned about exploitation, provided that it is not in their street. In Devon, most people tell me that it simply does not happen there, but they are wrong. Pentameter 2 found evidence of trafficking in many west country areas, and quite a lot in Plymouth. The fact is that it is all over Britain, and perhaps the Minister will confirm that if he has half a chance and sufficient time.

There is some confusion about nomenclature. The difficulty is the culture of disbelief and the inability of trafficked people to disclose and articulate what they have been through. They are fearful of reprisals. Some of the young people who are trafficked to Britain are carefully schooled so that they can escape quickly from a local authority into whose hands they may be placed. Just yesterday, *The Western Mail* in Wales, which I read regularly, reported that 35 children were missing without trace from major cities in Wales, raising concern about child trafficking there.

Mr. Andrew Dismore (Hendon) (Lab): The hon. Gentleman has done a considerable amount of work on the matter, and I apologise for the fact that I cannot stay for the whole of the debate. Has he seen the briefing prepared by ECPAT UK—End Child Prostitution, Child Pornography and the Trafficking of Children for Sexual Purposes—which highlights local authorities' lack of concern, and their inability and unwillingness to accept the protocols, particularly the Council of Europe's convention covering children, and to give victims the benefit of doubt on, for example, age? That report seems to show that local authorities have some way to go in working as part of the multi-agency approach that Pentameter is supposed to provide.

Mr. Steen: Interventions from the hon. Gentleman are always worth listening to. He has an immense amount of experience. I visited the United Nations conference in Vienna with him, which was an education for me and, I think, a mild education for him. His point was well made.

I am sure that when the Council of Europe convention on action against trafficking in human beings is ratified—I hope that the Minister will say something about that—local authorities will get into gear and become more sympathetic and sensitive to the problem, but I reckon that the problem is lack of resources. Until they receive more resources, they have enough on their hands without this problem.

Bob Spink (Castle Point) (UKIP): Is the hon. Gentleman aware that the Chairman of the Select Committee on Home Affairs said only a short time ago that he and his Committee were shocked to learn that 400 children had gone missing from local authorities in this country? Is he aware that the despicable crime of human trafficking is closely linked with prostitution and the running of brothels? Does he believe that the police, and particularly the courts, should take a tougher line with those who run brothels?

Mr. Steen: I do not know whether to refer to my hon. Friend or the hon. Member. Perhaps I should refer to him as something in-between. I thank him for his intervention.

The subject is complicated and the word "missing" in the phrase, "children going missing from local authority care" is slightly confusing. When children go missing, they are often in transit in local authority so-called care. Having been found as victims of trafficking, they are placed in a so-called place of care, but it is not secure, and there is a problem with how secure it should be. If it is too secure, the children are in a prison.

Brothels are where many trafficked women are found. The problem, as I am sure the Minister will say, is to obtain sufficient evidence that the women are prepared to make available to enable the police to nail the traffickers. They are terrified of reprisals, they do not speak the language and many of them are in a strange country. There are great complications in nailing traffickers, who are much more nimble than we are. I am grateful for that intervention.

The Western Mail reported 35 children missing without trace in major cities in Wales. The Government clearly have a problem with identifying victims of human trafficking. The Crown Prosecution Service should remember that they have a duty to explore all the facts when dealing with young people involved in, for example, cannabis cultivation and other organised crime before they seek a prison sentence.

Let us remember what trafficking is. It is the exploitation of someone by making them do something that they would not want to do if they were fully aware, compromising them, duping them and coercing them. The problem is how to distinguish between genuine victims of trafficking and illegal migrants. That recognition is critical because it determines how the Government treat people. Illegal migrants are usually given short shrift and a one-way ticket back to where they came from.

The Government have a poor track record on producing meaningful statistics. The problem is that they do not really have any statistics and those that they do have are totally misleading. We were told that the UK Human Trafficking Centre in Sheffield would change all that, so perhaps the Minister could tell us whether it has. Will the Minister tell us when we will have some reliable statistics that bring together the information from the various police and UK Border Agency operations?

One can understand that victims of trafficking are a problem for the Government because there is always some doubt about whether people have been genuinely trafficked or whether they knew what they were getting into and are illegal migrants searching for a better way of life. Even with genuine victims, the Government are often reluctant to identify them early enough and decide what to do with them, where they should go, how to fund them and how to help them.

Media coverage of Pentameter 2 suggested that an increasing number of British young women are trafficked from one part of the UK to another. Sadly, the sexual exploitation of British young people is nothing new. Operation Glover—a police operation—focused on the internal trafficking of British children, and that is what the media picked up on when reporting on Pentameter 2. Somehow the press completely missed the fact that 13 children from Romania, Nigeria, Brazil, China, Estonia, Afghanistan, Eritrea, Congo and Cameroon were found by Pentameter 2. Two of the children were returned without a welfare assessment and were virtually deported on the spot. In addition, two children went missing within hours of being placed in care. One child was issued with an asylum registration card that contained the details of a false passport given to her by a trafficker even though the police and the UK Human Trafficking Centre both knew that it was fraudulent. UK Border Agency staff who issued the card maintain that they were unable to do anything else even though they knew that the details had been provided to her by traffickers and were totally false. It is clear that the protection response to children cannot be hailed as successful—in that case it was deplorable.

Out of the 167 victims discovered by Pentameter 2, how many were provided with legal representation consistent with the Government's obligation under article 12 of the Council of Europe convention on action against human trafficking? Out of the 13 children found, how many were provided with guardians consistent with the Government's obligation under article 10 of the convention? How many of the victims are now in a safe refuge to which traffickers do not have access and how many have agreed to give evidence against their traffickers?

Pentameter 2 has achieved 528 arrests, which is a remarkable number, yet we lack specifics. Where did those arrested come from and how many were UK based? Will the Minister put on the official record from which countries they hailed? How many of those 528 have been charged with trafficking offences? It is interesting to note that the figure of 528 that was reported under Pentameter 2 was adjusted in the revised action plan that was announced on the same day, which states that the actual number of traffickers found was not 528 but only 99. Are those 528 individuals separate or have fewer people been charged with multiple crimes?

Have there been any successful prosecutions under Pentameter 2, because on 3 July *The Guardian* reported that there had been 24 successful prosecutions as a result of the operation? In other words, is this massive police crackdown putting traffickers behind bars and if so, how many? Alternatively, are traffickers more nimble with their footwork than the heavy hand of the constabularies acting together with the bureaucracy of the Crown Prosecution Service and the unco-ordinated activities of the UK Border Agency?

Mr. Philip Hollobone (Kettering) (Con): My hon. Friend lists an impressive array of questions that we look forward to the Minister answering in due course. In addition, may I ask the Minister what sentence someone prosecuted for trafficking will serve, whether they will serve their sentence in full, whether the sentence will be exemplary and whether traffickers are being prosecuted under the Proceeds of Crime Act 2002?

Mr. Steen: I did not think that it would be fair to ask the Minister all these questions today so I tabled them last night so that they would appear on the Order Paper. The Minister has had early warning and has been able to work on the matter since early this morning. Surely, one of the guiding principles should be to deter traffickers by making them increasingly uncomfortable if they continue to ply their trade in this country. Our aim must be to drive them out of this country and, with that in mind, I established the all-party group on the trafficking of women and children. We plan to set up similar cells in other parliaments in all EU countries so that Back-Bench MPs can put pressure on their Governments to shut down the entire trafficking network. That is our goal.

In conjunction with ECPAT UK, which, as the Minister knows, is a coalition that represents Save the Children, UNICEF, the National Society for the Prevention of Cruelty to Children, the Children's Society, Anti-Slavery International and the Jubilee Campaign, we have made an application to a substantial human rights charitable trust in this country to provide 20 per cent. of the total funding to the Daphne III project, which is partly funded by the European Commission. I hope that my mild optimism about that will be rewarded because it would result in sufficient funds being made available over the next two years to support the establishment of the new venture and would provide an opportunity for Britain to lead the way in outlawing trafficking, or at least reducing it, on a European level—and my goodness we need that to happen.

With ECPAT's help and expertise, parliamentarians throughout Europe can make a major contribution to tackling this growing problem. By October, we will hopefully have set up parliamentary groups in Poland, Romania, Germany, Italy and Holland. We will then do so in the rest of Europe. Perhaps the Minister would like to add his support to that initiative, which is currently being considered by the European Commission's justice, freedom and security directorate. I am sure that a nod from him would produce the necessary result—I hope that it will do, anyway.

Mr. Dismore: The hon. Gentleman has focused on the position in Europe, but does he agree that the findings of Pentameter 2 show that the majority of victims come from China and Thailand? One of the problems is that those victims did not have the same level of coercion, which led to other complications. Although the hon. Gentleman is doing excellent work in Europe, does he agree that the Government should do more in the far east and work with Governments there to try to eliminate the problems in the source countries?

Mr. Steen: What the hon. Gentleman does not understand is that I am not St. George and there are a lot of dragons, but I thank him for his intervention.

By October, we will be setting up these parliamentary groups and we hope that the Minister thinks that they are complementary to the successful initiatives he is taking forward under the action plan. I hope that parliamentary groups in this country and the rest of Europe will be able to work with him and his teams of Ministers. Once we sort out Europe, we will deal with the far east, but at the moment, we are trying to get a ring around Europe, so it becomes more difficult to traffic in and around Europe.

Over the past two years, our all-party parliamentary group on the trafficking of women and children has tabled more than 150 questions—even though the Minister has been unable to answer a number of them—initiated debates, and generally put pressure on the Government here to raise the profile of what I call new slavery, both in the Commons and the Lords. I believe that the group even helped to get the former Prime Minister to sign the Council of Europe convention—he was somewhat reluctant to do so until a number of questions were asked by hon. Members from all parties. Although we are still waiting for ratification, as the Minister knows, I would like to put on record the immense amount of help I have received from the right hon. Member for Birmingham, Ladywood (Clare Short), Baroness Elizabeth Butler-Sloss, my hon. Friend the Member for North-West Cambridgeshire (Mr. Vara) and the other officers of the group.

Human beings are particularly vulnerable to trafficking if they are poor and believe that a new life awaits them round the corner that can provide them with the material prosperity they are lacking. It is more difficult to unearth trafficked women if prostitution is driven underground, as it has been in Sweden where prostitution is illegal.

Fiona Mactaggart (Slough) (Lab): Will the hon. Gentleman given way?

Mr. Steen: I will in a moment. Can the Minister confirm whether there are similar plans to make prostitution illegal in Britain because I know that he has been thinking about doing so and has led discussions on it?

Fiona Mactaggart: There is nothing illegal about prostitution in Sweden. The illegality is in the purchase of women and the purchase of sexual services. What the women do is perfectly legal.

Mr. Steen: That has put me in my place. I thank the hon. Lady for telling me that, but it does not alter the need to ask whether the Minister is considering making prostitution or the buying of services illegal in Britain.

It is said that 800,000 people are trafficked each year around the world, and that is likely to continue in one form or another for the foreseeable future. All that we can do is to try to reduce it, to punish the traffickers severely and to help genuine victims so that they can embark on a new life. Incidentally, the so-called reflection period of 28 or even 45 days fails to grasp the essential conditions of trafficking. It takes years of support, psychological help and kindness for trafficked people to recover from what has always been an appalling ordeal. Above all, victims need compassion and understanding. As Vicky Quandamatteo, the director-psychologist at the Il Fiore Rome refuge said, anyone who believes that trafficked women can snap out of it and become useful members of society within 28 or 45 days, without a prolonged period of support and help, needs their head examined.

Although the Government always mention the sterling work of the POPPY project, it is worth pointing out that as a result of Pentameter 2, POPPY accepted 46 referrals. Where are the other 111 women found under Pentameter 2 now residing? How many of those are receiving the support that they need? How many have

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already been forcibly removed from the UK? What plans are there to establish more POPPY projects throughout the country?

Pentameter 2 is over. Chief Constable Dr. Tim Brain is to be complimented on a highly proficient and professional operation, following, as he did, in the footsteps of Graham Maxwell, who was the mastermind of Pentameter 1. We are fortunate to have police officers of their calibre. Will we now have Pentameter 3, or will the Minister ensure that there is a chief superintendent in every police force who has an ongoing responsibility to outlaw human trafficking? Without the Pentameter initiatives, it is unlikely that we would have known of or found the trafficked victims whom we have found. Those victims were not found only in inner cities. Will the Minister remind hon. Members of how many victims were found outside cities? Besides the 163 brothels that were raided, how many victims were found in the 273 private homes that were raided, and where are those people?

In this respect, transparency is crucial. There is too much secrecy. Local communities need to keep a lookout, but they need to know where they are looking. Bringing into the public domain the information that I have described will make the general public more vigilant. They will be alert to the fact that trafficking is a problem that affects many towns and villages throughout the country.

I thank Mr. Speaker for offering to be the first president of the all-party group on trafficking of women and children to mark the 200th year of the abolition of the slave trade, and agreeing to host a major reception at the end of October in the Speaker's House. I hope that we can announce that we in Britain are spearheading a new initiative against human trafficking. I hope that with the support of the EU and backed by charitable funds, we can make even more progress in ensuring that this new form of slavery becomes a thing of the past.

11.22 am

Mr. Denis MacShane (Rotherham) (Lab): I join the hon. Member for Totnes (Mr. Steen) in praising the Minister. Indeed, I add my praise for the work of the hon. Member for Totnes. However, I am extraordinarily depressed by his speech, because the reason why slavery was abolished was that it was made a crime to purchase slaves, and he has just said that we should not consider in the House or anywhere else the demand side of trafficked and other prostituted women, particularly trafficked children, and make any purchase of sexual favours from trafficked people a crime. He wishes to intervene simply on the supply side, but unless we tackle the demand side, there will be absolutely no reduction.

The hon. Gentleman talks about creating a Europe-wide network of parliamentary groups, and obviously, as a strong pro-European, I wish him well and will support that. He said jocularly that he would sort out Europe first and then the rest of the world, but the main difficulty is that a great part of the trafficking takes place within the borders of the European Union. For example, when the World cup was held in Germany in 2006, the Germans organised the trafficking of 40,000 extra prostitutes into Germany to serve the clients, as they put it, who came to the World cup and, in the midst of either jubilation or dismay at their teams' performances, felt that they should go and buy sex with some girl brought in from Czechoslovakia, Latvia or Lithuania. There is a fundamental divide on how we should tackle the problem. I am firmly of the view that, unless we consider the demand side in some way, we will not deal with the supply.

The hon. Gentleman read out some of the statistics from Pentameter 2, but if we look at the latest available conviction data for England and Wales provided by the Ministry of Justice, we see that there were a total of 15 convictions in 2006.

Mr. Steen: Fifteen?

Mr. MacShane: Yes, 15 people were found guilty of trafficking for sexual exploitation. A grand total of 17 people—14 men and three women—were found guilty of abusing children through prostitution and pornography. Those are absolutely ludicrous conviction rates. Certainly, under Operation Pentameter 2, many massage parlours and brothels were raided and a number of people detained, but as the hon. Gentleman rightly underlined, instead of obeying the injunction of the Bible,

"Suffer the little children to come unto me",

the reaction of Government officials was, "Suffer the little children to be put into my hands and I'll boot them out of the country as fast as I can." Frankly, that shames Britain. Far from a freedom chain to get those sex slaves to freedom, we maintain their exploitation by dumping them back in their countries as quickly as we can, in which case they simply turn round to their traffickers and say, "Get me back in to make some money."

We need to consider the problem more broadly. The hon. Gentleman took an intervention about Sweden from my hon. Friend the Member for Slough (Fiona Mactaggart). Roger Matthews, professor of criminology at South Bank university, who has just published a very good book called "Prostitution, Politics and Policy", says:

"In Sweden, where the purchase of sexual services has been criminalised there has been a significant decrease in street prostitution and a lower level of trafficking than in neighbouring countries. Importantly, the recent law which makes the purchase of sexual services illegal appears to have affected public attitudes in general with the majority of teenage men seeing the purchase of sexual services as illegitimate."

I would welcome a change in culture in Britain whereby the majority of teenage men—indeed, adult men—considered as illegitimate the purchase of sexual services, and until we have that change of culture, all our fine words and all our co-operation through the Parliaments of Europe will count for nothing.

We can contrast Sweden with the state of Nevada, where prostituted women operate legally. Fifty-seven per cent of the students surveyed at the university of Nevada thought that it was impossible to rape a prostituted woman because, once money had been offered or paid, the woman had to do whatever the man wanted. That illustrates the cultural gap between those who argue for the legalisation of prostitution as we see it in Nevada, where people believe that a prostituted woman cannot be raped, and Sweden, where the men are confronted with their responsibility and there has been a cultural change regarding the purchase of sexual services and a

significant decrease in trafficking. There is not one country in the world where prostitution is tolerated, legalised or semi-legalised that has not seen an increase in trafficked women. The hon. Gentleman will have to face the fact that if he wants to cut supply, he will have to consider the demand side.

A number of us have raised this issue. My right hon. and learned Friend the Leader of the House did so, and my hon. Friend the Member for Slough—who might catch your eye in a few minutes, Mr. Martlew—proposed certain amendments. They fell because, as we know, the Criminal Justice and Immigration Bill was having its own difficulties in getting through all its stages in the two Houses of Parliament. I understand that, and my hon. Friend the Minister and my right hon. Friend the Home Secretary have agreed to consider the matter. There have been visits to Sweden and other countries.

We need to examine the issue because, until we name and shame the men, we will not do much, even if we do raid as many massage parlours and brothels as were raided under Operation Pentameter. When we raised the issue in the past and said that there were a large number of trafficked women in Britain, we were rubbished by the media. The hon. Gentleman was right to draw attention to the fact that the media tend to back away from the subject; they are nervous of it.

I took part in an interesting debate last week with David Davis, our former colleague, who is now standing in a by-election; Mr. Henry Porter, who writes for *The Observer*; and Mr. David Aaronovitch, who writes for *The Times*. Mr. Aaronovitch was on my side, and Mr. Porter was on Mr. Davis's side. When these issues were raised by the Leader of the House, my hon. Friend the Member for Slough and others, Mr. Aaronivitch and Mr. Porter both argued powerfully that there should be no curb or limit on the right of men to buy whatever sex they wanted.

I mentioned some statistics a moment ago, as listed by the Ministry of Justice, but it is interesting to note that there is no statistic for the offence of having sex with someone under the age of 18 without consent. Consent is difficult to define, but my hon. Friend the Minister for Borders and Immigration said in the House in answer to me that to have paid-for sex with anyone under the age of 18 was rape. However, that statistic is not listed. As we know, the number of convictions for rape in Britain is pathetically and absurdly low, because we do not have people in the Crown Prosecution Service with specific responsibility for rape cases.

Mr. Steen: I mean no disrespect, but this is a debate about Pentameter 2, rather than prostitution. The debate is not only about sex; it also covers work trafficking and domestic slavery. Sex is one part of it. There is a bigger picture. Even if we were to do what the hon. Gentleman suggests on the demand side, we would still have trafficking for work and for domestic slavery, and it would still be in large numbers.

Mr. MacShane: I completely agree with the hon. Gentleman. I may claim some credit for initiating a campaign, by raising the matter two or three times in Prime Minister's questions, about the Council of Europe's convention on action against trafficking in human beings. I agree with the hon. Gentleman that it is about trafficking in general and not only the trafficking of women. I support stronger trade union rights, workplace inspections, rights for agency workers and others, but that is not quite where the Conservative party wants to be on protecting workers from any sort of exploitation.

I return to the question of statistics and finding hard information. When my hon. Friend the Member for Slough and others raised the issue, we were criticised for using figures that were said to be unrealistic. I cited the figure of 25,000 trafficked people, which was given in the *Daily Mirror* and came from a Home Office estimate three or four years ago. Julia O'Connell Davidson, a professor—there is always a professor involved—from the university of Nottingham, wrote to *The Guardian* on 28 December criticising me and claiming that I had made a "startling assertion". She said that that number was

> "more than the entire work force of Debenhams. How is it that this vast number of women and girls are so readily available to male clients and yet simultaneously so difficult for the police to detect?"

Of Operation Pentameter in 2006, she said that

> "only 84 women and girls...conformed to police and immigration officers' understanding of the term 'victim of trafficking'."

Again, I cite newspaper figures, but I understand that, as a result of Pentameter 2, the figure given everywhere is 18,000, and I am sure that the hon. Gentleman and my hon. Friend the Minister will confirm it.

It is worrying when we have top professors rubbishing the statistics and the facts. In 2005, the same professor wrote:

> "There are places in the world where it is estimated that between 15 and 30 per cent of those working in prostitution are under the age of 18 and that up to 75 per cent of the male population engage or have engaged in prostitution use. In such places, proposals to penalise anyone who buys sex from a minor could translate into proposals to incarcerate half the male population."

That is an extraordinary argument. The professor seems to be giving the green light to our tourist paedophiles.

Mr. Eric Martlew (in the Chair): Order. The hon. Gentleman is straying slightly from the subject.

Mr. MacShane: I am talking about trafficking, Mr. Martlew. I am referring to trafficked women. We have to get the facts and figures right. Since the majority of trafficked women come from the countries to which the good professor refers, I have to make the point. A reductio ad absurdum argument obtains in the mindset of those who argue not for a reduction of sex slave traffic, but for its regulation—indeed, its legalisation.

I am not sure whether the Home Office deals with the English Collective of Prostitutes. We know nothing of its figures or its financing, whom it represents or who controls it, but it argues on its website—I checked this morning—that Government feminists and Christian fundamentalists have joined forces in claiming that prostitution is violence.

Those 18,000 people, according to Pentameter 2, were trafficked into Britain for sexual purposes—they are the prostituted women at the heart of our debate. I therefore state that the use of prostituted women occurs in a context of violence. The Ipswich murders might have been a good example. None of those poor victims were trafficked from outside the UK. Perhaps, as the hon. Gentleman said, they were trafficked within the UK. Trafficking is about what happens inside the UK.

[Mr. MacShane]

It affects the most vulnerable of young girls, many of whom are in care, without parents and without a social framework or other support.

We need to tackle the demand side, as we did with kerb crawling. The original idea of naming and shaming kerb crawlers was rejected as being an interference with the men's right to go up and down a street and, if they wanted, to pick up a woman and take her away in a car to have sex. Such actions were deemed to be acceptable, but councils and local communities nevertheless went out on the streets and named and shamed. Taking the same approach to brothels and massage parlours—and now internet sex and mobile telephone sex—will be an interference in the liberty of the individual, but I am all for it because, if we do not do so, the trade in sex slaves can only increase.

I join the hon. Gentleman in calling for the speedy ratification of the Council of Europe convention. The Government have signed it, but signature is not ratification, as the people of Ireland and the President of Poland know. We need a network of centres in every major conurbation to which these young women feel that they can go. However, they will have to be protected. They have such centres in Belgium, but the pimps patrol around the centres trying to lure the girls out.

We need investment. I agree with the hon. Gentleman about the problem of finding funds to allow local authorities to act—although, my goodness, we ask our local authorities to do far too much as it is. I remember when the first women's refuge was opened in Chiswick by Erin Pizzey 40-odd years ago. That was the first in Britain, but thank goodness, there are now many more. In each conurbation, we need a safe refuge for trafficked girls and women.

I ask the Minister to give us some indication of when the Council of Europe convention will be ratified. I ask him also to increase the amount of statistical evidence. I shall not ask him to commit himself to acting on the demand side of sex slavery this morning, but the issue will not go away. I ask him to pay little attention to Professor Julia O'Connell Davidson, who is deeply negative and unhelpful on this issue. I hope that the Minister will confirm that she has not been consulted by the Home Office.

Finally, we need time in the House for a broader debate. This should not be a party issue. It would be a huge interference in the right of the British male to buy sex as he wishes on whatever terms he wishes without being responsible for the prostituted women with whom he has that sex. The men are not going to check whether the girls are 17, 18 or 19—or even 16—or whether they come from Lithuania, Thailand or Cameroon or whether they have been trafficked or are here legally. However, until we deal with the demand side, the supply of sex slaves will never dry up.

11.39 am

Mr. Peter Bone (Wellingborough) (Con): It is a pleasure to follow the right hon. Member for Rotherham (Mr. MacShane), who has made his case powerfully as usual. I will talk later about the problem of prosecutions. I pay tribute to my hon. Friend the Member for Totnes (Mr. Steen) for securing another debate on human trafficking. His chairmanship of the all-party group has put human trafficking on the agenda in Westminster and hopefully the media will pick up on that. I welcome the Minister, who I know works extremely hard behind the scenes to achieve action against human trafficking. He is to be congratulated on that.

Slavery was abolished 200 years ago, but it still exists. The trafficking of women and children into this country to work as prostitutes is modern-day slavery. The severity of this harrowing crime is recognised by all. In its press release on Operation Pentameter 2, the Home Office stated that it is

"one of the worst crimes threatening our society".

Chief Constable Dr. Tim Brain, gold commander of Operation Pentameter 2, described people trafficking for sexual exploitation as

"one of the most distressing aspects of serious and organised crime in this country".

That is the view of a hardened police officer.

I will begin by highlighting the experiences of one 14-year-old child from Kenya who was trafficked into this country. She came into the country through one of the major airports with a middle-aged white man. She was a black girl from Kenya. She came in on a passport that did not have her name or photograph on it, but was allowed into the country. She was taken to Liverpool, locked in a house and forced to have sex with numerous men. Luckily, she escaped and is now being looked after by a major charity in this country. How many people who are trafficked into this country never escape and are locked into this modern-day slavery?

One of the problems is that this is a clandestine crime. Complete figures and statistics are hard to determine. Operation Pentameter 2 gathered increased intelligence and highlighted organised crime links across the UK and beyond. It is worth reinforcing the clear differences between Pentameter 1 and Pentameter 2. Under Pentameter 2, 167 victims were identified, compared with 88 under Pentameter 1. Pentameter 2 identified 528 criminals, compared with 232. Furthermore, under Pentameter 2, 822 premises were raided, 6,400 police intelligence reports gathered and more than £500,000 seized. That was in just six months. The clandestine nature of the crime can be seen from the fact that of the 822 premises that were raided, 582 were residential properties, while only 157 were massage parlours or saunas.

The Dutch rapporteur on trafficking in human beings came to speak at the all-party group on trafficking of women and children last month. His main task is to report on the nature and extent of human trafficking in the Netherlands and on the effects of anti-trafficking policies. He also provides recommendations to the Government. In seven years, 66 recommendations were approved. The Dutch are far ahead of us on this issue and have much more detailed information, which has led to them having greater success in tackling human trafficking. For example, last year in the Netherlands about 700 victims were identified and there were 200 convictions. That is more than in the United Kingdom. Having a UK rapporteur—or commissioner because I do not like that foreign word—on trafficking in human beings would be a major step towards tackling this abhorrent issue. It would show that the Government are serious about eradicating it.

I will touch on the issue of safe houses for identified victims of people trafficking. Safe houses are a vital tool in rehabilitating victims and improving their chances of living as normal a life as possible. Victims are very vulnerable and need to feel safe and protected. That can be provided by specialised safe houses. To ensure that all victims of human trafficking receive the treatment and care that they need, there must be a revolution in the safe housing that is provided. Non-governmental organisations do a valuable job but the majority of them are not specifically aimed at victims of trafficking and so cannot provide care of a high enough standard.

We should look abroad to find out how other people see us. The "Trafficking in Persons Report" for 2008 produced by the US State Department demonstrates why I feel we need urgent action on this issue. It states that in the UK:

"Out of 888 adult women victims referred to its specialised trafficking shelter only 181 victims were accommodated by the limited-capacity facilities, with an additional 141 assisted on a non-resident basis only. Some of the remaining 566 victims who were not accommodated at the shelter did not meet all of the Government's criteria for admission. Victims must be over 18; involved in prostitution within three months of referral, willing to cooperate in the prosecution of their traffickers; and must have been trafficked into the UK from abroad. Victims who did not meet these criteria were reportedly referred to other social service agencies, NGOs or to their respective Embassies."

That is how the US sees our position. Of the 888 adult women identified as victims of trafficking and referred for specialised care only 322 were given it, while 566 were passed on to other agencies to be cared for. Surely that is not right. If a victim is referred for specialised care, we should ensure that enough places are available to provide it.

When looking at providing safe housing for victims, one must not forget the needs of child victims of trafficking. In many ways, children are treated worse than adults under the system. I have met Christine Beddoe, the director of ECPAT UK, on many occasions to discuss this issue. There is great concern about the plight of child victims of trafficking once they have been identified. Child victims are put into social care. However, they often disappear from care, sometimes within days or even hours. One can only assume that such vulnerable children, who have been through the most horrific experiences, are recaptured by traffickers and put into slavery again. This problem must be confronted. I urge the Government to provide secure safe housing for child victims of trafficking to ensure that vulnerable, frightened and defenceless children are given a chance to recover from their ordeals.

The Dutch are piloting the idea of having secure accommodation and allowing children to go out with an adult. That means that they are not locked in, but that they are not vulnerable to being picked up by traffickers again. That is a positive move that the Government could look at.

Mr. Steen: But costly.

Mr. Bone: As the chairman of the all-party group reminds me, that move would be costly, but we are talking about the most horrendous crime. It would not be a bad idea to pilot the measure to see how successful it is. I think that there would be more chance of securing prosecutions against traffickers if reassurance could be given to vulnerable children like the 14-year-old girl who was trafficked from Kenya. Such a move might result in more people being put behind bars.

I know that time is getting on, Mr. Martlew. I will finish by 11.50.

Mr. Steen: May I ask one question before my hon. Friend finishes? Does he agree that we should give the Minister plenty of time to wind up because we have raised a number of points? He is giving an excellent speech, but I hope that other hon. Members who speak—

Mr. Eric Martlew (in the Chair): Order. If there were fewer interventions, the Minister would have more time.

Mr. Bone: I shall take that advice from my hon. Friend the chairman of the all-party group and throw my speech away.

The right hon. Member for Rotherham mentioned the problem of prosecution. I congratulate the police on using the Al Capone method of putting the traffickers behind bars. Because of the difficulties of the 2003 Act, the police have sought to prosecute people under different criminal legislation. People are being put away, but not necessarily for human trafficking, so the Government could look quite seriously at the wording of the 2003 Act, which was described by Chief Constable Dr. Tim Brain as "a bit lumpy". Perhaps he was referring to section 57, which refers twice to "intent". It is difficult to prove intent under English law, so the Government should look again at the measure. We might get more prosecutions if the law was easier to apply.

I know that the Government and the Minister are working hard, and that other parts of Government are pulling the other way. The Minister can be assured that Members of this House want to see action against modern-day slavery. Two hundred years since its abolition in this country, we must bring slavery to an end.

11.50 am

Fiona Mactaggart (Slough) (Lab): I make no apology for focusing on prostitution in this debate. Let me quote Sigma Huda, who is the UN special rapporteur on trafficking in persons, especially women and children. She said:

"For the most part, prostitution as actually practised in the world usually does satisfy the elements of trafficking...states parties with legalised prostitution industries have a heavy responsibility to ensure that their legalised prostitution regimes are not simply perpetuating widespread and systematic trafficking. As current conditions throughout the world attest, states parties that maintain legalised prostitution are far from satisfying their obligations".

It is critical that, through law enforcement measures such as Operation Pentameter, we prevent trafficking and protect the victims. To that end, I went last month to look at how the Swedish system operates. The reason why women are such a profitable market is that, frankly, unlike drugs, they can be reused and recycled by the exploiters, which is what happens, so that they make a bigger profit for the organised criminal networks than the drugs that such organisations used to trade.

In Sweden, I spoke to criminal prosecutors, police officers and women in the women's movement. When speaking to the police, I was struck that those who originally felt that the law against the purchase of sexual services would be a problem had become enthusiastic

[Fiona Mactaggart]

advocates of it. One of the reasons was that the law helped in prosecutions. Because what the customers were doing was unlawful, they could be engaged as witnesses in successful prosecutions of the exploiters. That made a real difference in Sweden. There are fewer prosecutions in Sweden because, according to phone-tap evidence, there is less trafficking of women to Sweden. In turn, that is because, quite simply, the profits are lower. People cannot make the inflated profits that they can make in other countries because of the difficulties that they encounter and because the police have such effective tools to interrupt the purchase of sexual services.

Sexual services are still marketed on the internet in Sweden, as they are around the world, but the law means that traffickers must move women from flat to flat, that they cannot use the same premises frequently, and so on, so their profits are reduced. There has been a substantial interruption to their activities. I praise the Minister for the publicity that he has put out recently, which is going in a similar direction—I am referring to the posters that address men and say, "Walk in as a punter, come out as a rapist." That points out to men that if they pay for sex with a trafficked woman, they are raping her. The risk of that approach, however, is to go down the Finnish route. They have specifically criminalised the purchase of sexual services with trafficked women, but no prosecutions have been brought as a result which, frankly, is a warning that, on its own, such a measure is insufficient, and that there must be a wider law.

[Mr. Greg Pope *in the Chair*.]

I want to address protection. The POPPY project, the Medaille Trust and other bodies that provide protection for women are essential. However, it is also essential that policing is undertaken with a welfare consciousness. The police should ensure that they protect the women involved. I must say that they do that more with their mouths than with their actions. It is important for both women and children who are trafficked that we see a better effort on that.

I am probably the only Member in the Chamber who has had a major raid—allegedly—focusing on trafficked children in their constituency. I have not yet been able to assure myself that that raid was part of Operation Pentameter—I do not believe that it was. It was in any case profoundly unsatisfactory. Some hundreds of police officers raided 17 addresses in Slough. They claimed to the media that it was an operation to protect victims of child trafficking, and I think there was a substantial element of that, but it seemed to me that the main aim was to impress the media that something was being done. Nine of the 10 children who were taken into care were returned to the care of their families within 24 hours and the briefing of the media was so inappropriate that photographs in which the children were easily identifiable were published by the newspapers. I took the issue up with the Press Complaints Commission and discovered that, effectively, the media were not reminded of their obligations to protect those children and were not advised that they should hide their identity. There is no mechanism by which each of the children can be given a guardian, which ECPAT rightly argued for. Even if the case is interesting and shows a blurring of lines between exploitation within and without a family, which I suspect is what happened to a large extent, we share responsibility for child welfare. If each of those children had been given a right to a publicly appointed guardian, they could have been protected much more effectively than otherwise.

Despite the concerns of the hon. Member for Totnes (Mr. Steen), there is profound evidence that the Swedish approach has reduced the extent of people trafficking into that country. If we take an approach that goes for prevention and protection, and that specifically protects children, we would make more of a difference than we have been able to make so far.

11.58 am

Paul Holmes (Chesterfield) (LD): I congratulate the hon. Member for Totnes (Mr. Steen) on securing the debate. He has raised the issue in other forums and will continue to do so. We have heard a number of different takes on it from right hon. and hon. Members who have spoken, some of which I will mention.

Let me say at the beginning that the Government deserve praise for the action that they have taken and for the direction in which they are going. However slow and hesitant they have been in taking action in the past few years, they have done more than any other Government on the issue. We know that they are planning to take further steps, and we hope that that will happen sooner rather than later.

However, there is more to be done. There have been roughly only 70 convictions for trafficking under the Sexual Offences Act 2003, despite the two Pentameter operations. There are no simple answers, as I am sure the Minister will say when he responds. We need to look carefully at experience in the UK and in other countries, and hon. Members have touched on the conflict over the lessons that we should learn. If we are to tackle trafficking and the downside of prostitution, should we legalise prostitution, as has been done in the Netherlands, New Zealand and some US states? Would that bring prostitution into the open, making it much easier to control the worst aspects and help those involved? Alternatively, do we take the Swedish route and criminalise at least the purchase of sex, although the distinction between purchasing and selling is a little like splitting hairs or counting angels on a pinhead? Which example should we learn from? Passionate arguments are made by people on both sides.

If we look at other countries, we can also learn how to deal with the freed victims of trafficking, although, again, the messages are perhaps conflicting. The Government are criticised for their predilection for deporting victims and treating them as criminals. For example, they prosecuted an under-age Vietnamese boy found cultivating the crop in a cannabis factory who had been trafficked into this country as slave labour. They have also been criticised for deporting women and children who have been trafficked into the sex industry. Alternatively, should we give those people special immigration status? The Government have argued over the past year or two that such a solution would not be simple, because it could create a pull factor that draws people into the country and a loophole that they can use to gain legitimate status. We can learn from what other countries have done in that respect.

In his opening comments, the hon. Gentleman said that the issue had dominated debate in this country for only about three years and that it was quite a recent phenomenon. Back in 2002, as a new Member of Parliament, however, I went with UNICEF to Thailand and the Republic of Laos to look at the trafficking of children for forced labour in factories and domestic work and for the sex trade. Thailand is significant in that it was one of the top five countries of origin among those who were referred to the POPPY scheme following Operation Pentameter, and we can learn from what the Thai Government and UNICEF did in this case. The children came predominantly from the Republic of Laos, which is a very poor country; indeed, it is very similar, although even worse in terms of poverty, to the eastern European countries that are a source of trafficking, as hon. Members have mentioned. The Thai Government, under pressure from UNICEF, realised that if they simply deported back to Laos everybody they freed from brothels and factories in Thailand, they would soon come back over the border, either willingly or unwillingly.

We looked at cases in which the Thai Government had educated and retrained children who had been freed in police raids for up to a year before taking them back to Laos. The idea was that those children would return to Laos with skills so that they could set up small businesses and have a different lifestyle. However, when we went to the village where one of these girls came from in Laos, which is the poorest country in the world, we saw that her family lived in a breeze-block shanty. There was nothing in the door or the windows, which were just holes in a breeze-block wall. There was one electric light bulb on the end of a long cable, which the family moved from room to room to use. The lesson was that whatever education and retraining these girls were given, many would quickly find their way back across the border because of the attraction of Thailand. Some would then move on to Europe and perhaps England, just as girls who "escape" the absolute poverty of some eastern European countries do. We can therefore learn a lot from the experience of other countries, but we can also learn a lot about how difficult it is to come up with answers. There are no simple answers, and I am sure that the Minister will refer to that, as I said.

Pentameter 2, and Pentameter 1 before it, have shown that successful action can be taken if it is a police priority. Of course, the police have lots of competing priorities. Terrorism has emerged as a major priority, just as knife crime has in the past few weeks and months—there is a constant cycle of such issues. However, something like trafficking is below the radar and below most people's perception of what is going on, so there needs to be a strong lead from the Government—as Operation Pentameter showed—if the issue is to become a police priority. We have seen in this country and in other countries what a push we need from Governments to tackle this issue. One of the great factors in Sweden's success—in so far as what they are doing in Sweden is a success—is that they have not only made purchasing sex a crime, but given the police a lot of extra resources and told them that they must make enforcing the law on this issue a top priority. Laws can be passed, but whether they are enforced is another matter.

Sweden also puts a lot of resources into social services and into providing back-up for women who were involved in prostitution to help them take up alternative lifestyles. Something similar is being done on a small scale in Ipswich, following the terrible murders of five prostitutes there. The local police and social services have run a major programme to get women off the streets by providing housing and drug rehabilitation and by helping women into jobs and education so that they can take up alternative lifestyles. A whole package of measures is needed.

I hope that the Minister will tell us what the detailed lessons of Operation Pentameter and the visits to countries such as the Netherlands and Sweden are and what package the Government will introduce in this country. We are 10 months—nearly a year—on from the end of the operation, but what lessons have the Government learned? When will they publish their findings? What do they plan to roll out across the UK based on that experience?

What will the Government do about victims who can currently stay four weeks, or 16 weeks if they co-operate with the authorities? In 2006, a Home Office Minister responded to a question by saying that there were no plans to give victims special immigrant status. However, if the Government are to ratify the Council of Europe convention by the end of the year, as they have said they will, they will have to create some form of special immigration status for victims of trafficking who are freed as a result of police action.

The POPPY scheme is very good, but it can take only 25 people at a time. Will the scheme be rolled out across the country? If it is, will it be adequately resourced or will it just be left to existing local police and social services budgets to pay for the implementation of Pentameter and the POPPY system? Will any such scheme be based on the Dutch example of the four safe houses in Amsterdam? Such safe houses have personal guardians, 24-hour on-duty care, chaperones to take children out so that they cannot be picked up by traffickers on the streets and 24-hour CCTV monitoring of the surroundings. In the Netherlands, only 8 per cent. of freed children subsequently go missing, which is much better than the record in this country. A UNICEF report noted that 183 of the 330 child victims of trafficking whom the police found in this country later went missing. Where do these children go? What research are the Government doing through local authorities into where these children go and how we can combat the problem?

What are the lessons for sentencing policy from Pentameter and the surrounding research? Respondents to Government consultations have said that there should be a heavy minimum sentence as well as a maximum sentence and that it should be linked to deportation and a ban on re-entry following completion of the sentence. Is that the way that the Government plan to go? What are the lessons for the provision of legal assistance and immigration advice to the women and children who are caught up in trafficking and whose identities are revealed as a result of operations by police and social services?

What lessons from Pentameter do the Government therefore intend to implement? When will they implement them? Will they implement in full UNICEF's recommendations from March 2008 and the recommendations in the October 2007 report by the Joint Committee on Human Rights?

12.8 pm

Damian Green (Ashford) (Con): Like others, I pay tribute to the consistent work done by my hon. Friend the Member for Totnes (Mr. Steen) to bring this subject to the forefront of debate. I pay tribute to him not least because, as he rightly said, the House now debates this subject regularly, and we can use these debates to push the Government in the direction that all of us, including the Minister, want them to go. There is clearly no division between Members on either side of the Chamber when it comes to condemning the trafficking of women and children, sexual and labour exploitation and the range of criminal activities associated with those vile crimes. We should also pay tribute to the work of those involved in Pentameter 2 and to those police forces outside the framework of Pentameter 2 that conduct successful operations against trafficking.

As I have said, debates such as this are useful in encouraging the Government further in the direction in which I know the Minister wants to travel. We have had an interesting and powerful debate about trafficking in relation to prostitution, which is a significant part of the total debate, but not all of it. Even in the past hour we have heard powerful arguments on both sides. The hon. Member for Slough (Fiona Mactaggart) pointed out the success of the Swedish approach of criminalising the purchase of sex, but we have also heard from my hon. Friend the Member for Wellingborough (Mr. Bone) that the Dutch are quite successful in combating trafficking—more successful than we are—but that they have much more liberal laws on prostitution. Clearly the Government need to gather more evidence before coming down on one side or other of the debate.

A particularly powerful point was made by the right hon. Member for Rotherham (Mr. MacShane) when he talked about the illegitimacy of certain types of behaviour—

Mr. MacShane: Will the hon. Gentleman give way?

Damian Green: I shall continue paying the compliment before I give way. The right hon. Gentleman was exactly right in what he said about the best way of reducing such behaviour, particularly—and this is something for the Government to consider—in the context of newspaper, especially local newspaper, adverts, which still, after so much debate over many years, continue to carry adverts for brothels, more or less openly advertising that they have a constant inflow of new women from abroad, who are therefore very likely to have been trafficked. It is extraordinary that newspapers continue to do that. Any newspaper man in this country would be horrified to discover that his newspaper carried thinly disguised adverts for drug runners or gun runners. Yet they continue with advertising of the kind that I have described, which I am sure we all find vile.

Mr. MacShane: I am grateful for that last point. I hope that the Newspaper Society will read the hon. Gentleman's words and act on them, because it can take action. I want to put it to him, however, that the rate of trafficking of women and girls into Holland is proportionately higher than the rate of trafficking into the UK, according to the statistics. It is true that more are arrested, but the level of trafficking is higher because the demand is not dealt with, and legalising prostitution never deals with demand. It cannot slow down trafficking.

Damian Green: The right hon. Gentleman may be right. We will see over time whether the success of the Dutch authorities in combating trafficking leads to a reduction in demand. However, there are decent and sensible arguments on both sides of the debate, and I know that the Government are considering them.

Another aspect of the matter that I hope the Minister will deal with in his remarks, and which other hon. Members have brought up, is the extraordinary paucity and inadequacy of the statistics. Many questions have been asked and my hon. Friend the Member for Totnes made the point that he had helpfully put some questions in writing as long ago as last night, to allow the Minister to consider them. To provide an example of a question that has received an answer, I asked last month what estimate the Home Office had made

"of the number of men and boys trafficked into the United Kingdom for suspected involvement in the sex industry".

The Minister replied:

"To date there has been no estimate made of the number of men and boys trafficked into the UK for the purposes of sexual exploitation."—[*Official Report*, 2 July 2008; Vol. 478, c. 908W.]

I do not expect completely accurate figures, because obviously the area is surrounded by criminality, but I find it slightly extraordinary that the Government cannot even give an estimate of that very important subset of trafficked people. That shows the wider problem—that until we have more accurate information, it will be difficult to get more adequate policy in this context.

Another point that others have touched on, which it is important for the Government to consider, is that in the wake of Pentameter, and now Pentameter 2, we have reached the point at which anti-trafficking operations should be a permanent part of policing, and not a series of discrete operations. Detective Chief Superintendent Kinsella of the UK Human Trafficking Centre told the Select Committee on Home Affairs that

"part of our role at the UK Human Trafficking Centre is actually to invent this as core business across the Police Service".

The Minister will also be aware of the comments of Chief Superintendent Phillipson of Cambridgeshire police who said publicly a few months ago:

"There are no Home Office targets for this kind of police work".

He continued:

"This is rape and sexual abuse, happening on a daily basis, but it is unreported crime. I won't achieve any reduction in crime statistics by closing brothels...But, quite frankly, I don't care. As far as I'm concerned this is what police work is about and I know that it's the right thing to do."

Everyone involved in the debate this morning will agree with the chief superintendent and will, I hope, press the Minister to move the issue up the list of police priorities.

The Minister will be aware of other evidence to the Select Committee, from Chief Constable Maxwell, of the UK Human Trafficking Centre, who said that in some countries further away from Europe there were problems with co-operation and the sharing of information and, in the most serious cases, corruption and infiltration by criminal gangs in the national authorities responsible for dealing with trafficking. I hope that the Minister can impress on his Foreign Office colleagues that a willingness to fight and disrupt trafficking must be impressed on countries as a priority as part of our foreign policy. The Foreign Office and, indeed, other Departments will deal

with the relevant Governments on the negotiation of treaties, business deals and intelligence sharing, and I hope that the British Government are now making it clear across the globe that the fight against trafficking is a serious priority for them.

We have inevitably heard a lot this morning about the signature and ratification of the Council of Europe convention on trafficking. The Minister is very aware of its history. The Conservatives called on the Government to sign the convention in January last year. They did so a few months later, which we welcomed. At the beginning of this year, since there had been a fairly deafening silence about ratification, we called on the Government to ratify it. The last public statement that we had from them was that it would be ratified by the end of the year. I hope that at the very least the Minister can repeat that assurance this morning and if possible agree that the date can be brought forward.

I am conscious that the Minister made the point that there are difficulties. In a debate in Opposition time on 16 January he told the House that the Government

"need to make four or five pages of legislative changes if we are to ratify the convention."—[*Official Report*, 16 January 2008; Vol. 470, c. 1002.]

Obviously, subject to caveats about looking at the details, we would want to support that legislation and get it through as fast as possible. Can the Minister tell us today whether secondary legislation can be used, or whether primary legislation will be required? If primary legislation is needed, how and when will it be passed? For instance, the Department is drafting an enormous new immigration Bill for inclusion in the Queen's Speech, which we shall not get until December. Clearly it will be extremely lengthy and will include many controversial elements. I hope that the Minister can give us some reassurance that the particular narrow legislation that is needed for the ratification of the convention will not be wrapped up in a larger and more controversial Bill. Inevitably that will delay ratification.

The Minister will be aware that, quite apart from the very important legislative aspects of the matter, we have proposed a number of practical measures that would make a real difference to this country's performance in combating trafficking. We have for some time proposed the establishment of an integrated border police force, and I am sure that the Minister welcomed the details of the Stevens report that we issued last week. We said that there should be separate interviews at all airports for women and children travelling alone with an adult who is not a parent, guardian or husband, to identify potential victims. We suggest that immigration officials should check the date on the return ticket of the adult accompanying minors, to look for discrepancies, and we have said that there should be much better co-ordination between Government Departments than has been happening until now. We also think that each police force and local authority should have a strategy for dealing with suspected victims of trafficking.

There are many issues for the Minister to address in the time remaining, not the least of which is that one of the great things that Pentameter revealed is the sheer scale of the trafficking problem and the slightly half-hearted nature of the response so far. We need a permanent police effort; we should already have ratified the convention; and Ministers must explain why, when many thousands of trafficked women live in fear in this country, there are safe places for only about 70. I hope that the hon. Gentleman will address those issues.

12.20 pm

The Parliamentary Under-Secretary of State for the Home Department (Mr. Vernon Coaker): It is a great pleasure to serve under your chairmanship, Mr. Pope. I congratulate the hon. Member for Totnes (Mr. Steen) on securing another Adjournment debate on this important issue. Other Members have congratulated him, and I join in those congratulations.

I pay tribute to the work done on this matter by the hon. Member for Wellingborough (Mr. Bone), as well as by my hon. Friend the Member for Slough (Fiona Mactaggart) and my right hon. Friend the Member for Rotherham (Mr. MacShane), who have contributed significantly to the debate. I also thank the Liberal Democrat and Conservative spokesmen for the measured way in which they made their points. It is an extremely important matter to us all. If we continue to try to achieve unity of purpose, we might make more significant progress than we sometimes do. I congratulate the police and all the agencies involved—the United Kingdom Human Trafficking Centre, the UK Border Agency and the Serious Organised Crime Agency—on their work on Operation Pentameter 2, which involved not just the police, but a wide range of organisations.

I will try to rattle through many of the points raised, although not necessarily in the order that they were raised, and to answer some of the specific questions. The Government will ratify the Council of Europe convention by the end of the year. That will not require any more primary legislation. We accomplished one part of it during the summer in the Criminal Justice and Immigration Bill, and one or two small pieces of secondary legislation are necessary to deal with some of the health aspects. I confirm that we are on track to ratify, that no primary legislation will be needed and that some small points can be dealt with by secondary legislation.

As hon. Members have said, Operation Pentameter 2 identified 176 victims, 13 of whom were children. Some 582 criminals were arrested and 822 premises were visited, of which 157 were massage parlours and 582 residential properties. I will return to the matter of residential properties in a moment. Five victims of forced labour were also rescued, three of whom were children. Although we concentrate, rightly, on trafficking for purposes of sexual exploitation and on child trafficking, we must remember that we know even less about trafficking for forced labour than about some other issues. We need to do more on that, and we will.

The hon. Member for Totnes asked me to confirm that trafficking is everywhere. Pentameter 2 involved 582 residential properties, which made it significantly different from Pentameter 1 in terms of where victims were found and where intelligence led the police to conduct their operations. You might say that it was down your street, Mr. Pope. Significant numbers in all areas of the country were involved. It is not just an issue for some parts of some cities; it is significant for every area.

A regional breakdown is available. In the south-west, 65 premises were visited, of which 56 were residential and nine were massage parlours, and 54 suspects were

[Mr. Vernon Coaker]

arrested. The hon. Gentleman asked about the seizure of criminal assets. Assets were seized across the country, but in his area, the south-west, £158,300 in cash was seized. Again, figures broken down area by area are available.

The hon. Gentleman also asked about victim engagement. Of the 154 adult victims identified, 22 are in support and 31 have been voluntarily returned. I want to deal with this point, because it goes to the heart of the problem and is a public policy challenge recognised by every Member who takes an interest in the issue. It is one thing to send in police to rescue victims; it is quite another to build up those victims' confidence and trust to the point where they will work with the authorities and police. That is a huge problem.

Many of the people offered support will not take it, and we should try to understand why. That has to do with deception, fear and intimidation in their own country and, particularly with respect to the Chinese, who made up a significant part of the nationalities rescued, it has to do with debt bondage. We must understand those issues if we are to do something about the problem. Of course, we must ensure that welfare services are available, but even when they are, it is sometimes difficult to encourage people to come forward.

Hon. Members said that trafficking should be core police business. That is essential. On convictions, 100 people have been charged so far. There have been 20 convictions, and many other cases are ongoing. Hon. Members may be interested to know the nationalities of the 167 victims. There were 55 from continental EU states, 81 from China and south-east Asia, five from South America, one from the Indian subcontinent and four from non-EU European countries. I point out that 47 Chinese nationals were rescued; it is a growing problem that we will need to deal with. There were 27 from Thailand and 21 from Romania. There were victims of other nationalities as well, but those are the ones that I am looking at.

Hon. Members will realise that I will not be able to answer all their questions; I apologise. I will deal with two: the demand review, and child trafficking and safety, which many hon. Members mentioned. Child trafficking is a real problem, not only in rescuing children, but in keeping them safe once they are in the care of the state.

When I was in Amsterdam considering the demand review, as my hon. Friend the Member for Slough mentioned, I spoke to the Dutch Government. Hon. Members may know that the Dutch Government provide four 12-bed units. Clearly, many more children than that are trafficked there, as they are in our own country. Each child has individuals responsible for them 24 hours a day, seven days a week. The area is patrolled; that is perhaps the wrong word, but there are people around outside all the time. The children are not allowed out unaccompanied. Given all that—I take the point made by the hon. Member for Wellingborough—children still go missing. Fewer do so, but children still unscrew windows and do all sorts of things to get away from the authorities.

The hon. Gentleman was also right to talk about more secure accommodation. Clearly, we cannot lock up children who have done nothing and are victims, but we must find a way to ensure that rescued children are kept in a more secure environment. It is a difficult problem, even within the Dutch Government model, which has been referred to.

On demand, we have not yet come to any conclusions, but we are considering what to do. We understand that demand for prostitution results in many people being trafficked into prostitution, so we need to do something about that. Even Holland, which is held up as the liberal alternative, is extremely concerned about the impact that its laws have on trafficking. That is why Holland is shutting some licensed premises and managed areas and even considering making it a criminal offence to purchase sex outside the licensed and regulated sector.

I apologise to hon. Members; huge numbers of other points could be made in the debate. I will talk to hon. Members outside this Chamber, so that we can take the debate forward.

Rating (Empty Properties) Act 2007

12.30 pm

Mr. Chris Mullin (Sunderland, South) (Lab): I wish to draw the Government's attention to the no doubt unintended consequences of the Rating (Empty Properties) Act 2007, which came into force in April this year, and put a number of companies in Sunderland out of business. There is no reason to suppose that its impact will be confined to Sunderland, and indeed, if the British Chambers of Commerce is to be believed, the impact on jobs and business is likely to be widespread. The fact that the economy now appears to be in downturn will only make matters worse.

The measure was drawn up by two extremely clever people—Kate Barker and Sir Michael Lyons—at the Treasury's behest. No disrespect to the Minister, but it is a pity that no Treasury Minister is here to account for the consequences—so often the Treasury is omnipresent, and yet absent. The aim was laudable: to give businesses an incentive to maximise the use of their premises and perhaps to lower rents by forcing on to the market properties otherwise being kept idle. That presumed that there would be takers for properties thus forced on to the market, but Sir Michael, Miss Barker and their masters at the Treasury appear to have overlooked the possibility that in areas such as the one that I represent, where a huge swathe of traditional industry has disappeared, there is little or no market for some of the vast industrial premises currently lying idle.

Those responsible cannot say that they were not warned. In response to the Government's consultation last autumn, One NorthEast, the regional development agency, described the reforms as a "very blunt instrument" that would

"adversely affect what is a fragile regional property market".

Also in response to the consultation, the North East chamber of commerce disagreed with the premise that commercial properties deliberately left unoccupied represented a significant barrier to growth in the north-east. It spoke of the "serious impact" that the reforms were likely to have if applied across the board. Nevertheless, the Government chose, with minor adjustments, to go ahead, and the consequences are plain for all to see.

Pallion Engineering is a company based in the old Pallion shipyard in Sunderland, and faced an overnight increase in business rate from £55,000 to £277,000. It employs 10 people and rents space to a number of other companies that, between them, employ up to 200 people on a vast site that once employed several thousand. Obviously, an increase in rate demand of the type that I just described will put the company out of business, at a time when it had hopes of attracting subcontracts for the recently commissioned warships. The only impact will be the loss of up to 200 jobs and revenue of up to £55,000 a year, and the odds are that the site will be derelict for many years. Is that what the Government intended?

WH Forster, a print company, offers another example from Sunderland. It employs about 100 people at sites in Sunderland and Gateshead and is faced with an increase in rates from less than £10,000 to £105,000 on premises that it owns in Washington, which it is unable to sell, and which is only about one-third tenanted. It is also trying to sell its existing premises with a view to consolidating on to one site. It has been on the market for three years, but so far there have been no takers. The only impact of this penal increase in rates will be to threaten the survival of a business that has been built up over 50 years.

My attention has also been drawn to SST Engineering, which is a small fabrication business set up only last year that employs just seven people, but with the strong prospect of expansion. It is exactly the sort of business that we should be seeking to encourage. Currently, it uses only one of the three bays on the premises that it rents on the Sunderland enterprise park. When it was set up, it was given to understand that it faced a business rate bill of about £16,000 a year, but now it has been told that it is likely to be about three times that amount. The impact will be ruinous.

I first drew this situation to Ministers' attention in mid-April. Not unnaturally, I wrote to the Treasury, but the response came from the Minister here, who advised that local authorities had discretion to delay the imposition of the new rates for up to six months, to spread the cost over 12 months, instead of 10, and to offer 100 per cent. relief in cases of particular hardship. I went back to my local authority, which said that that was not so, and that the most that it was permitted to offer under the constraints of European law was 10 per cent. relief, which in the cases of the companies to which I just referred would make no practical difference.

I wrote again to the Minister, on 16 May, and in the hope of generating an air of urgency I copied the letter to the Prime Minister's parliamentary private secretary and to the Minister for the North East, my right hon. Friend the Member for Newcastle upon Tyne, East and Wallsend (Mr. Brown). One month later, I received a reply from the Minister for Local Government, my hon. Friend the Member for Wentworth (John Healey). It was apparent from his reply that the Government are in denial. The threefold increase faced by the small engineering company, to which I referred earlier, was described as a

"private contractual matter between landlord and tenant".

There was a paragraph of nonsense about how unhappy businesses have a right to appeal and a reference to section 49 of Local Government Act 1988, which permits relief in exceptional circumstances and which, I am advised by my local authority, is of no relevance in the cases that I have mentioned. Finally, it was suggested that the bill could be spread over 12 months, instead of 10, to

"relieve any cash flow difficulties".

At that point, it became apparent that I would have to raise the matter publicly if we were to stand any chance of breaking through the wall of complacency that I have so far encountered.

I have since discussed the matter with the Secretary of State for Communities and Local Government, my right hon. Friend the Member for Salford (Hazel Blears), who showed every sign of grasping the seriousness of this situation. Incidentally, I would be surprised if the consequences that I have outlined are confined to Sunderland and the north-east. Only this morning, my attention was drawn to the case of a warehouse business in north London facing insolvency as a result of this legislation. According to the British Property Federation, it will also have an adverse impact on regeneration

[Mr. Chris Mullin]

schemes, because no one will build speculatively if they face the added risk of being taxed on an empty building.

The way forward is clear: one way or another, local authorities must be given the discretion to apply common sense and relieve rates on unused and underused property. If disaster is to be averted, that will need to be done quickly, because the bills have already been sent out and the court orders for non-payment are already being applied for. I understand that the Government had the foresight to give themselves a reserve power to permit local authorities to relieve 50 per cent. of the new charge in the event of an economic downturn, which undoubtedly would help were it to be called upon. However, in some of the cases that I have mentioned, it will not be sufficient. The Government will want to consider giving local authorities the discretion to remit the whole charge if there is a strong case for doing so. That is what I hope the Minister will say today. What I am hoping to hear from him is that the Government have finally grasped the nettle and will take action before people start turning up in our surgeries, accusing us of putting them out of work.

12.40 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Parmjit Dhanda): Mr. Pope, it is a pleasure to serve under your chairmanship—for the first time, I believe.

I congratulate my hon. Friend the Member for Sunderland, South (Mr. Mullin) on securing the debate and on the way in which he has put across his points. He has always been a persuasive friend, and I have probably followed him into the Lobby many times because of the conversations that we have had. He has probably got me into trouble once or twice as well.

I take on board my hon. Friend's concerns about the two local engineering companies and the printer company that he mentioned. I apologise for not being a Treasury Minister, but, as he says, I am a Minister at the Department of Communities and Local Government. I am delighted that he has already had some informal conversations with our right hon. Friend the Secretary of State. If he wants to have detailed discussions, I am happy to set up a meeting between my hon. Friend and Ministers in my Department to help to foster the dialogue.

I will outline how we arrived at our current position and the reasons why the Government have taken the decisions they have. Ultimately, those decisions are aimed at stimulating the market and ensuring that every property is utilised. Non-utilisation of buildings costs the taxpayer approximately £1 billion a year. I understand why my hon. Friend has raised the issue, and I am very sympathetic to his concerns.

As my hon. Friend said, the reforms followed on from recommendations of the independent Barker review into land use planning and the Lyons inquiry into local government. The changes to the empty property rates relief came into force from 1 April this year following Royal Assent to the Rating (Empty Properties) Act 2007, which was scrutinised in great detail during the legislation's progress through the House.

The main element of the reforms to empty property rates was to raise the business rates liability of owners of empty properties to 100 per cent. of the full occupied rent. The reforms provided a new zero rate for charities and community amateur sports clubs in respect of any property that they own. They also exempt companies in administration from rates on their empty properties in line with our policy to assist such companies. The reforms were part of a package of measures. However, I understand and sympathise with the fact that they have not helped the engineering firms or the printer company that my hon. Friend talked about. The Government considered that it was right for landlords to receive rate relief for limited periods while they manage their vacancies. The reforms kept the three-month exemption period for non-industrial properties, but replaced the previous total exemption in perpetuity for industrial properties with a six-month exemption period.

Let me explain the rationale for the reforms. Our cities and towns occupy very high-ranking positions in the table of the world's most expensive markets for rents. The 2007 King Sturge survey of global rents found that English towns and cities—namely London, Birmingham, Bristol, Manchester and Leeds—occupy five out of the top 10 positions for the world's most expensive total occupancy costs for prime industrial space. Those same towns occupy five out of the top 20 positions for the world's most expensive total occupancy costs for prime office space.

Those points were considered during the course of the reviews that my hon. Friend mentioned. High rents might be a sign of companies recognising the attractiveness of locating in the UK and, to some extent, be a marker of how successful we have been. However, while our cities and towns occupy high-ranking positions in the table of the world's most expensive markets for occupation costs, owners of empty properties received a subsidy of £1.3 billion, paid for by other taxpayers. The reforms to empty property rates should reduce the costs of relief to the public purse by £950 million in 2008-09 and £900 million in 2009-10.

Mr. Mullin: Obviously, the reforms will benefit the public purse only if the companies concerned are capable of paying the large increases. In the case of Pallion Engineering, there has been a fivefold increase in rates. If the effect is to put the company out of business, that will reduce the revenue available to the public purse.

Mr. Dhanda: I am grateful to my hon. Friend for raising his concerns about his constituents and his local companies. As I explained earlier, we have had to strike a difficult balance. We have a big problem with empty properties, but we must do something to stimulate the market, partly to bring down rents and to ensure that the spaces are utilised by would-be entrants to the local marketplace and other companies. I hear what my hon. Friend is saying about his own local businesses. I am keen for him to have the opportunity to sit down with Ministers in the Department to discuss how his local companies have been affected.

The overall purpose of the reforms is to increase the costs of holding empty property, thereby providing a stronger supply-side incentive for owners to re-let, redevelop or sell empty properties. That incentive should increase access to existing premises for business, reducing the need for new development on greenfield sites, increasing the supply of commercial properties available to new and existing businesses, and helping to reduce business rents across the board.

Mr. Mullin: The Minister has outlined a theory. Further south, that theory may be justified. Perhaps there is a market for the surplus property that will be forced on to the market. In large parts of the country, however, especially in the area that I represent, there is no market for that property. Some of it has been on the market for years. Earlier, I mentioned the site owned by the printing works. The company has been trying to sell it for three years, but has had no takers. At that point, the theory breaks down, does it not?

Mr. Dhanda: I am always keen to ensure that theory and practice come together and are resolved effectively. The reforms are relatively new, so we will need to look at the patterns and see whether the changes have made a difference. I am confident that they have. My hon. Friend asks whether there will be regional variations—an interesting point that must be considered. It is important to sit down and assess whether the changes are making the difference that Barker suggested they would make.

The Government have estimated that the reforms could result in an overall reduction in business rent across the commercial property sector of between £80 million and £165 million. Such a reduction should directly benefit many local companies up and down the land, which is important when the world economy is facing an increasingly challenging environment. The UK is well placed to meet these challenges, thanks to the resilience and stability engendered by the Government's macro-economic framework and a decade of reform that has promoted open and flexible markets for labour, products and capital.

To help business further, from 1 April we have seen the implementation of the major package of business tax reforms announced in the 2007 Budget, including the reduction in the main rate of corporation tax to 28 per cent., which will deliver the lowest ever rate in the UK and the lowest in the G7, improving competitiveness and encouraging investment. All these measures need to be seen as a package.

To assist deprived areas, the business premises renovation allowance, which was introduced on 11 April 2007, almost a year before the reforms to empty property relief took effect, gives 100 per cent. capital allowance for the renovation of empty commercial property in deprived areas, as defined by the UK assisted areas map. Hopefully, that measure will also make a difference to many local companies.

The package of measures should help to tackle low demand for property, as it is designed to increase competition in the economy more generally and to maintain the UK's attractiveness as an investment location, thereby helping to attract foreign direct investment and to stimulate innovation and growth.

It is fully understood that the circumstances of property owners and the reasons why properties lie empty vary from case to case, and that many owners are genuinely trying to let their property, as my hon. Friend has made clear during this debate. However, too many commercial properties lie empty indefinitely, in many cases blighting communities and wasting the potential of brownfield assets. As a consequence, other areas are then developed.

The Government no longer believe that we should continue to offer tax reliefs for buildings to lie empty, so the reforms were applied to all non-exempted properties in England, on the basis that it is in the interest of all communities that land and property are utilised efficiently. Indeed, we find empty properties in all communities in England. For example, in 2004-05 empty properties were found not only in areas of low demand, such as Wolverhampton or Sandwell, but within fast-growing and strong regional economies, such as Ealing, Manchester and Birmingham.

Furthermore, in removing the total exemption for industrial properties, the reforms improve the fairness of the system between different sectors of the property market, by ensuring that the incentive to re-let or redevelop a property is applied to all empty properties, whether they are in the industrial, office or retail sectors.

Mr. Mullin: I can see that my hon. Friend is approaching the end of his remarks, but there is one point that I would like him to address. The problem with all this reform is not that there is not some theoretical reason why it is worthy, but that it does not allow for any flexibility or for the application of common sense. The one thing that might help, as I have mentioned before, is that there is apparently a reserve power to allow 50 per cent. relief in the event of an economic downturn. Is there such a power and, if there is, will the Government contemplate using it? I must say that the situation is very urgent. We are really running out of time; some of the businesses that I have mentioned will be bankrupt by the end of the autumn if this situation continues.

Mr. Dhanda: There is no such reserve power that I am aware of, although my hon. Friend did mention local authorities and relief, so I will try to explain a little more about what local authorities can and cannot do. Having said that, the detail of what they can and cannot do is a complex area to get into during an Adjournment debate. I am sure that he will take up the opportunity to meet Ministers to discuss the matter further.

Local authorities have no discretion to exempt or vary the rates liability of empty property ratepayers. Although there are reliefs for small businesses and other occupants, such as charities, they apply only where there is a business in actual occupation of a property. Local authorities have discretion to award hardship relief, but there are provisos within that, too. Those provisos are where it gets a little more technical and complicated, so my hon. Friend would probably benefit from having a more detailed conversation with Ministers about them after this debate.

We believe that overall the reforms represent a good balance between providing incentives to owners to re-let or to redevelop property—I think that my hon. Friend is in favour of that himself, although how we do it is perhaps where the disagreement arises—and for providing rate relief for limited periods while they manage vacancies.

In summing up this debate, I say to my hon. Friend that Kate Barker and Sir Michael Lyons saw that empty property rates should be reformed, and the Government agreed. It cannot be common sense to continue to pay owners to leave their properties empty, to be subsidised by taxes paid by others, when UK rents are among the highest in the world and a hindrance to UK competitiveness. It also cannot be beneficial to seek more land on which to build commercial property when existing land could be put to that use or to alternative uses.

[Mr. Dhanda]

At the same time, however, my hon. Friend makes a very good point, which he describes as theory and practice needing to come together to work. I am very keen, and I know that my Department will also be very keen, to learn from his experience, to help to ensure that theory and practice come together and work effectively.

Recreational Fishing

12.57 pm

Mr. Charles Walker (Broxbourne) (Con): I feel like I am over Heathrow airport, stacking up and waiting to land on the runway, not having done a Westminster Hall debate before. However, I am delighted to be called in such good time and that I arrived here three minutes before I was due to start, otherwise I could have been slightly embarrassed.

I will use my brief Adjournment debate today to discuss the fabulous contribution that the great sport of recreational fishing makes to the economy of this country. I have been a passionate angler for 37 of my 40 years. I was introduced to the sport by my grandmother, who gave me a cotton reel, a bamboo stick, a bit of string and a bent pin. I fished for five years without any reward. Then my dear grandfather took me to a pond and I caught three goldfish. The less said about that the better probably at this stage, but my grandfather was at my shoulder when I caught my first brown trout and for the first salmon that we caught together on the River Feshie in Scotland. A love of angling has been his great gift to me and it is one that I treasure. I am also pleased to say that, in his early 90s, my grandfather is still going strong and can still wipe my eye on the riverbank.

As hon. Members may know, angling captivates somewhere in the region of 3 million people; 1.5 million of us are extremely hardcore and the other 1.5 million, who make up the total number of anglers, dabble from time to time, but we are still very lucky to have them. Angling also brings people, including the families of anglers, to our great countryside and it gets people experiencing some of the wonderful sights and scenery that this great land of ours has to offer.

The wonderful thing about fishing is that it is blind to class, religion and ethnicity. On the riverbank, everyone is equal and completely consumed by their passion, discussing tactics and methods for landing the fish of their dreams. If more politicians from across the House spent time on the riverbank together, we might be a little nicer to one another and, on occasion, a little less savage.

At this juncture, I should like to pay tribute to my good friend, the hon. Member for Reading, West (Martin Salter), who is chairman of the all-party angling group. Since his election to Parliament 11 years ago, he has done a huge amount for the sport of angling and, as an angler, I am very grateful to him for all his hard work on behalf of all 3 million anglers in Britain.

I should also like to say quickly that some of my happiest times as a Member of Parliament are spent on the riverbank in my constituency, armed to the teeth with tackle bought from Simpsons of Turnford and Johnson Ross Tackle in Hoddesdon. I am a member of the Amwell Magna trout fishing club and recently joined one of the oldest coarse fishing clubs in the country, the Red Spinners. In between my engagements on the riverbank, I find time to be attentive to my constituents.

This debate is about the economic contribution of angling, but I should like to mention that anglers contribute a huge amount to conservation as well. The Anglers Conservation Association works tirelessly to improve habitats along rivers and streams, thereby not only improving the well-being of many species of fish but

having a huge impact on invertebrate life, bringing otters back to our waterways and having a beneficial impact on flora and fauna across the piece.

Let us get down to the meat of this—the bold, hard facts. There are about 3 million of us out there fishing at any one time, or on some occasions. As the Minister discovered from the good report that his civil servants prepared on angling, we spend about £3.5 billion to £4 billion a year in pursuit of our passion, and angling is responsible, directly or indirectly, for 16,000 to 20,000 jobs.

Mr. Jim Devine (Livingston) (Lab): I will take away the thought that the hon. Gentleman is a member of the Red Spinners. Given where he comes from, that will probably ruin his political career.

The point about tourism and jobs is important. Does the hon. Gentleman agree that places such as Ireland sell tourism by specifically targeting fishermen and describing the facilities that exist for them, but that the United Kingdom does not do a good enough job to publicise the sport?

Mr. Walker: The hon. Gentleman makes a good point. For the past 15 or 20 years, Ireland has heavily promoted fishing tourism. Many people come to this country to fish—to Scotland in particular but also to England—but a great deal more could be done. I am proud to say that we have some of the best fisheries in Europe, and long may they last, but we could do more to promote them. The hon. Gentleman is working in his constituency to bring such matters to the fore.

There are 1,000 commercial fisheries—perhaps more—and hundreds of fishing clubs. The economics of fishing are simple. There is bait and tackle, of course, and my garage is like the garage of the hon. Member for Reading, West, which is full of mountains of tackle and hundreds of fishing rods.

Martin Salter (Reading, West) (Lab): May I ask the hon. Gentleman to desist from notifying every burglar in the Thames valley area of the contents of my garage, which I should like to say for the record have all been moved to a secure lock-up? I thank him for his kind comments earlier.

On a more serious point, does the hon. Gentleman acknowledge that some of the figures that he quotes were published in Labour's charter for angling, which was a serious contribution to Britain's most popular participant sport? Is he pledged to do what he can within his own party to ensure that there is consensual support for the sport of angling among all political parties in the House in the run-up to the election?

Mr. Walker: I am happy to say that that will be the case, if I have anything to do with it. Angling should be non-political—support should cross all political parties. If I get the chance at some stage in the future, I should like to be at the fore in forming my party's position on fishing.

Let us return to the economics. There are fishery fees, and we all spend money on motoring. At a time when we are worried about our environmental footprint, perhaps I should not dwell on the money that we spend travelling around the country to far-flung fisheries. We spend fortunes on provisions from local shops. We bring tourism in the form of trade to pubs and restaurants. We often stay overnight at hotels or campsites, or in bed-and-breakfast accommodation.

To put this into perspective, I give the example of my annual pilgrimage to the sunlit uplands of Scotland to try to catch a salmon. Each beautiful silver fish that I land probably costs me in the region of £1,500 to £2,000. It is money well spent. I have wonderful holidays with my family, but it is my love of fishing that takes me to Scotland. My family also engages with the local community and brings tourist pounds to villages and towns in the area of Islay where I go fishing.

Direct employment is also important in the world of fishing. Many water keepers are employed to look after our fisheries, and professional booking and guiding services are increasingly growing in this country and sending fishermen overseas. The Minister will be aware of our thriving fish farming industry. Fishery managers look after the many thousands of fisheries that people enjoy in this country. Fishing makes an important contribution of some £3 billion to £4 billion a year, as I have said.

In my last two minutes, I shall conclude with these few points. Fishermen are the eyes and ears of our rivers and lakes. If there is a problem, we are the first to raise the alarm. We play a huge role in ensuring sustainability. The catch-and-release mentality pioneered among the coarse fishing fraternity has now moved into the game fishing and sea fishing fraternities.

There are still issues that we need to address. For example, abstraction remains a concern. I was at a presentation a few months ago at which some fishery officers were applauding the increase in barbel and chub stocks on the Wye. I love catching barbel and chub—I am a passionate barbel and chub fisherman—but the Wye is changing from a cold-water fishery that supports salmonids to a warm-water fishery that supports chub and barbel. We need to address the issues that are causing that. Global warming is certainly playing a part, but there is no doubt that abstraction is affecting the water quality of that river.

We need to educate the people who come to this country about our traditions. I always welcome fellow anglers to our shores. We have a lot to offer them, but some people are used to taking fish for the table in their own countries. In this country, we do not do that. We need to educate them, so that they can enjoy our fishing and not come into conflict with people who are concerned about fish being removed from our waters.

I do not share much common ground with the Royal Society for the Protection of Birds in respect of cormorant predation, which still causes concern to fishery owners. I am worried that the RSPB does not recognise that cormorant predation has put, and will continue to put, commercial fisheries out of business until it is properly addressed. However, I do agree with its concerns about the damming of the Severn estuary with a barrage. The hon. Member for Reading, West will say a few words about that.

We must continue to protect fish stocks. I was delighted to serve on the Joint Committee that considered the draft Marine Bill, and I know that the Minister has been at the forefront in promoting marine conservation zones, which will have a huge part to play in improving the prospects for commercial fishermen and recreational

[Mr. Walker]

sea fishermen. We in the fishing world are good at keeping our own house in order, but issues surrounding the overstocking of certain small still waters are causing concern to the fishing fraternity.

Finally, the Minister will be aware that people are concerned about the ongoing cost of fishing licences. We are happy to pay for the maintenance of our waterways—it is essential that we pay for that—but, at the same time, we must ensure that we do not discourage new entrants from joining us on riverbanks and lakesides. With that ramble, I shall sit down and let the hon. Member for Reading, West say a few words.

1.8 pm

Martin Salter (Reading, West) (Lab): I thank the hon. Member for Broxbourne (Mr. Walker) for his kind comments and congratulate him on securing this debate. I had intended to speak for only a few minutes, but the Minister may not have a 22-minute response prepared, so I crave your indulgence, Mr. Pope, to speak a little longer than I had intended.

I particularly want to discuss the value of salmon and trout fisheries in England and Wales in the context of the environmental and economic threat posed by the Severn barrage, should it ever be constructed. I am aware that the Government do not have a fixed position on it at present and that a feasibility study has been commissioned, but it is right and proper that the voices of anglers and those who speak about the wider environment are heard in the run-up to that debate. There are those who believe that the barrage is a done deal. I am not one of them, and I am looking for critics to be proved wrong.

I want to make it clear that I am not a trout and salmon angler. I have no vested interest in fishing for trout, salmon or sea trout on the Severn, the Wye or the Usk, which are the major rivers in that catchment, but as a coarse angler, I am acutely aware, as is the hon. Member for Broxbourne, that what is good for trout and salmon is good for all other species of fish, including those that we coarse anglers choose to pursue.

I want to look at some of the figures before discussing the Severn, the Wye and the Usk. Perhaps the most famous trout and salmon rivers in the country are the Test and Itchen in Hampshire, which I know and in which I have fished for other species. A survey carried out in partnership with the Salmon and Trout Association, looking at the economic value of those two famous fisheries, showed that, in 2005, anglers spent £3.25 million in total to fish both rivers, of which £3 million was re-invested in river management, thus supporting 120 full and part-time jobs. The survey also showed that fishery owners spent a further £250,000, at least, on private conservation projects, mainly to carry out habitat improvements and restoration. So just two comparatively short rivers were generating in excess of £3 million to the local economy of one county.

Let us look at salmon fishing as a whole. The Environment Agency did some work in 2006 on a research and development project to determine the total economic value of salmon in England and Wales, in respect of which the public were asked to value the prevention of a severe decline in salmon to them. The results showed that the value of salmon was some £350 million a year. Bearing in mind that 25 per cent. of the spawning habitat for salmon—that is, 25 per cent. of the spawning habitat in England and Wales—is upstream of the proposed Severn barrage, and given that its construction would effectively destroy migratory fish runs, the simple conclusion is that the construction of the Severn barrage would be cataclysmic for migratory fish in the Severn, Wye and Usk catchment.

Mr. Devine: When the hydroelectric dam projects were built in Scotland in the 1950s and 60s, special channels were sent up the sides of the dams, allowing salmon in particular to go up to their breeding grounds. Are we not talking about a similar process?

Martin Salter: It is possible to create fish passes, but one of the big problems is that there is a world of difference between a comparatively modestly sized dam and a massive barrage that is effectively turning the tidal estuary into a lake. The huge volume of water that is released to generate the force and pressure to power the turbines will suck salmon smolt and all migratory fish through what is effectively a mincing machine.

It is no coincidence that a powerful coalition has come together to challenge the Severn barrage, including the Anglers Conservation Association—the main pollution-fighting body—the National Trust, the Royal Society for the Protection of Birds, the Salmon and Trout Association, the Wildlife Trusts, the United Usk Fisherman's Association, the Wildfowl and Wetlands Trust, WWF UK, the Wye Salmon Fishery Owners Association and the Wye and Usk Foundation. Those experts in their fields produced, together with the RSPB, a collective response that highlighted the point that I am seeking to make today.

I wish to read into the record that construction of a costly 10-mile barrage across the River Severn would create similar problems, by blocking the path of thousands of fish returning to the Severn and its tributaries, the River Wye and the River Usk. A barrage to generate tidal energy would also destroy wild bird habitats formed naturally by the Severn's huge tidal range and protected by European law. The Government would have to recreate those sites elsewhere and ensure that they were of similar value to wildlife and that they were on a similarly large scale. Helping fish, to adapt to the plugging of the Severn by creating a new pathway from the sea further up river will be even harder, particularly since the Government have nominated the Severn estuary for EU protection because of its importance to fish stocks. So the Government are nominating that vital economic, environmental and wildlife corridor, yet at the same time they are considering putting a barrage across it that could have devastating consequences for the whole fishery.

Bill Wiggin (Leominster) (Con): I congratulate my hon. Friend the Member for Broxbourne (Mr. Walker) on securing this debate. The hon. Member for Reading, West (Martin Salter) is making an argument about the Severn barrage, and the Government have, as he rightly says, not made their decision yet, although they have paid for the feasibility study. Is the hon. Gentleman satisfied with the way that the Government have approached angling? We have seen a reversal on the bass minimum

landing size and a massive increase in the price of disabled angling licences. Does he think that the Government have really done what he set down in his manifesto for angling?

Mr. Greg Pope (in the Chair): Order. Before I call the hon. Gentleman to reply to that intervention, could I gently steer him back to the word "economy" in the title of the debate and suggest that, rather than talking specifically about fishing and the Severn barrage, he also mentions its contribution to the economy?

Martin Salter: Thank you, Mr. Pope; I take your gentle chiding.

I am more than satisfied with the progress that angling has made under Labour. As the hon. Member for Leominster (Bill Wiggin) was late, he will not have realised just how misplaced his comments were, given the consensual contribution by the hon. Member for Broxbourne. The Conservative party had a pathetic record when in government and completely ignored angling.

The economic value of the Wye, Usk and Severn fishery is calculated at the moment at between £8 million and £12 million per annum. The Tweed—a Scottish salmon river—is calculated to produce some £20 million for its local economy. Thanks to the groundbreaking work of the Wye and Usk Foundation, the economic value of the salmon fishery on the Wye and the Usk has begun to rise. We have started to see a return of the fish runs that made those rivers so rightly famous and created such value for that fishery.

The peak was in the 1970s, since when we have seen a reduction of some 70 per cent. in visitor numbers, but because of the work of Stephen Marsh-Smith and others in the Wye and Usk Foundation and because of the Government's actions, pressed for by hon. Members, we have seen the buying off of the Irish drift nets, the removal of barriers to spawning, progressive liming at the headwaters to mitigate the effects of acid rain and 150 miles of habitat restoration work being done on the Wye and Usk.

The Wye and Usk Foundation raised £5 million in funding for that groundbreaking work, a lot of it from the European Union, but also from the Environment Agency, the Countryside Council for Wales and from individual stakeholders. As a result, we have a tourist resource, an economic resource and an environmental resource that is improving. The creation of the Severn barrage is a major threat to that.

I give notice that I, along with many other hon. Members, will be highlighting the potential disaster that the Severn barrage could be to wetlands and to the economy of that important fishery. I thank hon. Members for their patience and for giving me an opportunity to rehearse an argument that will be heard many more times during the process.

1.18 pm

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Jonathan Shaw): I, too, congratulate the hon. Member for Broxbourne (Mr. Walker) on securing his first Westminster Hall Adjournment debate, and what an excellent subject to choose! He spoke eloquently and all hon. Members present were struck by his passion for his hobby, which is shared, as I know only too well—sometimes to my cost—by my hon. Friend the Member for Reading, West (Martin Salter). Both the hon. Gentleman and my hon. Friend have garages full—

Martin Salter: No!

Jonathan Shaw: My hon. Friend no longer has a garage full of fishing gear, which will be a relief to Mrs. Salter, I am sure, who will take advantage of the additional space that has been created in the Salter household.

Again, I offer my warm congratulations to the hon. Member for Broxbourne. This debate gives me, as the Minister with responsibility for fisheries, an opportunity to acknowledge the value of recreational fishing to the economy, and also to outline some of my Department's work in recognition of that value, and of course the pleasure that I know from first hand it brings to the 3 million people in England and Wales to whom the hon. Gentleman referred. I recognise the importance of anglers as stakeholders in the management of fish stocks. I am also clear that we must take proper account of the needs of recreational anglers as we develop and implement our fisheries policies.

It is important to focus on a range of areas in angling. The hon. Gentleman concentrated on coarse and game angling, and I shall concentrate my comments on that. If time allows, I may talk about sea angling.

Coarse and game angling are among the most popular sports in England and Wales, and they are big business. Freshwater angling makes an important contribution to the economy. Accurate figures are hard to find, but the Environment Agency and the Department for Environment, Food and Rural Affairs recently commissioned a detailed study, "The economic impact of freshwater angling in England and Wales". The key findings of that study, which was published at the end of last year, were that expenditure by about 1 million licensed anglers on freshwater fishing trips totals £1.18 billion per annum. As the hon. Gentleman said, that involves some 37,000 jobs and household income of around £980 million. Those are large figures. Research shows that average annual expenditure by coarse anglers on permits, tackle, travel and other costs is £859 per angler. We are therefore talking about a successful multi-billion pound industry, which is particularly important to rural communities.

One of DEFRA's public service agreements is to ensure that people have access to the natural environment, and what better pastime is there than enjoying angling in the wonderful English countryside? Whatever the true figure, angling provides not only an important contribution to the economy, but access to the countryside and the aquatic environment, as well as contributing to a healthy lifestyle.

The popularity of freshwater angling is increasing, which is good news. The number of rod licences taken out in England and Wales has increased by about 10 per cent. over the past decade, and currently stands at 1.2 million, with the majority of licences—typically between 750,000 and 850,000—being taken out by coarse anglers.

The rationale for the development of the Government's policy on angling and the management of salmon and freshwater fisheries remains the salmon and freshwater fisheries review group report, which was published in

[Jonathan Shaw]

March 2000, and to which the Government responded in February 2001. The overall aim of the Government's salmon and freshwater fisheries policy is to promote conservation, restoration, and rational management of salmonids, eels and freshwater fish stocks.

Under the Environment Act 1995, our delivery partner, the Environment Agency, has a statutory duty to maintain, improve and develop fisheries for salmon, trout, other freshwater fish and eels. Conserving freshwater fish is required by the UK's international commitments. Research has shown that the presence of fish is valued not only by anglers, but by other interests in fisheries, and the general public. Encouraging the development of fisheries is consistent with the Government's policies to benefit the general public by encouraging rural development and farm diversification and helping to create a fair and healthy society.

Bill Wiggin: Will the Minister give way?

Jonathan Shaw: I will not give way, because I have a lot to say.

DEFRA, with the Environment Agency, contributes to the UK's obligations to the European habitats directive that covers several freshwater species and habitats. Continued and effective management of fisheries is therefore essential to defining and achieving good ecological status, as required by the water framework directive. That is important because not only do fish contribute across the full ecological range from being a food source for other top predators, but their presence or absence is an important indicator of water quality. The loss of the fish population would have a serious impact on the freshwater ecosystem and those reliant on it. Without a healthy and abundant fish population, anglers would cease to fish and those industries dependent on angling would collapse, so it is vital that we maintain water quality and ensure that fish stocks remain abundant.

We were generally pleased with the results of the 2004 Environment Agency report, "Our nations' fisheries". It noted that salmon and eel stocks are depleted, but that coarse fish numbers are increasing and have improved markedly on those observed a decade ago when many rivers were grossly polluted and their fish communities were restricted to just a few fish of a limited number of species. With the money raised in net and rod licence duties, the Environment Agency does an excellent job, not just in maintaining, conserving and enhancing stocks, but in enforcing and promoting angling.

I am aware that the Environment Agency has developed the Lee fisheries action plan in the constituency of the hon. Member for Broxbourne. It was published in 2005 and produced in consultation with key stakeholders. The plan identifies six key environmental themes relating to challenges facing fisheries in the Lee catchment area, and is just one of the many examples of the Environment Agency's good works.

The hon. Gentleman referred to the need to ensure that people have regard to the tradition of angling catch and release in this country. I am sure that he will welcome measures in the draft Marine Bill to give the Environment Agency the power to create byelaws to stop people taking fish for the pot rather than maintaining the tradition of catch and release that now encompasses all areas of angling.

The hon. Gentleman referred to cormorants, and he will be aware that we changed our policy in September 2004 to allow licences to be granted to fisheries managers to reduce the number of cormorants at a site, as well as to continue the strategy of shooting a small number to reinforce non-lethal scaring when appropriate. That has had a positive impact, and cormorant numbers in England have declined by 18.1 per cent. since the licensing was introduced. The problem is to achieve a balance, and we must ensure that cormorants are not jeopardised.

The hon. Gentleman referred to the pre-legislative scrutiny of the Marine Bill, and my hon. Friend the Member for Reading, West referred to the Severn barrage. We all understand the competing demands of climate change. The hon. Gentleman referred to particular species and the changing nature of our rivers, and we are sure that that is a consequence of climate change. We know that the Severn barrage could provide us with 5 per cent. of our electricity through renewable energy, but the decisions are difficult. The Severn and its tributaries, including the Wye and the Usk, are valuable spawning grounds, and contain environmentally and economically important populations of migratory fish, including salmon, shad and eels. The Severn tidal power feasibility study has identified that as a key issue when considering the impact on fish and fisheries. I assure the Chamber that that will be an important part of the consideration of the Severn barrage.

The study will take about two years, and it will cost around £9 million. It will be split into two stages with a decision at each stage. The first stage is likely to run until late 2008 and will focus on the high-level issues and reach an initial view on whether fundamental issues exist that would preclude a tidal scheme in the Severn estuary. Hon. Members' points were well made, and it is important that they are considered in the general debate.

I have set out some of the national policies and measures to recognise the value of recreational fishing, and I look forward to the collaborative approach of a modernised management framework through the Marine Bill, which will cover inshore, freshwater and migratory fish, to deliver further benefits for anglers, stocks, key stakeholders and everyone involved in this wonderful sport that 3 million people in our country enjoy.

I warmly congratulate the hon. Gentleman. He presented his comments in a considered way, but demonstrated his expert knowledge, from which I have learned a lot. I am always learning from my hon. Friend the Member for Reading, West. Some of his advice is appreciated, and his gentle style is always appreciated.

Lyndale Group Ltd

1.30 pm

John McDonnell (Hayes and Harlington) (Lab): With your permission, Mr Pope, there will be a slightly different format to this debate. Normally, the Member initiating the debate will speak at length and the Minister will respond at some length, but because this incident has been a shock to many of us, I shall outline the case and allow other hon. Members with a constituency interest to intervene. I accept that there is a limited amount that the Minister can say today, other than to offer us a meeting next week before the recess. It is interesting that this debate has followed one on fishing, because this matter is a fishy episode in the industrial history of this country.

Let me explain the background to the debate. A number of Members of Parliament have been approached by the Bakers, Food and Allied Workers Union because it is concerned about the treatment of its members by Lyndale Foods Ltd. At this stage, I pay tribute to the union for its vigilance and the active support that it has provided to its members who were formerly employed by Lyndale within that company group. The union has been assiduous in its work at a national level through its general secretary Joe Marino, the regional officer Ian Hodson and its local representatives. The union has a long tradition and history of representing its workers effectively and has displayed that tradition during this particular episode.

I decided to call this debate because the events at Lyndale Foods Ltd have had such an impact on so many workers and their families. Many people, including Members of Parliament, feel angry about how those workers have been treated. I wish to highlight the need for new legislation to prevent such events ever happening again and to protect workers from that sort of exploitation.

Let me talk about the history of the matter. Lyndale Foods Ltd was placed into administration on 9 June. It operated bakeries across the north-west under a range of brand names: Hampsons in Bolton, Peter Hunt's in Bolton—a savoury products supplier—Sayers the Bakers in Liverpool, and Wimpy in Runcorn. Included in that list are two production facilities—in effect, factories: Hampsons bakery in Bolton and Sayers bakery in Liverpool. The Lyndale Group itself was based in Sale. The chief executive of Lyndale was a Mr. Michael Quinlan and the chairman was Mr. Sandy Birnie. On 1 May 2008, Sayers the Bakers Ltd was registered as a company. On 9 June, just a month later, Lyndale Foods Ltd was placed into administration and 40 shops were closed. At that stage, 450 jobs were lost at the Liverpool Norris Green factory. The profitable parts of Lyndale Foods Ltd were bought by Sayers the Bakers Ltd, which is registered to Mr. Michael Quinlan and Mr. Sandy Birnie—the former chief executive and chairman of Lyndale.

The company did not consult with the recognised union—the Bakers, Food and Allied Workers Union—despite it being clear from leaked documents from the Lyndale Group board meeting on 28 July 2005 that the directors had been considering and discussing such changes for nearly three years. I shall talk about the presentation given to the board of Lyndale on 28 July 2005, which looked at the strategic options for the future of the company. It looked at the current production facilities at Hampsons and Sayers and described both sites as landlocked. The presentation also said there was some duplication of the product, that vehicle movement was difficult and that there was limited parking. It went on to consider the individual sites in turn. In relation to the Liverpool site, which is located in the constituency of my hon. Friend the Member for Liverpool, West Derby (Mr. Wareing), it looked at the overall area and discussed the potential for planning permission for either retail or residential development, subject to access to Broad lane. The residential value of the site was thought to be £2 million. That value was conditional on staying within Liverpool itself. Although the company has clearly been planning major changes within the organisation and possible major closures and sell-offs, it has had no consultation with the union since then.

Dr. Brian Iddon (Bolton, South-East) (Lab): Does my hon. Friend know if any Member of Parliament with constituents affected by the closures has been consulted by Mr. Quinlan and Mr. Birnie?

John McDonnell: Since the company's proposals came to light with the announcement of liquidation, we and the union have thoroughly circulated information to MPs. We have also circulated information through the House and have tabled an early-day motion on the subject. Since then, it has come to light that not a single Member of Parliament with a constituency interest—constituents working where these factories are located—has been consulted. There has been no word, no offer of a meeting and no correspondence. The only information that has emerged has come from the union and individual workers making their representations.

Tony Lloyd (Manchester, Central) (Lab): Does my hon. Friend agree that although it is bad that Members of Parliament have not been consulted, it is much worse that the employees were effectively given no foresight of what was going on? Some of them literally walked into work in the morning and were escorted off site. In particular—I think my hon. Friend is moving towards this—there is a real suspicion that the company planned to move into administration. If that is the case, there is a real question about whether the company was trading while it was insolvent. That is a very serious question that the company has to answer.

John McDonnell: My hon. Friend has raised a number of deep concerns and suspicions about the likelihood that the company has acted in bad faith in all its dealings. Members of Parliament are suspicious because in the normal run of things, if there is a planned or even rumoured closure in a constituency, we would expect the company to involve the relevant MP in some discussions. I agree with my hon. Friend: the first port of call would have been to consult the union that represents the work force. That did not occur, which confirms our suspicions that this was a planned event, as demonstrated by the options paper in 2005.

Mr. Robert N. Wareing (Liverpool, West Derby) (Lab): My hon. Friend is making an eloquent presentation of the problems, but I have to say that on 8 April, Sayers did in fact write to me. However, I am afraid that the company has not kept the promises made in that letter, which states in relation to the Liverpool site that

[Mr. Robert N. Wareing]

"Sayers will commence formal consultation and discussions with our staff and their Unions on up to 150 redundancies".

As far as I know, that has never happened, and I have had talks with representatives from the BFAWU. The letter also states:

"The operational review excludes our retail shops and, consequently, the shops within Liverpool should not be affected."

I do not know whether my hon. Friend is aware, but since then, 18 shops on Merseyside have been closed. Sayers has not kept to its word on that or on conducting consultations. In fact, on 7 June—two days before the Lyndale chairman and chief executive bought Sayers the Bakers Ltd, as it became known in Bolton—it sent cheques to the staff. All those cheques bounced. I do not know whether my hon. Friend is aware of that, but it is an episode of what amounts to corruption on the part of these people.

John McDonnell: That confirms exactly the pattern of behaviour that we have experienced throughout this process: lack of consultation, lack of information, lack of dialogue with the union and a lack of proper dialogue with individual MPs. Sayers has broken its word to MPs and to its own staff.

The presentation that the board had in 2005 looked at individual options and made proposals on a single new bakery in either Bolton or Liverpool. Clearly, the rationalisation process was considered at that stage. In relation to the single new bakery, one of the issues considered was whether some of the existing terms and conditions of current employees could be overcome.

An advantages and disadvantages summary was given to the board on the potential for a single new bakery. One of the disadvantages that it sets out is that negotiating terms and conditions may be costly and protracted. It accepts the loss of a skilled work force, so it is quite clear that the company was trying to get rid of its existing work force and, I suppose, to restructure in the most ruthless way without consultation, dialogue and discussion. I fear that, as has been said, the aim was to ensure that it avoided its responsibilities, even in terms of individual payments of wages to members of staff.

Dr. Iddon: Is not the consequence that the company does not have to pay its own redundancy costs out of any assets that it has accumulated through buying up smaller companies and that the Government—the public purse—have to meet that cost?

John McDonnell: Let me come on to that. I think that the Government now need to get involved in the case because clearly the company has used a device for avoiding its responsibilities, which will eventually fall on the general taxpayer.

To continue the history, the announcement in June 2008 of administration and redundancies was interesting because the representatives from the bakers union were in conference at that point in Bridlington. All remaining sites have been rebranded as Sayers the Bakers. Let us examine the loss of jobs. The Sayers Norris Green bakery—factory—closed with a loss of 211 jobs. Of the 40 shops that closed, 19 were in Merseyside. Overall closures included 39 shops trading either as Hampsons or Sayers, and the one Wimpy shop in Runcorn.

Sayers Ltd will now operate from a single bakery—factory—in Bolton, exactly as planned in one of the options set out for the board in 2005. That was not notified to anyone by way of consultation until the act was virtually done in April and finally done in May. Overall, Sayers will now employ 1,500 staff and operate 158 stores. That includes 60 stores in Merseyside, employing more than 500 people.

The administrator, up until yesterday, was looking for a buyer for Peter Hunt's, the Bolton-based savoury products supplier employing 240 workers. As of yesterday, Peter Hunt's closed and the staff were asked to leave the site. They were told that the staff costs and the liabilities of anything up to £2.7 million were a deterrent to the sale of that asset as a going operation. Clearly, that is another way in which Mr. Quinlan and Sandy Birnie will ensure that they make a profit in their new company, having avoided their responsibilities to their existing workers.

Initially, 450 workers were made redundant as a result of the insolvency of the Lyndale Group. I take it that the events at Peter Hunt's take the figure up to nearly 700 workers. Legally, under the Employment Rights Act 1996, all employees are entitled to claim arrears of wages, holiday pay, notice pay and redundancy. Those claims are made to the redundancy payments office and are capped at £330 a week. That means that the liability falls on to the state and taxpayers.

Most of us have been in redundancy situations—for example, as trade unionists, we have negotiated redundancy settlements. In the normal redundancy process, particularly if people are making plans over a three-year period, it would be possible to negotiate some form of settlement with the company that involved natural wastage, protection of the maximum number of jobs and beneficial terms above and beyond just the simple state redundancy payments. Of course, then the liabilities would fall on the ongoing concern—that is what this company has avoided throughout.

There has been some harsh treatment of individual employees. As my hon. Friend the Member for Manchester, Central (Tony Lloyd) said, people have been walked off site by security guards. Expenses claims and wages have not been paid in some cases. In one case in which payments to a credit union through salaries have supposedly been made, they have in fact not been made since January. There are matters for investigation relating to how those staff have been treated.

BDO Stoy Hayward LLP was engaged by the Lyndale Group before administration to act as business restructuring consultant. In the normal run of things, if people are looking at future changes, they will employ consultants to advise them on how best to go about it. There is nothing wrong with that. BDO Stoy Hayward made recommendations to the board on how the Lyndale Group could be restructured. Again, there is nothing wrong with that, but when the Lyndale Group went into administration on 9 June 2008, BDO Stoy Hayward acted as its administrator, so naturally there are concerns about potential conflicts of interest. We understand that there is nothing illegal about that, but it is generally seen in business circles as bad practice, and I believe that there is a conflict of interest. A company that is advising on restructuring suddenly becomes the administrator to facilitate that restructuring at a cost to the work force.

Tony Lloyd: I understand that BDO Stoy Hayward has refused to say how much the company now has by way of liabilities. It confirms that it is well under water. In the published accounts of September 2006, Sayers had debts of £9 million and an operating loss of some £2 million. However, I think that it is a recorded fact that the company, when Lyndale took over, disposed of an awful lot of assets. I wonder whether it is possible for us to ascertain what happened to the value of those assets. Were they simply taken out of the company as profit for the shareholders? If so, there must be a question about whether that was a deliberate raid on those assets at the expense, ultimately, of the work force and other creditors.

John McDonnell: My hon. Friend makes a very pertinent point. It relates to the fact that we need to do an investigation into the role of Stoy Hayward. If it was advising the company on the best mechanisms for restructuring and to put the company in the best financial situation, was it also advising the company that it would be better to go into administration and, as a result, did it get the contract as administrator to manage the whole process? My hon. Friend is alluding to the fact that that has been used as a device throughout. It is a complicated device and could have been used effectively, I think, only with professional advice from someone such as Stoy Hayward.

We need to open up the books. As my hon. Friend said, we need to find out what assets have been realised. What liabilities are there really and how will those liabilities be disbursed? I have some doubts about whether the people who advised the company on how to use that device can be relied on to ensure that we receive a full and accurate statement of the assets and to give advice on how those assets should be distributed fairly, because I do not believe that up until now they have acted fairly.

Let me run through the effects of what has happened so far and talk about a way through this and what we would like to see from the Government.

Mr. Wareing: We cannot go through this debate without pointing out that the work force at Sayers in Liverpool are very loyal. Many of my constituents who are employed there have been with the firm for 30 years. Indeed, one employee has been there for 45 years. They deserve to be treated with dignity. The Government should do all that they can to ensure that those workers are treated with the dignity that they deserve.

John McDonnell: I fully concur. It is not just a loyal work force; it is a good product. None of us is asking for a boycott or anything like that, because we want the company to survive, but it could have survived effectively, efficiently and profitably if it had consulted its work force. We know that we are in periods of change, and the union would have been involved in managing that change to ensure that the company continued to provide a service to our communities.

Mr. Wareing: It made my wedding cake.

John McDonnell: That is another story altogether.

Let me go through the effects of what has happened. The job losses have very severe implications for some communities. At the moment in the area represented by my hon. Friend, there are 2,719 people unemployed. The unemployment rate where this factory is based is 7.6 per cent., which is the 20th highest in England. That number of job losses in the Liverpool and Merseyside region will have a major impact.

In personal terms, there has been real brutality. Security guards marching people off the site at which they have worked for years is just unacceptable in the modern day and age. There are lost wages and lost overtime. I believe that the work force and the union have been treated with contempt by the management, and the taxpayer will now pick up the burden. This is not the only example. There is an example in my constituency, Varig Airlines, where exactly the same happened. A company supposedly goes bust and then the next day is operating in the same way with the same managers and has run away from its liabilities.

I believe that we are dealing with a scam. It was planned over time by the same personnel who are now benefiting from it—Mr. Quinlan and Sandy Birnie. The advisers, who are now the administrators and who are benefiting from it, helped to plan it. I believe that an inquiry should be set up into how the company entered into administration. It should consider the company directors' liabilities. Questions should be asked. Was the company trading while insolvent? Was a device used to avoid responsibility? Was the management buy-out merely a front?

People have been hurt and have lost out—not Mr. Quinlan or Mr. Birnie, and not Stoy Hayward, but the workers themselves. The inquiry should consider all such matters. We need to consider whether a change in legislation is necessary to prevent this happening again. We need to review the law, perhaps changing it to prevent companies from evading their responsibilities.

Will the Minister meet a delegation of MPs from the area and representatives of the Bakers, Food and Allied Workers Union as a matter of urgency? The summer recess is in a fortnight's time, and we would welcome meeting the Minister to discuss the case and to see what action can be taken before we rise.

1.51 pm

The Minister for Employment Relations and Postal Affairs (Mr. Pat McFadden): I congratulate my hon. Friend the Member for Hayes and Harlington (John McDonnell) on securing a debate on such an important issue. I thank my hon. Friends the Members for Bolton, South-East (Dr. Iddon), for Manchester, Central (Tony Lloyd) and for Liverpool, West Derby (Mr. Wareing) for their contributions.

My hon. Friend the Member for Hayes and Harlington referred to the basic facts. Last month, the Lyndale Group announced some 450 job losses. This week, a further 200-plus job losses were announced at the Peter Hunt division of the group. That was alongside a management takeover of a company that will now trade as Sayers the Bakers, and a series of shops remain in business. I understand that by trading under that name, it will safeguard about 1,500 jobs.

I should make one thing clear at the outset. Job losses such as these are not only bad news for the area, as my hon. Friend said, but will obviously be damaging for the families of those affected. At the very least, it will lead

[Mr. Pat McFadden]

to insecurity and uncertainty and, in some cases, more serious consequences for the family budget and the ability to make ends meet.

In the few minutes that remain to me, I wish to pay tribute to the long service of those who have lost their jobs, as did my hon. Friend the Member for Liverpool, West Derby. I assure them that the Government will do what they can at this difficult time.

I do not want to go over the story again, but I shall set out the Government's position in such circumstances. I have to be honest and say that we cannot prevent firms from running into trouble. We cannot protect companies from the competitive pressures of the economy. However, we have a role to play if there are large-scale job losses such as this. Jobcentre Plus should be involved as early as possible. It is committed to providing a professional and, I hope, constructive service to employers and employees in such situations.

My hon. Friend the Member for Hayes and Harlington set out some of the history of the matter. I shall give my understanding of it. On 9 May a meeting took place between the group's chief executive and the Northwest Regional Development Agency to discuss the possibility of future funding. Jobcentre Plus attended at least part of that meeting. It was hoped that Jobcentre Plus would be able to attend a further meeting, but I understand that that did not happen. However, a meeting took place on 30 May between Jobcentre Plus and the company's human resources department, at which a support package was discussed, and Jobcentre Plus sought further information. However, Jobcentre Plus was somewhat surprised by the announcement on 9 June outlined by my hon. Friend. As he said, the management buy-out of shares was announced on the same day.

I set out that timetable in order to make the point that the earlier Jobcentre Plus is involved the better.

John McDonnell: The Minister referred to a meeting earlier this year. Would he be surprised to hear that during a presentation to the board on 9 July 2005, there were discussions about assistance from the development agency? That was three years ago.

Mr. McFadden: I understand the point that my hon. Friend makes. Now that it has happened, it is important that Jobcentre Plus works with other local agencies, such as the learning and skills council and the city council, which has work-based education and training services, to help the workers involved. I realise that none of that will give people back their jobs. However, it may help those affected to find alternative employment or training.

John McDonnell: The point needs to be made clearly. We understand that assistance can be provided by Jobcentre Plus. We used it extensively, and it was a great help. We also have links with colleges. However, this was being planned three years ago. There were three years in which to engage in discussions. That would at least have provided people with a future rather than having to suffer this brutal treatment.

I know that others would have liked to be here today. My hon. Friends the Members for Blackpool, North and Fleetwood (Mrs. Humble), for Blackpool, South (Mr. Marsden) and for Bolton, North-East (Mr. Crausby) were equally angry that the company did nothing for three years, but covertly planned this operation without consulting the unions, or even their own work force.

Mr. McFadden: The accusation that my hon. Friend makes is one at least of bad faith. I understand that. However, my hon. Friend the Member for Manchester, Central said that it may go beyond bad faith. I should point out that if it is believed that the directors went beyond bad faith and did something contrary to the law, the administrator should be informed. He has a duty to report to the Secretary of State if it appears to him that a director has engaged in conduct that would render him unfit to be concerned with the management of a public company.

John McDonnell: What should happen if there were allegations that the administrators themselves had been involved?

Mr. McFadden: My hon. Friend asked whether we could meet before the recess. I am always happy to do my best to accommodate such requests. I shall not engage in diary management in the middle of a debate, but I shall not be disappearing immediately the recess starts and I shall endeavour to meet hon. Members.

When jobs are lost there is often bad feeling, and understandably so. Questions are asked about whether the situation could have been better handled, and whether things were done in the right spirit. However, there is a difference between that and making accusations that there has been a breach of the law. In such circumstances, the Insolvency Service's company investigation branch and various parts of the Department will be involved, and breaches of the law would be of interest to them. I leave that thought with my hon. Friend.

I am coming to the end of my time, but I want to reiterate what was said about redundancy payments. It is correct to say that the Government have a role. People should not be left high and dry without redundancy payments. The redundancy payments office in Edinburgh is working hard to ensure that the workers receive the full statutory entitlement as speedily as possible. Claim forms have been issued to former employees. I understand that approximately 300 forms have been returned to the Edinburgh office by the administrator. The office expects to have paid the majority of those by the end of this week. The staff are working as quickly as possible to ensure that the workers get at least the statutory payments to which they are entitled. In February this year, that amount was increased to £330 per week.

I understand the pain of the employees involved, and I am happy to meet hon. Members if they wish to raise further issues.

It being Two o'clock, the sitting was adjourned without Question put.

Westminster Hall

Wednesday 9 July 2008

[MR. MIKE WEIR *in the Chair*]

Fishing Industry

Motion made, and Question proposed, That the sitting be now adjourned.—*[Liz Blackman.]*

9.30 am

Sir Alan Beith (Berwick-upon-Tweed) (LD): It is good to see you in the Chair this morning, Mr. Weir. Perhaps you could have arranged a breakfast of Arbroath smokies for us to start our day with.

Mr. Mike Weir (in the Chair): Send us a fiver and I'll see what I can do.

Sir Alan Beith: I shall concentrate this morning on Northumberland fishing and under-10m boats. Colleagues from other parts of the country will raise other matters. It is good to have the opportunity to look at the state of an industry that is experiencing serious difficulties. We are all interested in what the Minister has to say, and I hope that he will have adequate time to cover the points that will be made in the debate.

I am very conscious of the decline in our fishing industry in Northumberland in recent years. Traditionally, it is concentrated on two larger ports, Amble and Seahouses. The latter has nothing like the number of boats it used to have, and, in fact, Amble has outgrown it in the number of boats frequently fishing. There are also smaller villages such as Boulmer and Holy Island, and a few boats fish out of Berwick. Beadnell is traditionally a fishing area, but the industry has declined there. Many people still depend for their livelihood on the fishing industry, but if things go on as they are, the industry is in danger of virtually disappearing, apart from a few part-time fishermen.

That would be a serious loss to the economy of Northumberland and to the character of fishing communities and the villages from which fishing takes place. Visitors, who are an increasingly important part of the economy in our area, value seeing the fishing industry at work. Fishing assists tourism in our area and has a useful secondary effect, in addition to the production of food, which is the essential function of the industry. Locally sourced food and fish are important from an environmental point of view and, again, positive for tourism, because our restaurants and hotels can continue to serve local food. It is much appreciated by those who enjoy eating in the restaurants and hotels in my constituency.

Bob Spink (Castle Point) (UKIP): I thank the right hon. Gentleman and congratulate him on bringing this important subject to the House before it rises for the recess. Like him, I have a small fishing industry in my constituency, which includes a number of very small boats. Does he share my horror at the fact that more fish are discarded in European waters—thrown back, dead, which does nothing for food production or the environment—than are landed legally every year? When are we going to tackle that?

Sir Alan Beith: I shall indeed talk about the discard problem, because it is a perverse effect of attempts at conservation policy that results in many fish being thrown back into the sea with little or no prospect of survival. The discard policy has many drawbacks, particularly for the under-10m fleet. Much the largest part of my local fishing fleet is in that group. Larger boats that were traditionally based locally tend now to operate out of Eyemouth and North Shields, from where many other larger boats operate. Recently, nearly all smaller boats in Amble have been fishing out of Eyemouth for prawns, where the prospects have been better in the past couple of months.

Mr. Denis Murphy (Wansbeck) (Lab): I congratulate the right hon. Gentleman on securing this debate. He mentioned a number of small fishing ports on the Northumberland coast. He will also be aware that fishing continues out of Newbiggin, and that a small number of boats go out of Blyth. Does he agree that the under-10m boats are not the problem, and that, indeed, they could be the solution to the problem of unsustainable fishing? They are mainly family-run, and those families are determined to ensure that the fish stocks are sustained so that children and grandchildren can take over the boats. Does he agree that we should seek to increase the quotas on those boats, not reduce them?

Sir Alan Beith: I agree very much with the hon. Gentleman. Of course, I have meetings with some of the fishermen that he talked about, including the Newbiggin and Blyth men, and discuss fisheries in Northumberland with them. Those fishermen have small boats and are traditionally-minded. They want to see a future for their families in the fishing industry, but often the next generation says, "Look, dad, there's not much prospect for us, so we'd better go in for something else." The population of those in the fishing industry is ageing.

It costs at least £160 in fuel simply to take a small boat out for a day's fishing. Fishermen are finding that they cannot even earn the cost of the fuel because they cannot land the fish that they catch, which are plentiful, and they cannot catch the fish that they are allowed to catch because they are not plentiful at the moment. One of the few things that helped our fishing industry to survive was prawns, but lately, in the immediate vicinity, they have not been especially plentiful. In previous years, they were helpful, and as I said earlier, some of the Amble boats have been going for prawns out of Eyemouth rather than fishing locally.

Andrew George (St. Ives) (LD): I congratulate my right hon. Friend on securing this debate, and I apologise in advance for being unable to stay for the full duration. In my part of the world, the problem is not so much lack of fish, but lack of quota and the cost of fuel—many boats have to steam out 200 miles to be able to commence fishing. We use fisheries grants to assist with land-based jobs and the development of the fishing industry, but does he agree that it is crucial to invest in more fuel-efficient methods to help the industry through an extremely difficult period?

Sir Alan Beith: My hon. Friend makes an important point about a factor that particularly affects larger boats because of the distances that they steam in order to fish. However—I shall return to this point—there could be a problem if we simply make more, larger boats, and make them more fuel efficient and economical so that they can catch yet more fish, while the small, relatively fuel-efficient boats remain excluded because the larger boats have the quotas. There could be a danger in doing that. I am in favour of fuel efficiency for large and small boats alike, but we must be careful not to produce unintended consequences. The fishing industry has experienced far too many of those from all sorts of policies. Small boats could unintentionally be further squeezed by such a policy.

Michael Jabez Foster (Hastings and Rye) (Lab): The right hon. Gentleman might well be coming to this point, but is not the real problem the unfair distribution of the quota? There is 3 per cent. for the under-10m boats, which make up 50 per cent. of the work force; and 96 per cent. for over-10m boats, which make up the other 50 per cent. of the work force. That is unfair. The Minister has expressed sympathy, but is it not about time that some action was taken to redistribute the quota?

Sir Alan Beith: I was coming on to the lack of quota for small-boat fisheries.

The situation became especially serious earlier this year—not for the first time—and came to a head in April and May, when fishermen in the north-east received notices that North sea whiting, skate and ray fishing would close; that North sea cod would be decreased from 2 tonnes to 100 kg per calendar month from Thursday 1 May; and that North sea plaice faced a similarly drastic decrease. The House can imagine the impact of that notice. Fishermen were saying, "There is absolutely nothing that we can go out for. If there are no prawns, what else can we do?" It led to anger in the fishing community and there were protests. Many people got in touch with me about their individual plight. I put some proposals to the Minister about what could be done, some of which are coming to fruition, although others are not. I hope that he will talk about those later. The notice led to despair in the industry, because people were not allowed to catch the fish that were there, but they were allowed to catch fish that were not there, and they would incur high fuel costs going for any fish. As I say, it was a moment of real despair.

That background relates to the problem of historical records. The Department had no data for the under-10 m fleet, and the quota problem mentioned by the hon. Member for Hastings and Rye (Michael Jabez Foster) derived from that lack of historical data. Fishermen in the under-10m fleet felt keenly that that was grossly unfair. They represent a significant number of those who earn their livelihoods from the fishing industry, but they have a ridiculously nominal element of the whiting quota, which is so important to them. That needs to change. We need an admission that the figures used to calculate the original quota for the under-10m sector were plain wrong: they were unfair, they did not reflect the well managed, small-scale historical fishing effort by the under-10m boats, and they have allowed a great injustice to persist.

There are various ways in which the problem could be solved. The under-10m boats could be given a period without quota, during which collection analysis could be carried out and they could be issued with new quota. Alternatively, that could be combined with a days-at-sea restriction on small boats. When a more general days-at-sea proposal was introduced, it was received with great anger by the fishing industry, but the situation is now so desperate that the industry is asking to be given a days-at-sea restriction so that fishermen can at least fish whiting, which they are wrongly excluded from fishing. The whiting fishery has been making a good living for the larger boats in many areas, which strengthens the feelings of operators of smaller boats about the subject. There is plenty of whiting around—indeed, it is difficult to avoid it as by-catch. One fisherman told me, "Whiting are positively suicidal in their determination to enter the nets when you're trying to fish for something else, but you have to put them back in the sea." That is a very unsatisfactory situation.

The situation could have been put right by using the Hague preference arrangement and doing a swap. The UK was allowed an extra 1,400 tonnes of whiting. The Department for Environment, Food and Rural Affairs carried out a consultation and suggested that the extra quota should go to the under-10m fleet. However, I gather from speaking to the Minister earlier that, tucked away in another announcement, which I shall discuss in a moment, was an indication that we have not made the progress that we want on using the Hague preference to get some whiting for our small boats.

All of that has had an impact on fishermen in my area. Two boats have been sold, and others have moved up the coast to Eyemouth for the prawn catch, although 44 boats from that area, as well as many others from as far away as Lowestoft, are already working those prawn grounds. Of course, prices for prawns are good, but it is unheard of for fishermen from Amble to have to work away from home for significant periods of the year. That is not the sort of fishery that the small-boat fishery is intended to be; it is intended to be a local, well managed, conservation-minded fishery.

The experience with mackerel has been no better. The fishery opened on 22 March, with 300 tonnes in quota for the under-10m sector in the Moray firth, but nothing at all for the under-10m sector in the north-east. That has been the case for the past three years. Small-boat fishermen fish for mackerel by hand-lining, which is as conservation-minded and low-efficiency a method as one could possibly imagine. However, currently—certainly until the announcement a few days ago—the only way that one can fish for mackerel was out of an unpowered rowing boat or sailing boat, so draconian are the restrictions under which the industry operates. Mackerel is very popular, but all the mackerel used in the restaurants in the north-east comes from Peterhead or Cornwall, so it is several days old by the time we get it. It must be refrigerated and transported over long distances, which is not good in terms of reducing food miles and encouraging local sourcing.

We had an announcement on the mackerel fishery last Friday, which is very late in the year. Under-10 m boats have been allowed an allocation of mackerel as the result of a swap, with mackerel quota being provided by producer organisations. I very much welcome that, but such a small quota tends to be used up very quickly.

An added problem is that mackerel tend to move down the coast, so a high proportion of the stock is often caught by those who have quota before it ever reaches the area in which our local boats can catch it.

Andrew George: My right hon. Friend mentioned mackerel and Cornwall, and I should perhaps say that I was not talking about increasing capacity when I mentioned fuel efficiency earlier; in fact, I want to control capacity. However, fishermen from my area fish in the mackerel box and face constraints on the type of fishing method that they can use. Indeed, all the fish is caught by mackerel hand-liners, just as it is off the coast of Northumberland, as my right hon. Friend said. Does he not agree, therefore, that we need to reconsider the division of the quota? The vast majority of the quota—more than 90 per cent.—is taken up by purse seiners, one of whose boats can catch in a week what all the Cornish fishermen can catch in a year.

Sir Alan Beith: My hon. Friend makes an important point. That fishery is well sustained by the low-efficiency method of hand-lining, and if vast quantities are fished using excessively efficient methods—that concept might seem odd in other industries, but it is important in the fishing industry—we will all lose. Not only will the distribution of the ability to catch be unfair, but the stocks themselves will be damaged. There were other elements of the Minister's announcement on Friday. He talked about North sea plaice, turbot, brill and herring, but he announced only limited developments, and they have come late in the year. By the time such announcements are made, fishermen have got into further financial difficulty.

The monthly limit for haddock for the under-10m sector is 3 tonnes. However, fishermen say that there is so much whiting in the sea that if they want to catch 3 tonnes of haddock, they will probably have to throw away about 30 tonnes of whiting because so much of it comes into the net at the same time. There is a similar problem with a big by-catch of cod in the prawn fishery. That indicates that the methods that we are using do not meet the conservation objective that everybody shares of ensuring that there are stocks for the future. That is the whole purpose of quota and fisheries policy, but if we throw so much fish overboard, we are making a nonsense of conservation policy.

Furthermore, if people need to sell a certain tonnage of fish to pay for the cost of the trip—the fuel and the basic income of, in many cases, just the two men on the boat—they must catch even more to have enough landable fish. They end up catching fish that they cannot land and throw it back in an increasingly difficult attempt to meet their bills. They do not improve conservation at all because they are throwing back into the sea fish with few or no survival prospects.

At the same time, fuel prices are a problem. Obviously, that is not a problem of the Government's making, but they must consider it when they look at the industry's future. Other Governments have helped their fishing industries more directly to meet the high cost of fuel. There are also cash-flow problems as a result of fuel duty, and those tend to hit small boats in particular. The Minister is aware that there is a lot of concern about the matter—so much so that he sent a letter to the *Berwick Advertiser*. He or his office must have pressed the button on his e-mail, because he wrote to explain why he was not giving money to help with fuel prices. He said:

> "Even if I had found the maximum amount allowed, it would have given a typical trawler ONE MONTH'S worth of fuel—and then there would be no money available for another three years."

I have to say that one month's worth of fuel for a typical trawler would go an awfully long way in the under-10m fishing fleet. Those in the small-boat fishery who read that letter would think that the Minister had not quite realised how desperate they were, because although their fuel use is much more limited, they still face the severe impact of fuel prices.

Clearly, we all want fuel efficiency. We should not waste fuel in any industry, and certainly not in the fishing industry. I would therefore be glad to see the Department support improvements that prevent fuel from being wasted in the industry, but that would have to be handled in a way that did not squeeze the small boat sector; because those boats do not steam very far anyway—only relatively limited distances—they do not use fuel on anything like the same scale, and they fish efficiently. If it becomes economic for the largest boats once again to take large quantities of fish, that could squeeze the small-boat industry. The impact of any scheme to help with fuel efficiency must be tailored so that it does not squeeze out the small-boat fishery, but helps it to deal with its particular problems.

Mr. Denis Murphy: I want to take up the point about fuel efficiency. The right hon. Gentleman mentioned prawn fishermen, and I am sure that he is aware that, as a result of the quota restrictions, quite a number of people from Blyth and Newbiggin must steam 140 miles in a day, instead of the normal five to six, just to try to earn a living. Surely that cannot be right either.

Sir Alan Beith: Exactly. That is a further effect of the diversion of local boats to a more distant prawn fishery, which in turn results from the fact that they have not had quota to catch the fish that are there and that can be landed according to good conservation principles.

The Minister obviously knows that there are serious problems, and he is about to produce a consultation document, specifically directed, I understand, at the needs of the small-boat fishery—the under-10m fishery. It is supposed to be coming out this month, I think. The end of July is when almost everything tends to rush out from Government Departments. We all have to absorb it during August and make representations. I hope that that document will come soon. However, if we are getting into another long round of consultation like the one that we had about the Hague preference on whiting, and nothing much is to happen for a long while, I am afraid that more boats will be put on the market and more young people will decide there is no future for them in the industry. Time has to be allowed for a consultation process, but the situation may be more urgent than that. More boats would be sold now if there were a market for them. It is only because of the lack of buyers that more fishermen do not sell their boats. I do not know what we shall get in the consultation paper—perhaps we shall get hints from the Minister later—but the situation is serious and must be addressed with some sense of urgency.

[Sir Alan Beith]

Another matter that affects the industry in Northumberland—and the whole industry—is an aspect of the draft Marine Bill, with which the Minister has been very busy, and on which he recently carried out a presentation for Members. Some general matters arise, such as the position we may get into if we have protected zones in which we can control what our own fishing fleet does, but not what other countries' fishing fleets do. That would be unacceptable, and I know that the Minister has that problem in mind.

In this context I want particularly to mention—I am sure it will interest the hon. Member for Wansbeck (Mr. Murphy) too—the proposal that the inshore fisheries and conservation authority for Northumberland should combine the existing Northumberland sea fisheries area with that of the North Eastern sea fisheries committee, which stretches down to Yorkshire. That proposal is universally regarded in Northumberland as likely to be very damaging to the Northumberland fishing industry.

The present Northumberland sea fisheries boundary is well recognised and understood, fits with local authority boundaries in the area, and has byelaws in relation to many species of fish that are very different from those of the adjoining area. An enormous travelling distance would be involved in dealing with an authority stretching down to Yorkshire, particularly for fishermen serving on the sea fisheries committee, and the representation of the Northumberland fishery on such a large body—bearing in mind that fishermen are only one element in the representation—could be very small. We might be lucky to get one person on the authority. We are only at the draft Bill stage, but I hope that the Minister will recognise the strong feeling that there should continue to be a conservation and fisheries authority for the existing area of the Northumberland sea fisheries committee, with its distinctive problems and needs. I hope he will heed that warning.

More generally, my warning is that very few people will be left in the industry if we do not ensure that in Northumberland the under-10m boats get the opportunity to fish for the fish that are there, and that they can do so in traditional and conservation-minded ways. That will require urgent action by Ministers.

Mr. Mike Weir (in the Chair): Order. I hope to begin wind-ups at about 10.30 am, so I encourage brevity in speeches.

9.55 am

Mr. Austin Mitchell (Great Grimsby) (Lab): I congratulate the right hon. Member for Berwick-upon-Tweed (Sir Alan Beith) on securing the debate on a very important subject, at an important time. The small but, as anyone present can see, very select band of fishing-motivated Members of Parliament here for the debate have seen the industry go through many crises. Indeed, in my long experience it has had continual ups and downs and crises, including the shrinkage of the industry, the adjustment of the size of the fleet to stocks—a reduction of 60 per cent. in Scotland—and the closure of ports. It is interesting to note that Lowestoft went out of business at the time of the last fuel spike. Because the costs of the infrastructure were too high to be financed by the landings, the port effectively closed down for fishing. All those crises have happened over the years, but the industry was coming through. It was getting better organised: it was organising itself through the regional advisory councils and getting closer to the scientists. It was more effectively going for new investment and new methods.

However, that is now all thrown into question by yet another crisis—the fuel crisis to which the right hon. Member for Berwick-upon-Tweed referred. Fuel costs have gone up 320 per cent. over the past five years. Since January they have gone up 40 per cent.—and they have probably gone up more since that figure was calculated, because they go up each month. It is now estimated that the fuel costs of the European fleet are 30 per cent. of the value of the fish that it lands. That is a burden that is too heavy to bear. I have not seen a crisis on this scale before. It is producing deep anger, born of desperation. This is a question of survival—the survival of a viable fishing fleet—not of trying to adjust policies.

There have been more dramatic events in the industry in Europe, where people are more volatile than they are here, but that anger and desperation is felt, and it produced a plea to the Minister, backed by a demonstration outside DEFRA a few weeks ago, not for a fuel subsidy—fuel subsidies have been paid in the past by the French Government in particular, but also by the Spanish—but for de minimis aid. That is the kind of aid that is allowed to a certain level in the common fisheries policy. It has already been paid in Spain, France and Italy, where effectively aid is being given to fishermen to fish in our waters and compete with our industry, which is not receiving aid. De minimis aid could be up to £30,000 per enterprise over three years. The industry asked for that and for relief from light dues. Ours is the only fishing industry in Europe that pays them. We have been asking for relief from them for years. The industry asked for help with the costs of the improvements required by the common fisheries policy, such as satellite monitoring, electronic log books and survey costs.

That was a desperate plea. The Minister, as can be seen from the dramatic headline in *Fishing News*, said no. He said he could provide some aid, and he has talked to us about that on different occasions, but he would do nothing on the basic plea for de minimis aid. The argument was that his hands were effectively tied, and DEFRA is certainly in a financial crisis. However, I have to point out to my hon. Friend the Minister that whenever the farmers have a crisis, whether it is BSE or foot and mouth or whether it is to deal with the recent mess made by the Rural Payments Agency, massive sums are provided by DEFRA—indeed, there is provision for an EU fine on that issue—but when fishing has a crisis, nothing is forthcoming. The Department always says before every round of decommissioning that it has no money and that it cannot finance a decommissioning round, but then suddenly money is produced. That is a conventional plea by DEFRA and Ministers, but it is a question of political will to produce the money that the industry needs to survive.

We obviously need to modernise and to concentrate on improving fuel efficiency. We need to encourage those forms of fishing that use less fuel. As has been pointed out, small-boat fishing is much more fuel efficient, and the distances travelled are far shorter. We need to encourage things such as gill netting and long lining that use less fuel, rather than beam trawling, which is

also environmentally damaging. We need to modernise in all those directions, but we cannot get to that modernisation stage unless temporary aid is made available to see the industry through. We want an orderly transition. That involves helping the vessels' crews and their communities.

I rarely speak well of the common fisheries policy. Indeed, my most apt description of it can be summed up in five words, four or which are "the", "common", "fisheries" and "policy". However, we are seeing hopeful signs from Europe. The commissioner is putting forward sensible proposals.

Agreement has been reached on temporary derogations to the rules of the European fisheries fund to allow help by providing temporary relief, which is what our fishing industry needs during the transition period. More, and more flexible, decommissioning aid is needed. Aid is needed to encourage a switch to more environmentally friendly methods of fishing. Emergency aid is needed to cover the temporary cessation of fishing, which is the industry's aim, because people cannot afford to put the vessels out to sea. That aid will be needed for up to three months, provided it is used as part of a restructuring plan.

Provisions should be made to help industry employees. They, too, are hard hit; if they are not going to sea, they are not earning. Their social security contributions could be temporarily reduced. That would be a gain for the industry, and it would help to support the fishermen.

We also need measures to promote the value of fish. I am not sure how it could be done, but it is clearly one of the stones between which the industry is pressed. The costs are increasing, but the market return—it is an option system—is not. The industry is squeezed between rising costs and stagnating prices.

It is clear that, in the long term, consumers will have to pay more for fish. We already import 65 per cent. of our fish. The costs will increase as the pound goes down and as competition increases. The consumer, thank heavens, is consuming more fish. We want them all to be as healthy as us. I am the product of a fish-and-chip diet: it has made me what I am today. We want people to eat more fish, but they will have to pay more for it, and they will have to pay more for domestically caught fish as well as for imports. I do not know how the prices will be increased, but that is clearly on the agenda. However, the point now is to act on the costs of catching.

The European proposals are sensible. In fact, they are the most sensible proposals that I have seen from Europe for a long time. The drawback is that the costs will have to be shared by the nation states. The Department has been refusing to provide support for the industry, and it seems reluctant to share those costs. If they are not shared, it will be inequitable and unfair, as we will be competing against industries that are better supported and better financed than ours. Our industry will be shackled, and will find it difficult to survive, but it has to survive to inherit the catches that will come as the stocks are rebuilt. They will be rebuilt if we fish on a sustainable basis, but we have to work to that end. Meanwhile, the industry needs help.

There is a proposal to increase the de minimis payments—the Minister has refused to make them—from €30,000 per enterprise to €30,000 for each vessel, with a cap of €100,000 per enterprise. European fisheries funding will pay a substantial proportion of that, but it will have to be supplemented by national aid. That national aid must be forthcoming to see the industry through; it will be a major contribution.

In the view of those Members who represent fishing ports, such aid must be paid. The industry needs to be supported. We do want to see it die. Nor do we want to see our European competitors being financed and supported by their Governments, as they will inherit the fish stocks as they build up. We will have a short-term survival problem before reaching the long-term process of adjustment. European policy proposes financing it. The Minister has to act in concert with those European proposals, but we must bear an appropriate share to support our fishing industry.

I do not criticise my hon. Friend; he is an excellent Minister, and he has certainly taken steps to be in close touch with the industry and to bring it together. However, I do not want his hands to be tied when facing the need to keep the industry going through its present financial problems.

I know from a presentation that he gave that the Minister is keen on proposals for marine conservation areas. I regard fishing as being the best source of conservation at sea, because of its interest in sustainable catches from sustainable stocks. That is an effective way to approach conservation. However, the marine conservation areas are being sold to an environmentally concerned public as a means of stopping fishing altogether. I am now getting cards—financed, I think, by the World Wide Fund for Nature—demanding that marine conservation areas are used to stop fishing in a quarter of the North sea. That is impossible. It will be another nail in the coffin of the industry. Some are talking of a third of the North sea being turned into conservation areas.

In an incredible article, the all-purpose environmental guru George Monbiot said in yesterday's edition of *The Guardian* that the best way to provide conservation was to stop fishermen fishing completely. He commended the example of the Spanish fishermen, saying that their going on strike was the best thing that could have happened. That is an unenlightened point of view, because fishing is an agency of conservation. We cannot have environmental advances like marine conservation areas that entirely exclude fishing, as they would stop its work of conservation.

I hope that the Minister will work towards a common fisheries policy that gives us sustainable fishing, that he will work towards the present Commission proposals of giving temporary support to the industry, and that he will ensure that the rigid framework of controls—days at sea, catch limitations, cod bans and so on—is reduced to a more simplified and sustainable system that does not shackle the industry. I hope that he will think not of fishing in the long term, but of the survival of fishing.

10.9 am

Mr. Alan Reid (Argyll and Bute) (LD): I congratulate my right hon. Friend the Member for Berwick-upon-Tweed (Sir Alan Beith) on securing this debate at a critical time for the fishing industry, which seems to be going from one crisis to another. The current one is not of its own making, but a result of the rapid increase in fuel prices, which is having a serious impact on fishing and many rural industries.

[Mr. Alan Reid]

Fuel represents an essential—there is no way around that—and proportionally high part of a fishing vessel's operating costs. However, the structure of the market is such that fishermen cannot pass on those increasing costs to consumers—a high proportion of the fish consumed in the EU is imported—because the processors and chains buying fish in the market, with their strong buying power, can access cheaper fish from outside the EU. It is fairly obvious that if costs are going up, but prices are staying the same, businesses are in deep trouble.

Mr. Angus MacNeil (Na h-Eileanan an Iar) (SNP): I hear what the hon. Gentleman is saying about costs and the price of fuel, but does he wish that only last week he had voted to support an amendment for a fair fuel duty regulator, which would have helped to solve some of the problems that he identifies and no doubt will continue to identify?

Mr. Reid: I suspect that you would quickly rule me out of order, Mr. Weir, if we went on to debate the price of fuel on land. I am sure that the hon. Gentleman is perfectly aware that the amendment tabled last week by his colleague the hon. Member for Dundee, East (Stewart Hosie) would not have helped the fishing industry, because it does not pay fuel duty. However, he tempts me to enter a different debate.

As the hon. Member for Great Grimsby (Mr. Mitchell) pointed out, our fishermen are competing in the same market as French, Spanish and Italian fishermen who get help from their Governments. We are supposed to have a common fisheries policy whereby fishermen fish the same waters for the same fish and sell to the same market, but obviously there is unfair competition if other EU Governments give help to their fishermen, but the UK Government, as well as those in Scotland, Wales and Northern Ireland, do not give the same help to our fishermen. That is hardly a common fisheries policy. If other fishermen receive state aid, how can our fishermen compete? I understand that the French and Spanish Governments have given their fishermen about £100 million of aid.

Every year, the EU sets quotas at a level so that waters can be fished sustainably, but there is no point in fishermen trying to catch that quota, if the cost of doing so is greater than the price at which it can be sold. It is important to recognise that if fishermen and businesses are forced out of work, those jobs are gone for ever. Fishing businesses cannot afford to tie up their boats for months, or even years, in the hope that the price of fuel will go down. If the fish are not being landed, the fish processing industry cannot sustain itself either, so it is important that we help the fishing industry through this crisis.

I hope that the Government will support moves in Europe to give Europe-wide help to the fishing industry and also support our own fishing industry. Fishermen need help to see them through this crisis caused by the price of fuel and to modernise their fleets to make them more fuel efficient in the long run. We are in a state of crisis, and if the fishing industry in my constituency is to survive, it needs all the help that it can get from the Government in Westminster and from the Scottish Government. I hope that both will listen to the pleas from the fishing industry and will help it both with emergency aid to see it through this crisis and to modernise the fleet and make it sustainable in the long run.

10.14 am

Michael Jabez Foster (Hastings and Rye) (Lab): I congratulate the right hon. Member for Berwick-upon-Tweed (Sir Alan Beith) on securing this debate. I want to make a few brief comments in support of his main thrust about the protection of the under-10m fleet. The Minister will know that a constituent of mine, Paul Joy, and others, recently set up the New Under Ten Metre Fishermen's Association. For the first time, the under-10m fleet has a voice, which is important and necessary, because it has been under-represented in representations made to the Department in the past.

Why is that so important? I have said before, and I say again, that, as the right hon. Gentleman said, the fishing industry for small ports, such as Hastings and many others, is more important than the fishing industry per se. It is important for the wider economy. Could any of us imagine going to the Hastings seafront and seeing the fish huts there up for sale? That is what the Minister will soon see, if nothing is done to preserve at least this now minimalist industry in places such as Hastings. It is important for our heritage, terrorism—*[Laughter.]* It is also important for tourism. Although perhaps it was not such a bad point; I was going to talk about just how angry the fishermen are. I am not suggesting for one moment that they would resort to illegal actions by doing over the fishing Minister—I have steered them away from that option. They are very angry, however, because they see their livelihoods at an end. What they saw as an industry that just maybe their children would move on to does not exist anymore. That is a problem. We are only talking about the next five to 10 years, during which many of our current fishermen will be trading, but if they do not have an industry to pass on, the fishing industry in small ports will die. We might retain an industrial fishing industry, of some kind, but that important heritage that we love so much will be at an end.

What can be done? Not direct action, if it can be avoided! Seriously, however, unlawful action could be taken, because the fishermen cannot do anything else. At the moment, they go to sea and throw back more than they bring ashore. I think that it is wicked to destroy animals, whether fish or anything else, for fun—I take that view about hunting as well. Killing animals for food is fine, but doing so for waste is disgraceful, and I do not accept that any system should allow for such a thing. We need to address that problem.

I want to speak particularly about the under-10m fleet. I believe that this Minister is one of the best in the Government—he is very capable and he listens—but I want him to be bold and to take people on. I do not know what forces of darkness are preventing him from making the right decision, but I want to encourage and embolden him to do something for the under-10m fleet. He wrote to me last week sadly saying that he wanted everything done through negotiations. He agreed that there was an issue about the quotas—this is my main point. Of course, our share of EU quotas is too small, but within what we have it is simply outrageous that 50 per cent. of the work force representing the under-10m sector receives 3 per cent. of the total quota.

I know that he will say, "Well, some of it is further out at sea and cannot be used", but the bald facts are that the sector gets 3 per cent. of the total quota, but the 50 per cent. of the work force in the over-10m sector receives 96 per cent. of the quota. However one looks at the quotas, they are wrong and must be changed.

The quotas could be changed by a legal action, which is what NUTFA is now pursuing. That is a shame and unnecessary, because the Minister has the power to intervene. In his letter to me, he very reasonably—he is such a reasonable man—said that that is a matter for negotiation. But he told me that last year, and I was told the same by other Ministers in previous years. The time comes when we can no longer rely on negotiations between the industries to reallocate the quota but must step in and say, "This is so manifestly unfair that you must do something not next year, not after the consultation"—we hope that it will conclude at the end of this month—"but today". In fact, it should have happened yesterday.

If that is not possible, let us be positive and say that the time has come when these reallocations have to happen. If they do not happen, I can say confidently, even though there are other lawyers here, that the industry has a very good case against the Government. If it be determined that the Government—not just this Government, but previous ones, too—have wrongly allocated this arrangement, massive compensation may have to be paid. That could be avoided if action is taken now.

I say to the Minister, "Please set free the under-10m fleets. Allow them to fish." The fleets will not overfish; they cannot overfish—they do not have the capacity. The amount that the fleets can catch is so small that it cannot affect anything. In the meantime, they are finding it very difficult. If we tie one hand behind their back through the quota system, we surely should not deny them the opportunity of a lifeline. That may be a mixed metaphor, but that is the situation that they now face.

Finally, if we allow the under-10m fishing industry to be quota free, which I appreciate is rather difficult, the fishermen will not need subsidies or hand-outs. Such a move may even save DEFRA's budget.

10.21 am

Mr. Alistair Carmichael (Orkney and Shetland) (LD): I see that we are slightly ahead of time. I hope to restrict my remarks to the time allocated to me, which will allow the Minister more time in which to respond.

I congratulate my right hon. Friend the Member for Berwick-upon-Tweed (Sir Alan Beith) on securing the debate. The manner in which he presented his constituents' case this morning was a textbook example of how to highlight the concerns of the industry in his constituency. His speech was comprehensive and exceptionally well informed. With the possible exception of one small intervention, which I might address later, the whole debate has been characterised by a very high standard of contribution. That is true of most fishing debates in this Chamber.

My right hon. Friend made an exceptionally good point when he spoke about the cultural importance of the small inshore fleet, the under-10m fleet, particularly to the smaller fishing communities around the coast. If we lose that—we have lost it in so many places already—we lose not just the fishing industry but some of the unique selling points for tourism, and for the other industries that may take its place.

Another point needs to be made about the importance of the under-10m fleet. For a number of people, it allows a reasonable and achievable means of entry to the fishing industry, which is not open to them through the larger boats—the white fish and pelagic boats. To get into an under-10m fleet is an achievable aim for those young people who choose to make a living from the fishing industry.

My right hon. Friend expressed particularly well the general problem that faces the fishing industry: management is something that is done to it, not something that the industry feels a part of. My right hon. Friend said that the industry is not allowed to catch the fish that are there, but the fish that it is allowed to catch are not there. Does that not sum up the consequences of the fisheries management regime that we have endured in this country for so long? That was a thread that ran through so many contributions. Fisheries management—whether it is by days at sea or by quota and total allowable catch—will work only if it involves the industry at every possible level. The situation that hon. Members have outlined today about the historic problems with the quota for the under-10m sector is perhaps one of the most clamant examples of that. It is clear that had there been proper engagement with the sector at the relevant time, the situation that we now face would never have been allowed to happen.

The hon. Member for Great Grimsby (Mr. Mitchell) spoke, as others have done, about the anger in the fishing industry. Like him, I spent some time with people who were demonstrating outside Nobel house when the Minister was meeting the fishing industry representatives. I subsequently spoke to a number of people from my own community. Those who have spoken about anger are absolutely right because there is a real feeling of impotence about the situation. People from the industry face increased costs, particularly for fuel. They are in the position of being market takers, rather than market makers. By that I mean that they are landing a dead product into an auction over which they have no control. As my hon. Friend the Member for Argyll and Bute (Mr. Reid) pointed out, they are part of a global and highly competitive industry. They are not able to pass on the costs. So, when the Minister asks—as he effectively did in the letter on the front page of *Fishing News* on 4 July—"Why should the fishing industry be treated differently?", the candid answer is "Because they are in a different position." They are not able to pass on costs in the way that other industries do. They are between a rock and a hard place, and they are not given the opportunities to fight their way out of that position.

The hon. Member for Great Grimsby spoke about the relatively small figures that would be involved, and he is absolutely right. Sometimes it is about sending signals. I fear that, at the moment, the signal that is being sent from the Government to the fishing industry is that they do not want to know, they are not interested and they have no solutions because they are not prepared to come up with the money.

A few weeks ago, it was put to me by a fisherman in Shetland that when Northern Rock got into trouble, billions could be found overnight. Here is an industry

[Mr. Alistair Carmichael]

that stands on the brink, as a result not of its own mismanagement but of forces that are beyond its control, yet relatively small sums cannot be found.

My hon. Friend the Member for Argyll and Bute rightly focused on the problems faced by the fleet of one of his constituents because of increased fuel costs. I thought that he dealt very well with the intervention from the hon. Member for Na h-Eileanan an Iar (Mr. MacNeil) about the applicability of a fuel duty regulator to an industry that does not pay any fuel duty. It was perhaps coincidental that the hon. Gentleman left the Chamber fairly quickly thereafter.

Finally, the hon. Member for Hastings and Rye (Michael Jabez Foster) spoke about the creation of NUTFA, the under-10m organisation. He also spoke about the anger in his fishing industry and the consequence of that now manifesting itself in legal action. I am tempted to say, Mr. Weir, that as a former practitioner yourself, you would say that legal action is not necessarily a bad thing, because the people who make money out of legal action are inevitably the lawyers. The hon. Gentleman's point is that if political will and impetus can be injected into this debate, our learned friends might have to go elsewhere to earn their crust for that particular week.

Finally, I want to turn to the question of the International Council for the Exploration of the Sea's proposals for a zero cod catch. One knows that it is summer when an ICES proposal is made for a zero cod catch in the North sea. It comes every year with monotonous regularity. The assessment this year is that a zero catch is necessary because even that would not restore cod stocks to a sustainable level by the start of 2010. That brings sharply to mind the fact that we must start asking ICES different questions, because the question on which it bases its answer results in the same assessment, year in, year out. Everybody knows that it is unworkable, and that a zero cod catch in the North sea would simply result in discard problems that will be worse than those that have been described today.

The fact is that because ICES is asked a particular question every year, it comes up with the same answer every year. And every year that sets off a spat between the industry, which says that it cannot cope with the proposal, and conservation groups such as Greenpeace and the WWF, which say how awful it is that the industry and the politicians are ignoring scientific advice yet again.

The scientific advice has to be put into a proper context. There has been a significant improvement in cod stocks in the North sea over the past five or six years as a consequence of many of the measures that have been taken under the cod recovery programme, yet year in, year out we get an assessment such as this. Can the Minister assure me that the proposal for a zero cod catch in the North sea will be resisted by this Government, and that he will look at how we might better frame the questions that are asked of ICES so that we do not have the same pantomime every summer?

10.31 am

Bill Wiggin (Leominster) (Con): I congratulate the right hon. Member for Berwick-upon-Tweed (Sir Alan Beith) on securing this timely, important debate, and on the way he presented his arguments. Also, it is a privilege to follow the hon. Member for Orkney and Shetland (Mr. Carmichael), who summed up the debate extremely well. I congratulate him on that.

Our fishermen risk their lives to make a living for themselves and to provide us with an important source of healthy food. On the radio on the way here this morning, it was made clear that deep-sea fishing is the most dangerous profession. The courage and bravery of our fishermen are too often taken for granted, and I take this opportunity to pay tribute to them.

At a time when domestic food security and food production are so important, we need a thriving, sustainable fishing sector, but serious problems are threatening the industry. Despite all the hardships that they face, those who work in the fishing industry in this country rarely protest; for example, we do not see the demonstrations and blockades that take place in France and Spain. However, UK fishermen came to London last month to demonstrate peacefully about the spiralling fuel costs that are eroding their profit margins and threatening the survival of their businesses. In the past year alone, the cost of fuel has doubled from around 31p per litre to 60p, with reports of prices reaching 70p in some places. The fuel cost per trip is in the region of 35 to 50 per cent. of gross earnings. As we have heard, with the costs of fuel reaching such heights, around one quarter of the fleet could find it uneconomical to fish, while the rest would continue to struggle. That would be a terrible loss to our coastal communities and, of course, to fishermen and their families.

The rising costs of fuel are not directly the Government's fault—we have all acknowledged that today—and the problem is not unique to fishermen. I suspect that we are all being lobbied by hauliers, farmers, industry and the general public about the rising costs of fuel; but when our fishermen see their counterparts in countries such as Spain receiving support and de minimis aid from their Government, it is not difficult to understand why they feel let down by the Department for Environment, Food and Rural Affairs. The headline on the front page of *Fishing News*—the hon. Member for Great Grimsby (Mr. Mitchell) held the paper up—says, "Thanks for Nothing", which neatly sums up the fishing industry's response to the Government's attitude.

In his defence, the Minister has said that he cannot provide de minimis aid because it would mean having to

> "find the money the fishermen want from public purse—competing with other priorities such as farming, environmental protection, or even projects to benefit fisheries."

But there should be money for the fishing industry this year, in the form of the European fisheries fund: £97 million should be available for the whole of the UK, including £7 million for Cornwall and more than £26 million for the rest of England. That helpful information came from a DEFRA news release on 29 November. It is money that the fishing industry is supposed to use to invest in sustainable gears, more fuel-efficient engines and some non-fuel costs.

Our fishing industry should have been starting to receive some of that money this year, as fishermen in other EU member states will. The Minister proclaimed on 4 July:

> "There is already...cash for the fishing industry on the table",

but the money is not there now, when it is needed, because the Government failed to agree with the devolved Administrations and it failed to consult on and submit to the Commission its EFF operational programme by the deadline at the end of last year. Although the consultation process is finally taking place, moneys may not be paid out until later this year, after the Commission has approved the operational programme now being consulted on. That will leave our fishermen once again lagging behind their European counterparts. When the Minister responds at the end of the debate, it would be helpful if he could let us know when our fishermen will be receiving their share of the EFF. I would also welcome his giving us a cast-iron guarantee that the Commission is not likely to withhold some of the money because the operational programme was submitted late.

Another source of support that may be available for most of Europe comes under proposals on the block exemption of state aid, which are due to be discussed by Ministers next week. According to the Commission, the aid available under the proposals will be given on condition that it is in compliance

"with the relevant conditions established for similar actions under the European Fisheries Fund."

That came from the Fisheries Commission press corner on 2 July. We are concerned that, once again, our fishermen will miss out on a pot of money and that DEFRA will decline to use the measures. It would be helpful if the Minister told us his views on the Commission's proposals and said whether there will be any benefits for UK fishermen, how the aid would be used in the United Kingdom, and whether the fact that his Government failed to get the UK's EFF operational programme approved will prevent the aid from being made available.

With fuel costs as high as they are, fishermen need to make the most of every journey. It is devastating for them to catch healthy, edible stocks but be forced to throw them back into the sea because they are prohibited from landing and selling them. Fishermen, anglers and the public are horrified by the practice and disappointed that the Government's ambition is only to minimise rather than to eliminate discarding. The Conservatives are committed to introducing, with permission from the EU, a scheme that would end discarding and provide financial incentives for the fishing industry to become more environmentally sustainable.

Government action is also needed on the reform of the quota system. Vessels of 10 m or less, which make up around 75 per cent. of the fleet, still receive only about 3 per cent. of the annual quota. I welcome the formation of the National Under Ten Metre Fishermen's Association and in particular the work of Paul Joy, whom I have met. Under-10 m vessels do not have the quota they need to fish and are struggling to survive because long-term reforms that they were promised have not been delivered. In the North sea, for example, it has been reported that 10m and under vessels pass over substantial quantities of mackerel, which they are unable to catch and sell to the food market. Quota swaps alone are not enough alone to support the industry in the long term.

The Minister since his appointment, and before him his predecessor, the hon. Member for Exeter (Mr. Bradshaw), promised to look into the quota problem. They claimed to be working towards a solution.

Michael Jabez Foster: Would the hon. Gentleman commit to changing the quota system if he were able to make such a decision? That is, will he take quota from the over-10m fleet to give to the under-10m fleet?

Bill Wiggin: I will not make any commitment until we win the election, which is not guaranteed. We do not even know when the election will be. We expect it at the end of May 2010—perhaps we will win, perhaps we will not—but the Government get everything else wrong, so we suspect they may get even that wrong. I cannot make such a commitment today.

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Jonathan Shaw): That's a no, then.

Michael Jabez Foster: So that's a no?

Bill Wiggin: That was definitely a no. I will not make any spending commitments. However, if we have to wait that long, I hope that there will still be a 10 m and under fleet for which we can change the quotas to suit. That is as far as it would be safe to go, given the time constraints of the general election.

The Minister's predecessor had said that there would be a consultation on quota reform:

"in the second half of 2007".—[*Official Report*, 16 April 2007; Vol. 459, c. 85W.]

He also said that changes would be implemented before this year. However, since 2007 no proposals have been brought forward for consultation. The spring 2008 edition of "Fishing Focus" promised us, on page 4, that the Minister, as a result of a discussion paper being circulated:

"will be taking all of the points that fishermen raised into account as he develops his proposals."

We all want to know when those proposals will be forthcoming and what will be in them.

In a written answer earlier this year, the Minister hinted that a decommissioning scheme could be introduced and that he would:

"be in a position to formally consult on the details of such a scheme in the summer of this year."—[*Official Report*, 6 March 2008; Vol. 472, c. 2723W.]

It is now the summer and in a few minutes' time the Minister will have an opportunity, which I hope he will take, to update us on whether there is likely to be a consultation on decommissioning soon and whether he has any long-term proposals to assist the 10 metre and under fleet and to reform the quota management system. As the Minister will be aware, his Department's "Fisheries 2027, a long-term vision for sustainable fisheries" document states that in 2027:

"Access to fisheries continues to be available to small-scale fishing vessels, even if in some cases that is not the most economically efficient way of harvesting the resource."

Unless there are reforms made sooner than 2027, I fear that there may not be much of a 10 m and under fleet left by 2027.

I acknowledge that reforming the quota management system has been made more difficult due to the apparently complete breakdown in communications between the Minister and his Scottish counterpart. On 6 February, in a written answer, the Minister stated that he had:

"no current plans to discuss quota management with Ministers in the devolved administrations."—[*Official Report*, 6 February 2008; Vol. 471, c. 1288W.]

[Bill Wiggin]

We have yet to receive confirmation from the Minister on whether the quota management change programme has now been abandoned and, if so, what will be put in its place.

When the Scottish Executive announced that it had issued a moratorium on fishing licence and quota transfers, the Minister admitted:

"I have had no discussions with my Scottish counterpart about the moratorium and was first advised of it late on Thursday 15 May, the day before it was announced."

At that time, he had not yet made:

"a proper assessment of the implications of the moratorium".—[*Official Report*, 3 June 2008; Vol. 476, c. 857-8W.]

It would be helpful to know where the Minister is on this issue now—whether an assessment has been carried out and what plans he has to improve the relationship between his Department and the Scottish Executive. It is not good enough for the UK industry to have the country divided and for there to be hostilities. We would also welcome an update on DEFRA's response to the Welsh Assembly Government's plan to take control of fisheries management and enforcement in Wales, and to create a Welsh fisheries zone.

Britain's fishing industry has lurched from crisis to crisis under this Government. Despite the very cheerful characteristics of our Minister, the industry has lost confidence in DEFRA to take its concerns seriously and to act in its best interests. The cost of fuel is preventing fishermen from fishing; the quota opportunities are inadequate; discarding remains a problem; and making the lasting and necessary reforms to deliver environmentally sustainable fisheries seems to be impossible for this Government.

10.43 am

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Jonathan Shaw): I begin by congratulating the right hon. Member for Berwick-upon-Tweed (Sir Alan Beith) on the way that he presented the case for his constituents and the various fishing communities in his area in the north-east.

As the hon. Member for Orkney and Shetland (Mr. Carmichael) remarked, when we have these debates, they are measured. Concerns are expressed about particular parts of the fishing industry—as we all know, parts of the industry differ enormously from each other—and the hon. Gentleman and the right hon. Gentleman represent both ends of the fishing industry spectrum. We all attended the debate in December, when many hon. Members spoke about the positive features and the good prices that many of their fishermen were getting. I have not reread the transcript of that debate, but I do not recall hon. Members talking about fuel then; I do not remember fuel being a feature of that debate. Of course, quotas were discussed—my hon. Friend the Member for Hastings and Rye (Michael Jabez Foster) mentioned them—and concerns were expressed about various species and the quotas that would be allocated at the December Council. It can be seen from that that the issue of fuel prices has come upon us very quickly.

I am only too aware of the difficulties and pressures that fuel prices are placing upon the industry. Fuel prices have doubled in the past 12 months, not only for the over-10m fleet, which has less fuel-efficient vessels, but for the under-10m fleet. I believe that what is needed is a strategic approach that helps the industry to adapt to higher fuel prices. Unfortunately, there is very little that can be done to reduce the price of marine diesel. As has been said, marine diesel is already duty free for fishing vessels. The hon. Member for Na h-Eileanan an Iar (Mr. MacNeil), who is no longer in his place, is aware of that now; he did not seem to be earlier in the debate. The fishing industry therefore already has advantages over other businesses in relation to fuel prices.

I am asked by colleagues here and by the industry why I do not provide monetary help in the way that some of my counterparts in other countries, particularly my counterpart in Spain, have done. In my opinion, such short-term interventions and subsidies are of limited effectiveness and divert resources from longer-term efforts. I prefer to work with the industry to identify what can be done in the longer term.

The hon. Member for Argyll and Bute (Mr. Reid) said that there is unfair competition. The de minimis rules say that the amount of money given to a business must not affect competition; that is the criterion. The hon. Member for Orkney and Shetland knows that we are making that case on behalf of his constituents. We cannot have it both ways. The fact is that during the meeting on 3 June, I was asked to pay the maximum de minimis amounts. That would provide for the UK fleet one month's subsidy at last year's prices—prices vary, of course, but that was what I was asked for. I do not think that that is a short-term solution, or even a short-short-term solution. Hon. Members talked about such a move sending a signal, but it would involve tens of millions of pounds of public money and I really do not think that it is the best and most effective way of using public money. We must use it for sustainable reasons, not for a short-short-short-term comfort, as it were.

Michael Jabez Foster: Would it not be a really good deal, because we would get 15 per cent. back from Europe? It is a good investment anyway for the UK.

Jonathan Shaw: The reason I wrote the letter to a number of regional and local newspapers, to which the right hon. Member for Berwick-upon-Tweed referred, was that I was receiving letters saying, "Why don't you go and get this European cash?" and I wanted to explain that there was not a pot of money that I was refusing to collect. Any such money would come out of national funds; it would come out of my Department's settlement. There is no pot of money just sitting there; it comes out of the national pot.

Mr. Carmichael: *rose—*

Jonathan Shaw: I have tonnes to get through, so I hope the hon. Gentleman will be quick.

Mr. Carmichael: I promise that I will not detain the Minister long on this point, which is about the question of short-term aid for long-term gain. If we allow the under-10m fleet in particular to go under, that will mean that there will be no money coming from these people in taxes or national insurance contributions; there will, in fact, be money being paid to them in

unemployment benefit, and there will be an effect on the processing sector onshore. Surely that calculation must be made and some balance struck.

Jonathan Shaw: I understand the hon. Gentleman's point, but as I have said, on fuel, we are talking about one month's subsidy at last year's prices. I will talk about the quota for the under-10m fleet in the remaining time allowed.

We are working with the industry to come up with new solutions to the present difficulties, and I am looking at how we can best use the European fisheries fund. The Conservative spokesman, the hon. Member for Leominster (Bill Wiggin), asked about that. At the recent Council meeting it was agreed that we would review the EFF so that it would become more flexible. All member states are now reviewing their programmes to consider implementation as soon as possible. The French presidency is keen to crack on with that. We are having those discussions now with our industry—it is also happening in the devolved Administrations—to ensure that we get our operational programme in quickly under a new guide that is more flexible and allows us to look at how we can help fishermen to adapt to the new environment of higher fuel prices. We are getting on with that work.

The high price of fuel mainly affects the over-10m vessels, but the under-10m vessels are experiencing problems in relation to quota. It is clear that there is an imbalance in parts of the under-10m fleet between the quota available and the capacity of vessels accessing quota. That has arisen for a number of reasons. In some areas there is insufficient quota for the number of vessels that wish to target available species, while in other areas there is sufficient quota but a small number of high-catching vessels exhaust it, leaving little or nothing for the remaining fleet.

My hon. Friend the Member for Hastings and Rye is a champion for his community. I know Paul Joy well and I have welcomed the National Under Ten Metre Fishermen's Association, having met its representatives on a number of occasions. My hon. Friend rightly emphasises the importance of heritage and tradition for Hastings and Rye. However, he will appreciate that a number of vessels are catching a disproportionately high amount of the quota. I want to tackle that problem in my consultation.

The Marine and Fisheries Agency has successfully obtained swaps for the under-10m fleet. The right hon. Member for Berwick-upon-Tweed mentioned North sea whiting and cod quotas. There have been gifts of whiting quota—50 tonnes—which is helping his fishermen, and there is assistance on nephrops as well, which I worked with the MFA to bring them. The quota available for whiting is small. That is borne out by the increase in rental costs, which stood at £50 a tonne last year and are now £350 a tonne. We have made mackerel quota available as well. Additional quota has also been obtained through economic links. That mechanism will allow vessels operated by companies based in other member states to satisfy the criteria linking them to the UK. One way of doing that is for vessels to agree to donate quota to the under-10m pool. I have been working on that with the producer organisations over the past year, getting them to donate more regularly. That work is bearing fruit.

Although there are no easy answers or solutions, given the difficulties with quota available to the under-10 m fleet, I will be consulting shortly. What I am consulting on will not be new to the industry; I discussed my proposals with the industry in February and briefed a number of hon. Members on them. The object of the consultation is to ensure that as many fishermen as possible can access the pool viably and legally and in a place that has its foundations in the introduction of other measures that will put the industry on a firmer footing. In February, I said that I would run a decommissioning scheme to help under-10m vessels to leave the industry, freeing up quota for the remaining vessels. I am also setting up an access to fisheries taskforce with an independent chair. That group will have strong stakeholder membership, which will help to deliver practicable solutions on quota management and vessel licensing to ensure the industry's long term future. Those measures will represent an investment of £4.6 million.

I should also like to mention the important environmentally responsible fishing research pilot, the aim of which is to quantify all the components of the environmental footprint of commercial fishing vessels and charter angling boats targeting fin fish in inshore waters off England. Thirty vessels are taking part in the project, nine of which are in the north-east. The pilot will collect data across a range of indicators associated with the fishing operation, marketing and ancillary services. That information will fill key gaps in the evidence base for these activities, particularly on defining an acceptable impact of producing and consuming fish; on ensuring fishing activity contributes to local communities; on optimising economic returns from fish stocks; and on access to fish stocks by commercial and recreational users.

For the first year, the 30 vessels in the pilot scheme will be able to keep what they catch and will operate outside the quota system. We have permission for that from the Commission because it is a fisheries science partnership scheme. The pilot is costing us money: we are putting in the vessel monitoring systems. At the end of that year we will consider continuing for a further year. Then, we can properly assess what the under-10m fleet catches and, on that basis, discuss with the fishermen and the Commission how to proceed.

It is important to recognise that we have not seen the decommissioning in the under-10m fleet that we have seen in the over-10m fleet. I have to consider how many vessels there are versus how many fish they can catch, and I will have to consider making tough decisions on that after the consultation. I am putting in money for decommissioning and for the fisheries science partnership, and I will have to take some difficult decisions.

Sir Alan Beith: How are vessels chosen to participate in the pilot scheme—I am thinking particularly of fishermen working on under-10m vessels—and will its results generate any kind of basis for quota entitlement, which was previously said to be lacking because of the lack of historical data?

Jonathan Shaw: My colleagues in the Marine and Fisheries Agency identified 30 vessels in the English fleet that applied. Those are spread around the coastline and nine of them are in the north-east, mainly operating out of Hartlepool.

[Jonathan Shaw]

I do not have a great deal of time left, so I will answer the right hon. Gentleman's point about the Hague preference. No, I did not give all that quota to the under-10m fleet. There are pressures on the over-10m fleet as well and other difficulties, but there has been some increase for whiting.

The right hon. Gentleman mentioned the Northumberland and North Eastern sea fisheries committees. There are 12 sea fisheries committees at the moment and we want to see a reduction. They agree that there can be a reduction and some savings, but where the amalgamations take place will be a difficult matter.

My hon. Friend the Member for Great Grimsby (Mr. Mitchell) said that he wanted assistance to be given in a number of areas, including electronic logbooks. I have announced that over-40m vessels will receive financial support for electronic logbooks from next year; such vessels will be the first to receive such support. I am also discussing light dues with the Department for Transport. My hon. Friend also asked people to eat more fish. The good news is that red gurnard was on the menu in one of the House of Commons restaurants last night. It is important to recognise that we need to encourage people to eat non-pressured stocks. That is beginning to happen, but more needs to be done.

The hon. Member for Leominster mentioned the quota management change programme, which he will know was halted because the Administration in Scotland no longer wanted to co-operate. We have to co-operate. I am pleased that the hon. Gentleman supports the 2027 vision that we published last year.

The Government want under-10m fleets to continue, because of their importance to the cultural heritage of the communities in which they operate. We are putting in more than £4 million. I will make some difficult decisions. The fisheries science partnerships, for which the under-10m industry has asked for many years, are now in place, because although that industry does not have the same pressures in relation to fuel as the over-10m fleet, it suffers from a lack of quota. On the industry's sustainability, we need to understand that, if we are to get additional quotas or operate outside them we need to make the case based on science and with the co-operation of the Commission.

Local Government (Norfolk)

11 am

Mr. Keith Simpson (Mid-Norfolk) (Con): It is a pleasure, Mr. Weir, to speak under your chairmanship.

Fortuitously, I obtained this short debate two days after the boundary committee published its draft proposals for local government unitary authorities in Devon, Norfolk and Suffolk. The Minister for Local Government has written to all MPs in those areas to stress the independence of the boundary committee and to say that

"there is at this stage in the process no role for government."

I hope to put some arguments in this short debate to show that the Government have a crucial role, and I hope that the Under-Secretary will listen to some of my points and reply to my questions. If he is unable to do so today, perhaps he will write to me.

The purpose of my debate is to put down several important markers for the Government about the way in which the reorganisation is being conducted in Norfolk: the failure to provide any credible costings and the lack of local democratic accountability. Those markers are for the Under-Secretary, who will have to make a final decision in about seven months and for the National Audit Office, which may want to consider the financial and costing aspects at some stage. I see a civil servant frowning at that. He may live to rue the day that he made such an offstage facial expression. I hope that he has not had a bonus under the civil service bonus scheme. It is not a laughing matter for my constituents, and it might not be a laughing matter for the Public Accounts Committee. If matters reach judicial review, some of my questions might be useful at the audit level.

The Government have been preparing to push through proposals for unitary authorities for nearly two years. Like many Members of Parliament of all parties in Norfolk, I have been sceptical about the motives and whether better services and delivery would be provided for my constituents. Norfolk's track record on consistency and transparency has not been good. In the autumn of 2007, the boundary committee led us to believe that, when it was eventually given ministerial guidance, which it did not have at the time, the status quo—two levels of authority—would be excluded and that there would be no cross-county border options. Indeed, the chairman of the boundary committee told the BBC's "Politics Show East" on 26 October 2007 that he was not in favour of cross-border options, such as Yartoft—a combination of Yarmouth and Lowestoft—

"because once you start crossing county boundaries then it brings a much wider pattern of local government into place and that can be quite difficult".

I initiated a debate on local government reorganisation in Norfolk on 20 November 2007 to express my concerns, particularly the problems associated with the Norwich unitary proposal, which seems to have driven the thinking behind the Secretary of State's original proposals. Eventually, on 6 February 2008, the Minister for Local Government issued his guidance for the boundary committee, which stated, interestingly, that the Ipswich and Norwich unitary options were the trigger for the review, but at the last moment, somewhat to his surprise, the boundary committee was told that it would have to

consider the Yartoft option. In other words, it would have to cross county borders, which the boundary committee had specifically excluded until then.

Over the past five months, the boundary committee has invited the district, city and county councils to come forward with unitary options. They did so, but most of them did so under sufferance, as most of them preferred the status quo. Only one district council—Broadland—did not come forward, because it believed that the status quo was the preferred option.

On 7 July, two days ago, the boundary committee proposed a single, unitary authority for the whole of Norfolk, including Lowestoft taken from Suffolk. The boundary committee said that the draft proposal would

"likely achieve the outcomes on which the government has asked for advice (affordability; value for money services; neighbourhood empowerment and engagement; broad cross section of support; and strategic leadership)".

Dr. Ian Gibson (Norwich, North) (Lab): Is the hon. Gentleman astonished that both Norwich city council and Broadland district council—on which we collaborate in our constituency work—would be blown out of the water by the scheme? Both councils have proud records, and we do not know what would happen to all the services and the people who work for those services.

Mr. Simpson: The hon. Gentleman makes a good point, and I shall return to it in a moment. Our constituents, in particular, will measure the options against the criteria that the Government laid down. I shall return to those criteria.

The boundary committee also saw what it called merit in two other options. The wedge option would, bizarrely, divide Norfolk with a line north-south from Sheringham to Diss. Everything to the east—Norwich, Great Yarmouth, Lowestoft and their hinterland—would be in one unitary authority. The rump Norfolk to the west—King's Lynn and everywhere else—would be in the other unitary authority. The so-called doughnut—greater Norwich—would be a single unitary authority with the rest of Norfolk as a second unitary authority.

From the start of this exercise, I have been open about being a status quo man on the grounds that if it ain't broke, don't fix it. That opinion has been reinforced over the past nine months, and particularly over the past 48 hours by the boundary committee's proposals. So far, the reaction of the majority of MPs and local councillors to those proposals has been sceptical or downright hostile. The hon. Members for Great Yarmouth (Mr. Wright) and for Waveney (Mr. Blizzard) were still in favour of the wedge on the grounds that that might be a chance for Yartoft to come about.

This is not just a matter of vested interests. There is genuine concern about whether any of the options will produce better local government for our constituents, with value for money. I do not believe that they will. I understand that the boundary committee's preferred option of a single large unitary authority flies in the face of the Government's recommendations about the size of such authorities. It would have a population of about 700,000, and the Government have concluded that any unitary authority of more than 500,000 would start to decline in terms of efficiency and value for money. I cannot think of another similar model elsewhere in the United Kingdom that is producing efficiency and value for money.

On affordability and value-for-money services, all the councils have spent several million pounds to participate in this exercise. So confident was Norwich city council in its unitary bid that it appointed a director of transformation at £90,000 a year and introduced a transformation scheme, costing another £300,000. A couple of post offices in Norwich could probably have been kept open with that.

My problem is that the boundary committee has admitted that it did not undertake any costings when considering all the options submitted. Those costings will be done only now, and will involve the three options. That is bizarre. No other area in the public or private sector would undertake that. The Ministry of Defence would not have a competition that involved eight or nine companies and put forward two preferred options, and then cost them. No private business would do that. That is a ministerial responsibility, and the Government will be held to account for it. It also flies in the face of the advice that the Government have laid down. For example, among many of the things that the Government have laid down to constrain affordability, they are clear that all costs incurred as a result of reorganisation must be met locally, without increasing council tax. How can the boundary committee at this stage have any idea whether council tax will be increased? There are other issues that I will not go into, but on affordability, the proposals seem to fall at the first fence.

There is also the matter of value-for-money services. The Government's riding instructions that they gave to the boundary committee state:

"a new structure should deliver services characterised by: value for money, offering public services that are efficient, effective and joined up".

Sadly, just in relation to one of the options, we know that Norwich city council has not had its accounts signed off by the Audit Commission for the third year running. Surely, on that criterion alone, the council should be ruled out of any unitary authority submission. I am amazed that the boundary committee is putting forward such a proposal, as I would have thought that both the Audit Commission and any judicial review would take that into account. The Under-Secretary will know about the history of local government reorganisation.

Mr. Richard Bacon (South Norfolk) (Con): My hon. Friend is right about affordability and value for money. Has he considered the question of administrative efficiency? Instead of the current situation, if the proposal goes through, our neighbours just below us in Suffolk will have three councils trying to deal with one problem common to all of them: coastal protection.

Mr. Simpson: As a member of the Public Accounts Committee, my hon. Friend makes a good point. Numerous other examples such as the one that he has given show how councils throughout Norfolk will be affected. Who will pay for the extra costs that will undoubtedly ensue—the taxpayer? We already know that a £25 million black hole has been revealed in the budget forecast for the Northumberland unitary council. That is in just one area. We have no idea what might occur in Norfolk. We have no answers to a whole raft of questions, and there is no way of making an assessment. I would be interested to know the Minister's view on that.

[Mr. Keith Simpson]

A further point that I wish to raise is that of democratic accountability. From the beginning of the exercise, it was obvious that there is only limited enthusiasm for unitary authorities. With support from the Liberals and Greens, the Labour party in Norwich—not every member of the Labour party or every Labour Member of Parliament for Norwich—pressed hard for a unitary Norwich, preferably with enlarged boundaries. The Labour party in Yarmouth and Lowestoft pressed for a Yartoft solution, but the rest of Norfolk was either hostile or indifferent.

The boundary committee has made it clear that it is not into taking direct account of public opinion; instead, it talks of taking account of the opinion of stakeholders. The problem is that, in narrow political terms, the unitary authority has been rejected in the Norwich area. Labour councillors lost their seats on that issue in May 2007 and in May this year. Indeed, in Yarmouth, the Labour group leader, who is the most fervent advocate of the Yartoft solution, lost his seat as well. That is democratic accountability in the raw, rather than theoretical accountability. Those were real elections, and those of us who are elected representatives know that they are the biggest attention grabbers of all.

We have no way to assess local opinion, and that is wrong. Certainly, the view of local councillors and MPs should be publicly assessed and contested. There would be some merit in having a referendum on all the proposals across Norfolk, rather than just on the three that have been put forward. Our constituents should have their views and opinions taken into account. We are always talking about the democratic deficit, but the boundary committee's way of carrying out the exercise is the worst kind of establishment quango methodology, and it has rightly enraged local opinion.

It is totally unacceptable for any of the boundary committee proposals to go forward and for one of them to be selected by the Government on the basis of their own criteria or a party political criterion that none of us knows about. I should add that the Government's own democratic mandate must be in a pretty poor state at present if they have to force through something that the majority of public opinion in Norfolk will perhaps not accept.

I suggest to the Under-Secretary that he halts the boundary committee inquiry, because it is flawed in its terms of reference, in its ability to provide realistic costings and in the fact that there is a democratic deficit. The Norfolk single unitary authority, with its proposal for five local areas and 21 community partnership boards—what wonderful management speak—sounds like quangoism gone mad. If that option were to go forward, given the democratic deficit, I can well imagine that, in two or three years' time, a future Government or council will come up with the idea that between the parish councils and county council there ought to be another layer of government just for the sake of purpose—not in areas but in what should be called districts. We would then end up resurrecting the current districts and two-tier system of government that, so far, has suited Norfolk exceptionally well. The Under-Secretary has a responsibility in relation to this. My colleagues and I have raised fundamental issues, and I urge him to take action now to restore confidence in government in Norfolk.

11.15 am

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Parmjit Dhanda): It is a great pleasure to serve under your chairmanship, Mr. Weir. I congratulate the hon. Member for Mid-Norfolk (Mr. Simpson) on securing the debate. This is not the first such debate on reorganisation that I have responded to.

The hon. Gentleman made some interesting points about local support for the schemes and what has been proposed by the boundary committee in Norfolk. I will not go into the detail of what has or has not been put forward because that has to follow a process. As he said, three proposals have been put forward—a favoured proposal and two alternatives—which will be consulted upon over the next 12 weeks. Full consideration must be given to those proposals and I am sure that all hon. Members here today will get their views across.

As hon. Members are aware, the boundary committee will report to the Government and we will consider that from the end of December and make our decisions in January. I do not want to cut across that process in any way, and I am afraid I will have to disappoint the hon. Gentleman by saying that I will not be calling for that process to be stopped or halted in any way.

I shall speak about why the process exists and why unitaries are making a difference where they exist. I hope that the hon. Gentleman and other local stakeholders will make sure that their voices are heard during the consultation process in the coming weeks. In relation to support, I note that even today—just this morning—there was the following quote in the local media in Norfolk:

"There is compelling national evidence for unitary authorities and in the medium to long-term, should the unitary authorities proposals come to fruition it would be of great benefit to all of our patients."

That was a comment by Julie Garbutt, chief executive officer for the NHS in Norfolk. Peter Barry, president of the Norfolk Chamber of Commerce, has said:

"The Chamber is clear that it needs local government reform to provide the least level of bureaucracy, the least cost of administration, and facilitate the conducting of business across the region".

He went on to say that to do so it must

"be able to attract both public and private sector investment for growth, it must enable a Norfolk wide lobby to improve skills, transport, technology, social infrastructure and the environment, lastly it must be capable of delivering a smooth transition from the current model to that proposed."

Mr. Bacon: Will the Minister give way?

Mr. Dhanda: In a moment. There is one more quote that I am sure the hon. Gentleman is eager to hear. It is from his chief constable, Ian McPherson, who said:

"The more straight-forward we can make the delivery of public services to the people of Norfolk the better, ie, through a single administrative tier."

Mr. Bacon: I, too, am familiar with that quote. Julie Garbutt, Peter Barry and the chief constable are fine public servants, but none of them is elected. The right hon. Member for Norwich, South (Mr. Clarke), a member of the Minister's own party and a former Cabinet Minister, is elected. He called the proposal for unitary stupid. Furthermore, Ian McPherson, the chief constable, said

"There are significant issues if Lowestoft was to be policed by Norfolk".

Mr. Dhanda: The hon. Gentleman is talking about one specific proposal. As he is aware, more than one proposal is being considered, although there is a favoured option from the boundary committee. I am sure that during the process, hon. Members will make further proposals. He is right to say that not everyone is totally satisfied.

The hon. Member for Mid-Norfolk does not believe that there will be any savings. I think that he has been quoted as saying that he thinks that such a move could cost local constituents £100 million. I am a Member of Parliament in Gloucestershire, where there is two-tier local government, and his area is not dissimilar to mine. I am sure hon. Members will accept that some confusion is caused among constituents by having one authority responsible for roads and another responsible for the humps on those roads, and by having one authority responsible for pavements and another responsible for the shrubbery on those pavements.

I have known that to cause some confusion among local councillors who serve on the authorities. I have even known the question of which authority is responsible for which powers to cause confusion among Members of Parliament, not least in debates in this Chamber. I do not think that anyone would seriously suggest in this day and age that no savings can be made by bringing those powers together.

Dr. Gibson: My hon. Friend the Minister might not know the answer to this question immediately. Do boundary committee recommendations ever get turned over at a later stage in the process? Is there a record of that?

Mr. Dhanda: As I said, I will not prejudge what the boundary committee will come up with after its consultative process. It will make its recommendations, which will have to be considered by my right hon. Friend the Secretary of State before being considered by the House. There is a democratic process that has to take place, and rightly so.

The hon. Member for Mid-Norfolk has spoken about a figure of £100 million. I understand that the combined one-off transitional costs for the seven areas that will undergo such transitions—Bedfordshire, Cheshire, Cornwall, Durham, Northumberland, Shropshire and Wiltshire—will be £138 million, so I have to disagree with the suggested figure of £100 million. I do not think that that is realistic. Those seven authorities anticipate annual savings of about £100 million.

A short time ago, I responded to a debate in this Chamber initiated by the hon. Member for Shrewsbury and Atcham (Daniel Kawczynski). The plans for and the change to a unitary Shropshire authority have been led by local Conservative councillors. They have been at the vanguard of those proposals because they believe that they will result in annual savings of about £14 million to their local electors.

Mr. Simpson: Will the Minister come back to the central point? Whether or not one agrees with the boundary committee is not the question. Whether or not it is supported by members of the Conservative, Labour or Liberal parties is not the question. Having declined to put forward perhaps eight or nine other proposals, how can it put forward for consideration three proposals for which it has done no costings whatever? From what I understand from my right hon. Friend Lord MacGregor, a former Treasury Minister, and from our questioning of the boundary committee on the issue, the costings will be undertaken by a private outside firm. That is not done in any other area of private practice or Government.

Mr. Dhanda: It is difficult for people to make costings when there is a plethora of proposals before them. The costings need to come now, when there are one, two or three serious options to consider. That is the appropriate time. To say that we cannot anticipate savings when there are currently two tiers of local authorities is not a realistic position. That is where the hon. Member for Mid-Norfolk and I probably disagree, but I will go into more detail on costings in a moment.

I will try to respond to as many as possible of the points that have been raised. There is no rôle for Government at this stage in the boundary committee's process. We have to go through the consultative process. Hon. Members are aware of the independence of the boundary committee. I am sure they will appreciate that at this time I cannot comment specifically on the draft proposals, although one point that has been made by hon. Members is about how the cross-border proposition came about. I can only assume that because two Members of Parliament who are also serious stakeholders in the process have been making such proposals, they have been considered during the process. *[Interruption.]* That is only an assumption on my part. It was the hon. Member for Mid-Norfolk himself who said that two local Members of Parliament wanted to see a cross-border relationship.

On cost, we heard the figure of £100 million from the hon. Member for Mid-Norfolk. Perhaps his views on that need to be fleshed out in greater detail in the course of the debate over the next 12 weeks. *[Interruption.]* If I am mistaken and the hon. Gentleman did not refer to £100 million in costs, I apologise to him. I do not see such a figure as being based in reality.

It is for the boundary committee to judge the affordability of any proposals for Norfolk. The committee has clearly stated that it has not sought at this stage to assess the affordability of its draft proposals, not least because of the resource cost to local authorities of providing the necessary financial information in relation to the large number of unitary patterns that were put forward during stage 1 of the process. It is difficult to do that when there are almost as many sets of propositions as there are Members of Parliament, and councillors who have their own views, too.

Mr. Simpson: The Minister is generous in taking interventions. The Government set down some instructions and criteria for the boundary committee to work to. If it is not working to those, or it cannot explain how it came to its conclusions, what are we to think? When we met the boundary committee, it could not even define strategic leadership. Like pronouncements from the Pope, do these things just emerge? What are the criteria? That is what I am trying to get at.

Mr. Dhanda: I was not at the meeting with the hon. Gentleman and I do not want to do the boundary committee's job for it. He makes a good point about

[Mr. Dhanda]

being able to demonstrate the savings. That will be part of the committee's role. It will need to do that, and now that it has narrowed the possibilities down to a favoured option and other variants to look at, it will have the opportunity to do so.

I assure hon. Members that all costs incurred as a result of reorganisation must be met locally without increasing council tax. That is an important point to make to reassure our electors. The request for advice clearly states that any change to a unitary structure should deliver value for money and be self-financing, so transitional costs overall must be more than offset by savings over a period—the payback period—of no more than five years.

We heard that there is a democratic deficit, as no one in Norfolk wants unitary authorities. Again, we have been clear on that issue. No proposals for unitary local government will be implemented unless there is a broad cross-section of support. Perhaps that will not be to the tune that the hon. Member for Mid-Norfolk would like. We recognise that a change to a unitary structure might not carry consensus from or within all sectors. That's life, unfortunately.

The hon. Member for South Norfolk (Mr. Bacon) has taken part in debates in this Chamber in which we discussed issues such as fire control. We may not have across-the-board agreement on such issues, but sometimes it is important to make changes where there is good support across the board. I mentioned the views of the local health service, the chief constable of Norfolk and others, and hon. Members agreed about the importance of those views in the debate that will take place. The chief constable has made his view clear, as have the East of England strategic health authority, the Norfolk Coalition of Disabled People, and Crossroads, an organisation that delivers personal care to enable carers in Norfolk to have a regular break.

It is not my role during the debate to say that a particular proposal should be accepted. I genuinely hope that all Members of Parliament will be involved in a constructive debate during the consultation process over the next 12 weeks. When the boundary committee has had the opportunity to consider what all hon. Members, their constituents and other stakeholders have had to say, I am sure there will be a positive set of proposals for the Secretary of State to consider at the end of the year, and I am sure the debate will go on, not least in this place. It is appropriate for hon. Members to have their say, but I hope I have got across the message that that needs to be done in a balanced way—

Mr. Mike Weir (in the Chair): Order. We have run out of time.

11.30 am

Sitting suspended.

Severn Barrage

2.30 pm

Mr. David Drew (Stroud) (Lab/Co-op): I am delighted to have the opportunity to debate the economic costs of the Severn barrage. I am delighted also to have secured a debate of an hour and a half. I hope that all right hon. and hon. Members have the chance to speak.

The topic was carefully chosen. I do not want to discuss the biodiversity impact; that has been debated both here and in the other place. The Westminster Hall debate was instigated by the hon. Member for Northavon (Steve Webb), and there was a debate in the other place in December. I want to concentrate on the costs.

I bring to the attention of the House a report—the Minister knows of it—by Frontier Economics, which is a wonderful name for such an organisation. The report was commissioned by eight non-governmental organisations that are opposed to the barrage. I shall speak a little about some aspects of that report. I know that some hon. Members will want to talk about other matters.

I am delighted to see my hon. Friend the Member for Bristol, North-West (Dr. Naysmith) in his place. If my hon. Friend catches your eye, Mr. Weir, he may want to tell us about the views of the port of Bristol and the impact of the barrier on that important organisation, which will save me the effort.

I hope that this will be the third of my recent successes—I like to help the Government whenever I can. The Minister was gracious enough to find time to allow the Climate Change and Sustainable Energy Act 2006 (Sources of Energy and Technologies) Order 2008 through last week. That order will allow ground source pumps to be part of the panoply of wonderful microgeneration activities that are now possible, and I am eternally grateful to him for that. I am also grateful to the Department for Communities and Local Government team, which listened to my pleas for community land trusts to be included in the Housing and Regeneration Bill. I am now going for a hat trick. The Minister will hear me appealing for changes to be made in the way in which we consider the barrage. I hope to move the debate forward. However, I am aware that others want to speak, so I shall not take too long.

In my part of the world, the barrage is controversial. Of all its possible effects, my constituency will probably face the greatest impact. We have a port—the wonderful port of Sharpness. I suspect that it would not survive, even if the great port of Bristol does, because of where the barrage is likely to built—if it is to be built. Even if it were built upstream, the barrage would still have an impact on Sharpness.

We also have the wonderful facility of Slimbridge, home of the Wildfowl and Wetlands Trust. Although I do not want to discuss biodiversity, one cannot help seeing the downside of the probable impact of the barrage. I know that we have said that there are likely to be advantages as well as disadvantages, but we will not be able to recreate those wetlands. Tomorrow I shall be taking a canoe trip on the wetlands. That is completely irrelevant, except for the fact that I might come back if I am supportive of the wetlands; that would be better than being tipped out if I were to make horrible comments in support of the barrage.

We know the background. We have to do some big things to combat the threat of climate change. Whether we include in the Climate Change Bill an emissions reduction target of 60 per cent., or, as I hope, 80 per cent., we have to do those things at the very latest by 2050. We are therefore looking for a change in policy.

The Government are right to consider the various factors that need to be dealt with, including the entire range of renewables. I am always ready to argue the case for the regeneration of the nuclear industry. It is good to see the hon. Member for Bridgwater (Mr. Liddell-Grainger) in his place; he is a kindred spirit in that regard. We must regenerate at least the amount of electricity that we currently produce from nuclear power. As someone who has seen the Berkeley power station live and die, I recognise that nuclear has a part to play. That is not the subject of today's debate, but it acts as a backdrop to what we should be considering, and affects how we can stack up the figures.

With the best will in the world, what is proposed is enormous. There are two main barrage proposals, the Weston to Cardiff and the Shoots barrages, and a number of alternatives. Even the more minimalist barrages will be huge projects. Huge capital expenditure will be involved, and they will give rise to huge obligations in terms of the amount of electricity that will have to be produced to get the right payback.

I do not have fears about that, although I tend to be an incrementalist. I believe that small is beautiful. However, there are times when we have to go for big solutions, as with the re-harnessing of nuclear power. I look back to my epiphany on this issue, which was the 1989 report. Sadly, I read it, but I cannot recall much of it. However, it was good. It was not like the latest report.

In researching for today's debate I have looked at the papers that accompany it, and earlier investigations took place as far back as the early part of the 20th century, so the idea is nothing new. We have considered the possibility of a barrage many times. However, the 1989 report taught me two things. First, we were talking then about something that was impossible—it was make-believe—because energy prices then would not have allowed us to recover the construction costs.

I remember that the only way to bridge that financial gap would have been to build massive housing developments further up the vale. Thank you very much, we get 50,000 extra houses. Of course we need houses, and we need them in ever greater numbers in some parts of the country, but it was hardly an acceptable aspect of that proposal for houses to be built in order to get the barrage in order to get cheaper electricity. Of course, if we had built the barrage we might now be thinking slightly differently.

The biodiversity issue, which will always be at the back of people's minds, keeps returning. The Severn is a very special water course. I would argue that it is the most important in Europe. It has the second highest tidal range, which is what makes it a good prospect for generating electricity, but the flora and fauna of the estuary is so important that we tinker—dare I say tamper—with it at our risk and with considerable concern.

I have been leading up to the Sustainable Development Commission report. It makes an interesting analysis, which will inform the later study. We are led to believe that it will take two years, but perhaps the Minister will tell us more about the schedule. I do not say that we should scrap that investigation, but I want to change its nature. I want it to put far more emphasis on alternatives to the barrage. However, the Government would look rather silly if they were suddenly to do a volte-face and say that they do not want an investigation.

I would like to know more about gaining access to the team, and how we might work with it. Those of us who do not want a barrage will want to ensure that we are able to make representations. At this stage, however, I am not saying that it would be wrong for the investigation to go ahead, because even though we had an investigation some 20 years ago, the figures need to be updated, and new techniques and new approaches ought to be considered.

Although the details were wrong, the SDC report included some interesting work on alternatives, as well as an examination of the implications of the barrage. It was long on words and short on recommendations, which is why the Government had to set up their own feasibility study, which will go into much greater detail on technical necessities, finance and biodiversity, which is always the backcloth.

To move away from the pure biodiversity arguments, the NGOs—including the Royal Society for the Protection of Birds, the Slimbridge Wildlife and Wetlands Trust, the WWF and the National Trust, which are all reputable—commissioned the Frontier Economics report. Frontier Economics was asked to address the relatively narrow question of the justification for the barrage. In particular, it was asked to examine two questions regarding whether any justification could be contextualised within the current debate on the feasibility study. First, it looked at the Government's role, and asked how they could or whether they should instigate such a project. Secondly, it looked at the costs of the project—we are talking about the economics of the Severn barrage—in relation to the alternatives and other forms of energy production. The study was not simply a sterile, limited analysis of the barrage versus other uses of the Severn, but asked whether we could find other ways to generate electricity.

It is important to separate the Government's role of worrying about climate change and altering people's mindset, and their role of driving the project forward. Of course—this will come as no surprise—Frontier Economics sees the Government's role as crucial, saying that there can be no barrage unless the Government sign up to it wholeheartedly. However, there is a subsidiary question: to what degree must the Government consider whether they are doing the right thing at the right time? This is the premise of my argument: I do not want to leave the Severn alone, and I do not believe that the Severn is anything other than a wonderful opportunity for the generation of energy, but I have a big thing about the barrage. I do not see it as the solution, especially because I want much more activity and proactivity immediately.

I can offer the Minister an opportunity. There is a wonderful way to pull all the different threads together—we could look at the different possibilities on the Severn at the moment, which include using smaller-scale technologies on the river, lagoons, booms, river streams and underwater turbines. To pull those different technologies together, we need a location, to get synergy between companies. I have a wonderful location in mind—the old Berkeley nuclear laboratory site. Myself and others discovered

[Mr. David Drew]

that it is currently in splendid isolation and that the laboratory is all but gone. We looked at the idea of a renewable energy park, but, sadly, that has not yet got off the ground.

The site would be an ideal location for the kind of industries and firms that could generate alternative energies on the Severn. The offer is genuine and those things could happen now. We would have to talk to our colleagues in the Nuclear Decommissioning Authority, but the Government can talk to themselves sometimes, even within the same Department, so we could make some progress on that. That is the offer. Will the Minister say whether that will be considered as part of the feasibility study? We cannot expect companies to operate virtually—we need locations and facilities in which they can work together. That could and should be happening.

We can look at the cost of the barrage in two ways. Clearly, we are simply staggered by the sort of figures that are thrown about for the initial, construction costs. The lowest estimate that I have seen is about £14 billion, but I gather that a figure of £23 billion has been introduced by Halcrow, which was commissioned by the Institution of Civil Engineers. That is pretty big money, and it would have to be justified. We must ask not only whether the project is technically possible and whether the money can be found in such difficult times for the building industry, because it would need to be properly funded—perhaps the building industry is looking for such a project at the moment—but whether there is a payback.

All the evidence shows that the barrage is a very expensive project. I am told—this is reinforced by the Frontier Economics study—that electricity will be produced at about twice the cost of solar energy, which is the most expensive renewable option. It does not compare at all with the nuclear option, which should be used as a benchmark. The barrage could be a very expensive form of electricity generation. I hope that we will get some definitive evidence on that, which is why I do not want to destroy the feasibility study, but to push it in the direction in which I think it should be going. There is a big question mark against the cost, which will be the kernel of the argument on whether we should push on with the project.

Like other hon. Members in the Chamber, I have been approached and lobbied by a variety of organisations, including the Bristol Port Company, Natural England—as the Government's experts on the environment, it has considerable worries about biodiversity in relation to the project—and the different NGOs, representatives of which I have met individually and collectively. The Bristol Port Company said that, even at this stage, it has had no assurances or guarantees that ships will get through easily even if we go for the larger barrage between Weston and Cardiff. I am sure that my hon. Friend the Member for Bristol, North-West (Dr. Naysmith) will talk about this, so I shall not go into any great detail, but the company is about to launch a huge investment project. It welcomes the barrage like a hole in the head, because it casts doubt on whether it can make Bristol a deep port. The terminal is probably the most important gateway to the country—much more important than any on the east coast—because it is not only close to the Bristol hinterland, but offers a rapid route to Birmingham.

I shall take no hostages to fortune on the issue. We should not look at the barrage as a barrage. We should look at alternatives and push the feasibility study in that direction, and recognise that the biodiversity costs are too great. We have a useful account from Frontier Economics, which I hope will feed into the process. We cannot avoid our responsibilities, however, and we have to do something; it is just that I would prefer to do something now. I am happy to work with other hon. Members, the Minister—obviously—all those companies that we want to generate electricity along the Severn and NGOs prepared to work with anyone provided that the threat of a barrage does not hang over them and the Severn itself. That is the offer, and I hope that the Minister will make some clear statements about how we can engage with the feasibility study team to ensure that there is a balance and to counter the belief that this is a done deal.

Some of the statements from the Secretary of State for Business, Enterprise and Regulatory Reform have intimated at the fact that we have to do something. The target of 4 per cent. plus of electricity generation is too good an opportunity to turn down, but I hope that we approach the problem with an open mind, because we could be producing more electricity sooner and at a lower cost than would be the case with the barrage.

I look forward to engaging on this matter, and I hope that the Minister will say how that can be done. I also look forward to hearing what other hon. Members have to say. I promised to mention my other kindred spirit, the hon. Member for Salisbury (Robert Key). On this matter, he and I are one—or rather we are twins. Like me, he feels that the barrage is not a good idea. He would have liked to have been here, but he is chairing a Committee somewhere else. However, if he were here, he would be arguing very strongly in support of my case.

2.51 pm

John Penrose (Weston-super-Mare) (Con): I congratulate the hon. Member for Stroud (Mr. Drew) on securing this important debate and on the very fair way in which he set out much of the background to the issues that we are here to debate. I disagree with him on two points only—one small and the other slightly more substantive.

The small one is this: the hon. Gentleman said that his constituency is likely to be the most affected if the barrage is built, but I suspect that many would take issue with that. I am sure that his constituency will be greatly affected, but speaking as the Member for Weston-super-Mare, I can tell him that if the Weston to Cardiff barrage is built, a hulking piece of civil engineering will come ashore on the border between my constituency and that of my right hon. Friend the Member for Wells (Mr. Heathcoat-Amory). That could have a dramatic impact not just on biodiversity, but on the economy of a seaside town such as Weston-super-Mare. I am sure that we all agree that there is a great deal to play for—the potential impacts are both positive and negative, economic and environmental. It is essential that we appreciate that the stakes riding on this decision are incredibly high, and that it is therefore vital that the correct decision is made.

I respectfully disagree with the hon. Member for Stroud on a second, slightly more substantive point. He said very clearly that he starts from a position of feeling that the barrage is wrong. I, on the other hand, think it imperative that we find substantial sources of renewable energy in this country, and it is clear that the Severn estuary and the Bristol channel constitute one of the largest potential sources of renewable energy in Britain. However, I would like to keep my powder dry and wait until the Government's two-year feasibility study has been concluded before deciding which of the potential technologies for harnessing that power would be best.

I think that the Government were right to realise that much of the work done up until now, by previous generations, on both the economics of the Severn barrage and the environmental impacts—let us not forget that the latter have very severe knock-on economic effects—is now out of date. That is partly because, as the hon. Gentleman said, construction techniques have changed and construction prices have altered out of all recognition, as we can all understand. Furthermore, our understanding of the engineering and environmental challenges surrounding the Severn estuary have also moved on dramatically.

Clearly it is right and sensible of the Government to say that, before rushing to judgment, we need a modern, up-to-date and scientifically and economically robust analysis of the different technological alternatives to harnessing the power of the Severn. It is vital that we get this right and take the time to evaluate the pros and cons of the different options, because the stakes are so high and because not only our children and grandchildren, but their grandchildren and future generations will be living with the consequences of the decision that the Government take at the end of the feasibility study.

I start from a different position from the hon. Gentleman's, and think that the Government's approach is right. However, I press the Minister to give us a couple of reassurances. It is clear from many of the submissions, including the one from Frontier Economics, which the hon. Gentleman mentioned, that it is neither right nor good enough merely to consider the alternative means of harnessing the power of the Severn. I accept that we need to understand the implications of each of the alternatives, but having done that, we must put our conclusions into the context of the other available sources of renewable energy that could be created, given equal amounts of investment, elsewhere in the UK.

We all know that many other potential sources of renewable energy are available—from offshore and onshore wind to biomass, biogas and so on. If a great many better options are available away from the Severn estuary, it is not good enough to say, "This is the best option for the Severn estuary, so let's build it." If we have what I suspect will be a fixed pot of money—resources never match the ideas on which they could be spent—we must remain open to the possibility that the feasibility study might conclude that the barrage is the best option for the Severn estuary, but that plenty of other options are available elsewhere in Britain, all of which are better, and that therefore nothing should be done on the Severn. We must consider that for the sake of intellectual clarity and honesty with ourselves and our constituents.

As I have said, I am coming at this subject with the preconception that we need to harness the power of the Severn. However, in spite of that preconception, let me say for the sake of accuracy, clarity and logic, we owe it to ourselves and to future generations who will be living with the consequences of this decision to ensure that we can look people straight in the eye and say, "We made the comparison not just in the Severn, but more widely." I hope that the Minister can give me that assurance when he gets to his feet.

I would like to press the Minister on section 2, article 5 of the proposed European directive on the promotion of the use of energy from renewable sources. He and I have corresponded on and debated the directive already, but so far our discussions have amounted to an exchange of views without conclusions. In case people do not have the directive as their bedtime reading—if they do, they will almost certainly have nodded off trying to get through it—I shall provide a brief summary. If adopted, it would effectively give the Government credit for energy generated from a very large renewable energy project, such as the Severn barrage, which would be put towards the Government's commitment to produce 15 per cent. of Britain's energy from renewable sources by 2020.

The Severn barrage, however, is almost the only project that could qualify under the proposed directive: none of the other proposals for harnessing the power of the Severn could qualify under the terms in which the directive is written. The credit would start from the moment that construction of the barrage began, which would be about 10 years before the first watt of renewable power energy flowed from it. However, given that that would apply only to the barrage, and not to the other potential sources of renewable energy from the Severn, it might create a slanted playing field and an obvious incentive for the Government to choose the barrage, even if it is not necessarily the best answer, because of this accounting trick that would allow the Government to put the power generated towards their adopted target early.

It is clearly not in the interests of the credibility of this Government or any democratically elected Government to be open to a charge of fiddling their figures or indulging in accounting trickery. There will be no solid basis for justifying what will be an incredibly difficult and important decision if everybody looks at it from day one through the prism of believing, "Well yes, they would choose the barrage, wouldn't they? They have this accounting trick, which predisposed them towards the barrage in a way that didn't apply to any of the other options." That would be an incredibly corrosive perception, which would undermine the validity of any decision that the Government took.

As I said, the Minister and I have discussed the matter and exchanged letters. Let me summarise the Minister's response thus far—he will correct me if he thinks that I am mis-stating his position. While looking at me in a slightly pained fashion, he says, "Perish the thought that Her Majesty's Government should ever take a decision on such a basis. That would clearly be wrong." Obviously, that is very reassuring, but I am afraid that it does not necessarily deal with the problem that I am describing, because it will not convince many people outside this place or solve the problem of corrosive doubt—the belief that the system is fundamentally slanted in favour of a barrage. Given the low esteem in which politicians of all parties are held in this country, it is in the interests of everybody, including the Government,

[John Penrose]

to ensure that justice is not only done, but seen to be done when Ministers take their decision.

I therefore ask the Minister when he replies to give me an assurance that the Government will seek either to change the directive so that it applies equally to the barrage and the other options that they are considering for the Severn estuary, or to ensure that it applies to none of them. It cannot apply only to one and not to the others. I am told that the directive is still in draft, and it is essential that no accusation of bias can possibly be made on this vital subject. I therefore hope that the Minister can reassure me of his good intentions.

3.2 pm

Dr. Doug Naysmith (Bristol, North-West) (Lab/Co-op): It is a pleasure to follow the hon. Member for Weston-super-Mare (John Penrose), who made some interesting points—particularly the last one about the EU directive, with which I fully agree.

I congratulate my hon. Friend the Member for Stroud (Mr. Drew) on securing this important debate, particularly given its focus on the economic aspects of the proposed Severn barrage, which are often downplayed. It is important to emphasise the economic aspects because building a barrage is understandably an attractive option at first sight. It seems to offer in one big leap an answer to many of the questions about how we meet our commitment to generate much more of our electricity from carbon-free sources. The Government have an obligation to help the EU reach its target of producing 20 per cent. of its energy from renewable sources by 2020. Although estimates for the proportion of the UK's energy that would be produced by the Severn barrage vary between 4 and 7 per cent., that would still go a long way towards meeting our target. When people throw in extra, often uncosted possibilities, such as new road and rail routes in addition to the barrage, the proposal becomes even more attractive.

It is not difficult to see why various proposals have regularly been suggested over the past 100 years or more and then dropped on economic grounds. The most recent large-scale assessment began in 1983, when the Severn tidal power group carried out an interim study; that was followed by another research programme, which reported in 1989. There followed five years of heated debate locally and nationally, in which I took part as the then chairman of the Port of Bristol authority. My task then, as now, was to remind people that an economic enterprise known as the port of Bristol underpinned thousands of jobs in an area far wider than just Bristol and that that enterprise would be markedly affected by a Severn barrage, particularly one that was constructed without locks of a size sufficient to accommodate large bulk-carrier ships.

In 1994, the then Government decided not to proceed with the proposal. In "Energy Paper 62", they stated that that was largely because the scheme was thought to be uneconomic following the privatisation of the electricity industry, and because the environmental consequences were too great. It was also thought that the development of tidal energy would be very capital intensive and that predicting the outcome would be very risky, and both of those problems still apply.

I shall concentrate mainly on the effects of building a barrage on the Severn downstream of the port of Bristol, probably between Lavernock point near Cardiff and Brean near Weston-super-Mare. It should be noted that I am talking not just about potential effects, but about current effects, in the sense that today's proposals introduce a note of uncertainty into development plans and therefore investment in the port, as my hon. Friend the Member for Stroud noted in his excellent speech.

Although I was either chairman or vice-chairman of the Port of Bristol authority between 1985 and 1991, when the port belonged to Bristol city council, I currently have no interest to declare in the port, other than as an honorary trustee of its pension scheme, which was put in place by the trade unions, by the way. In addition, the port system is partially located in my constituency, at Avonmouth, which also houses the headquarters of the private Bristol Port Company, which now owns and runs the port.

There can be little doubt that renewable energy sources are the way forward in terms of energy security and sustainability, and that the UK has vast wave, wind and tidal power resources at its disposal. I fully support research and development in those areas, as well as in alternative sites and different methods of capturing the strength of the tides in the Severn, such as lagoons. However, a project of this size, which has not been tried before, makes it essential that we first assess the full financial and environmental implications and costs.

In addition to concerns about the environmental and possible legal implications—particularly in relation to the EU birds and habitats directives—there are major concerns about the costs, which are estimated at £14 billion to £15 billion, as well as about the impact on the local economy. However, it is important to note that Bristol and the surrounding area have a thriving and diverse economy, on which the Severn barrage proposals would clearly have an impact.

Changes to tide levels and patterns could have a serious impact on local tourism. High tide levels mean that beaches are often far from the water at low tide—the hon. Member for Bridgwater (Mr. Liddell-Grainger) will no doubt mention that. The threat of flooding could also increase if the barrage raises water levels in some areas. Equally, a barrage would stop the Severn bore, which is a tourist attraction further up the river, towards Gloucester.

The estimated cost of £15 billion does not take into account land acquisition costs or the cost of creating new habitats, as EU law would require. As my hon. Friend the Member for Reading, West (Martin Salter) recently highlighted in this very room, a barrage across the Severn would create another economic and environmental problem by blocking the path of thousands of fish returning to the Severn and its tributaries, the River Wye and the River Usk.

As I said, however, my main concern is the impact on the Bristol Port Company and its customers. Bristol port is the largest bulk-cargo port in the southern half of England. It relies on its ability to accept very large, deep-draught ships to import materials at economic rates. It also has good transport links to the UK's major population centres. The port handles 27 per cent. of UK imported aviation spirit, and changes to that could affect the aviation industry, to which Bristol has close links—Airbus and Rolls-Royce, which are heavily involved

in the aviation industry, are both in my constituency. Bristol is also the UK's second largest import facility for power station coal, and 30 per cent. of total UK animal feed capacity is located at the port of Bristol. In terms of deep-sea volumes handled, Bristol is the leading UK port for the import of motor vehicles. Also planned—this will mean further additions to trades at Bristol's port—are a £500 million deep-water container terminal and several biomass power stations, which will be fuelled with imported woodchip. All those cargoes are viewed as important because of their strategic significance or the nationally significant volumes handled—or sometimes both.

It is not possible today to go into great detail about the potential and likely effect of a barrage on the port's trade, as much of the argument is very technical. There is a lot of evidence from previous and current studies about the risks of deleterious effects on the trades that I have mentioned, and other more local ones. It is well known that there is considerable movement of both sediments and sands in the Severn estuary, and that the capability to model the estuary's transport systems for sand and sediment remains rudimentary. However, there is a clear expectation that post-construction there will be increased deposition of silts, clays and sand banks, which will be bound to affect the deep-water navigation channels, which are, at present, self-scouring. There will also be changes in the sand banks and post-barrage reduction of water density and levels of water on high tides. It is only on those higher tides that deep-draft ships can access Bristol's two major docks.

Any effective reduction of water would have an immediate adverse impact and make the port economically unattractive to a cargo owner. That is currently the case for fewer than 30 per cent. of tides, but the figure could rise to more than 50 per cent. of tides post-barrage. Should such an adverse impact arise, cargo owners would be faced with two alternatives. Those customers could use other ports, but many of the facilities needed for strategic bulk cargoes, such as deep water, storage land, pipelines, and inland road and rail transport simply do not exist at other ports. The second option would be to continue to trade through Bristol in smaller ships at a much higher cost per tonne per kilometre. That would certainly have an impact on the wider UK economy, but since Bristol's trade is unsubsidised and operates in a competitive free market, it is not easy to predict what would occur in such circumstances. Those elements of the regional and national logistics chain that depend on the existence of a shipping route in the Bristol channel surely have a right to expect that that will continue to exist in a post-barrage era.

The effect of a Cardiff-Weston barrage will be to incur very substantial additional costs for navigation infrastructure—mainly for the adequate provision of locks, one of which may have to be in the middle of the structure and not landward as in previous proposals—maintenance dredging and shipping transits of the barrage. All that will almost certainly mean that the £15 billion cost currently suggested will be very much on the low side. In the light of the risks that I have just outlined, in addition to guarantees of adequate locks at the construction stage, it would be necessary to protect and/or compensate the Bristol region and port for unforeseen and unquantifiable post-barrage effects.

I realise that the current study includes other possibilities, such as lagoons and smaller barrages in other locations, and I look forward to the outcome of the deliberations. I have no wish to try to stop or affect any of that process, although I know that the Minister has said there will be an opportunity later this year to examine the proposals for anything that would stop them going ahead altogether, and lead to a decision that it is not worth while to proceed. I hope that a realistic assessment will be made later this year. Many of the points that I have made would apply to some of the other options, although not to all of them.

I look forward to hearing what the Minister has to say on the matter. I had the pleasure of accompanying him to the port of Bristol a couple of weeks ago. Unfortunately it was very much a flying visit and we did not have a chance to talk about some of the things I have discussed this afternoon. I am grateful for the opportunity to do so, and to my hon. Friend the Member for Stroud for securing the debate.

3.14 pm

Mr. Ian Liddell-Grainger (Bridgwater) (Con): It is a delight to follow the hon. Member for Bristol, North-West (Dr. Naysmith). I know that his heart is absolutely in the right place; we talk about the wonderful coastline that runs between my constituency of Bridgwater, Weston-super-Mare, Bristol and on towards Stroud.

One thing that concerns me about the proposal is not whether it should happen, but the idea, which I do not like, that something is to be created to affect targets. Targets leave us all cold in this place, for obvious reasons. I have just spent two and a half years of my life trying to get the Crossrail Bill into a workable form, which we have now done. That comes to £16 billion; it is funny how everything costs £16 billion. We know perfectly well that that is not going to be the true cost.

The cost of the Severn barrage is low. It must be low. No infrastructure project in this country has ever—regardless of Government—come in on time, and the cost will probably double. Let us say that the project does not commence for another decade, for all the reasons that we know so well; I shall come on to the Planning Bill. It is not possible to guarantee any costs at the moment.

I had a chat to Sir Robert McAlpine, which, at the moment, is one of the companies that would like to take part. Even that company said that in its experience of building many nuclear power stations and other huge infrastructure projects, none of the process goes smoothly. What worries me is that perhaps not this Government or the next, but a future Government, will use the fact that we must hit our targets under son of Kyoto—or daughter of Kyoto—as an excuse, as my hon. Friend the Member for Weston-super-Mare (John Penrose) said. I do not expect the Minister to be able to answer that point, because it will not be on his watch. *[Interruption.]* The Minister, from a sedentary position, makes a valid point, and makes me blush. However, Members of Parliament representing constituencies around the coastline will have to bear the situation for generations to come: this project is long term, not short term.

I am interested in the fact that, already, the chattering classes are taking to the barricades. It is like "Les Misérables". The Royal Society for the Protection of Birds says, "Oh no, shock horror!" and the Environment Agency says, "Oh no, you can't do it." Everyone is

[Mr. Ian Liddell-Grainger]

appearing already, and we have not even got to the White Paper. They are all saying, "No, you mustn't do it." Well, hang on a minute—they are non-governmental organisations. They should be saying that we can do it if it is the right thing to do and we do it in the right way. Through the Minister and through you, Mr. Weir, I ask those bodies to shut up until we have given time for consideration of what is proposed. Like many hon. Members, I am sick to death of NGOs—before anything has been talked about or decided—telling us what we are going to do. This matter is another example of that.

I want to talk about tourism. Tourism is the life blood of the south-west, especially Weston-super-Mare. It is the same for much of Bristol, Stroud and Bridgwater and across the Somerset levels. The barrage would be an iconic tourist attraction. I know that that is not, and should not be, the main reason for building it. The point was ably made by the hon. Member for Bristol, North-West when he talked about the idea of sticking a road on it being uncosted. However, if it were built, it would be iconic. There is no doubt about it. It would put the south-west, with Cardiff on one side and possibly Weston-super-Mare or Wells on the other—my right hon. Friend the Member for Wells (Mr. Heathcoat-Amory) is not here—on the map. That should not be taken lightly.

A barrage would bring people to the south-west in the same way that Glastonbury tor does, or the docks in Bristol. Why not use that as part of the reason to consider the proposal? The financial input of the creation of the barrage would be phenomenal for parts of the south-west, Cardiff bay and all the rest of it. Cardiff would not have to rely only on "Dr. Who". It could have something else to look forward to.

There would also be long-term problems. The flooding issue has been ably described, and it must be of concern. Bridgwater, in west Somerset, covers most of the levels, the gateway to which runs through my constituency and that of my right hon. Friend the Member for Wells. If there is any change to the water level or any dramatic change to the sand banks or how the water flows, it will come through our constituencies. I hope the Minister agrees that that is not acceptable in any way, shape or form.

Much of the levels—I do not mean to teach the Minister or you, Mr. Weir, to suck eggs—is at or below sea level. We have a finite time when the back tide and the wrong wind will prove to be disastrous for us. That is one area that the study must examine. As to the longer-term study, I plead with the Minister to look not only north of the barrier, up to Stroud, but south of it. One reason for me saying that is that the intakes for water at Hinkley Point, about which the Minister and I have endless conversations, are next to the River Parrett.

The Minister has been helpful with Hinkley Point, for which I thank him. I welcome all decisions that he is making in that direction at the moment, but it would be a shame to jeopardise what is an important infrastructure project in my constituency in relation to the long-term energy security of this country, or to do anything else that we might live to regret. Having said that I am castigating the NGOs, I am also arguing the other way round: we do not want the proposal to stop other things that are vital.

This comes down to the Planning Bill. No hon. Member can be in any doubt that the Planning Bill will go through. It will happen. That means that there will be a mechanism to force this proposal through, no matter what the chattering classes say. When that happens, we must be absolutely sure that it is exactly the right thing to do, so I come full circle.

The Planning Bill will be crucial in forcing the proposal through, because there will be many people who do not want it. People will be concerned about everything from a frog with one leg to what happens north of Stroud. They will also be concerned about the Severn bore. Those are all admirable things, but I suggest that security of supply of electricity for this nation is more important.

If we use the Bill to force the proposal through, which I think ultimately we will, I urge the House not to do so for the sake of expediency, for the reasons that hon. Members have given and those that I am sure my hon. Friend the Member for Wealden (Charles Hendry) and the Minister will give. This is a long-term commitment. If we get it wrong now, at all stages beyond we will get it disastrously wrong. The Severn barrage might not be built on our watch, but my hon. Friend the Member for Weston-super-Mare is right: we are building for the future, securing supplies and securing the future of energy. If we get it wrong now, the legacy, which we will have to live with, will be disastrous.

3.21 pm

Robert Key (Salisbury) (Con): I am grateful for your indulgence, Mr. Weir, and that of other hon. Members. I was chairing a Committee upstairs and I apologise for missing most of the debate, which is on a subject dear to my heart. I shall be brief.

The decision facing the Government is so great that, although it is of course entirely proper that they will consider all the evidence that they can possibly get, in the end it will be a political decision, and I bet it will be taken at Cabinet level. The decision, I believe, will be that the damage caused by building a Severn barrage, which would irreversibly and for ever change one of the most special estuaries in the British isles, will be rejected. That does not mean that I oppose the principle of generation of energy by water—far from it. I think, however, that the Government would be much better advised to avoid any serious consideration of blocking the Severn estuary in favour of concentrating efforts on various kinds of tidal barrage and tidal flow technology, which is short of development at the moment.

We must consider not only the biodiversity, but the history, the archaeology and the culture. It is the poetry. It is Shakespeare. Everything about England is tied up in the debate about a Severn barrage. Hon. Members on both sides of the House and from both sides of the Bristol channel have strong views about it, but it also affects every citizen of this country and, indeed, of the United Kingdom.

There is another practical thing that impresses me. Forgive me if my colleagues have already said it, but I do not believe that we will find an electricity generator willing to do this. Let us consider the experience of Électricité de France at La Rance in Brittany, where people are quite clear about the fact that they would never do it again. If the generators are not prepared to

do it because it is not cost-effective, no one else will, and it would be quite wrong for the taxpayer to pay for the whole thing.

We also need to consider the consequences for the landscape of other parts of the United Kingdom, especially the western highlands of Scotland, of shipping aggregate on the scale necessary to build a Severn barrage. There is nowhere else it could come from unless we brought it in by sea from China or somewhere. In the western highlands recently, I was devastated to see the damage done to the landscape by the decision to allow quarrying on a grand scale on the west coast of the highlands, which is one of the most beautiful parts of the world, let alone the United Kingdom.

If this proposal were to proceed, I would be one of those who was protesting very loudly indeed, and I believe that the public protest would far outweigh the arguments of those who think it a good idea. I am grateful to the hon. Member for Stroud (Mr. Drew) for giving us the opportunity to air our views.

3.25 pm

Stephen Williams (Bristol, West) (LD): I join other hon. Members in congratulating the hon. Member for Stroud (Mr. Drew) on securing and introducing the debate. The issue has been around for an awfully long time. I went to school on the Welsh side of the Severn. It is curious that no Welsh Member of Parliament is seeking to take part in the debate. I am now a Member of Parliament for the other side of the Severn, in Bristol, and it has been a hot political issue locally for the past two years. I was pleased to take part in a discussion that involved politicians from both sides of the estuary in the summer of 2006—appropriately, it took place on the paddle steamer Waverley right in the middle of the Severn.

We have to balance many factors when considering this issue. There is the topic of climate change, which is easily the most significant contributor to my postbag and e-mail inbox. There is the UK energy mix and security of supply. There are the costs of any scheme. There is the opportunity cost in terms of the effect on habitats—the natural environment—and of course, there is the debate on the different engineering solutions that may be appropriate. I hope, however, that there might be agreement on the fact that it would be foolish not to have a serious exploration of whether it is possible to balance all those things and harness the power of the Severn. The very challenging targets that we have to meet have been mentioned. It is commonly accepted that the barrage or any other solution may contribute 5 per cent. of the United Kingdom's electricity supply in the future.

The hon. Member for Stroud focused today on costs. The Government have commissioned their own feasibility study, which has several strands. Different consultancies and pressure groups will be considering engineering, the habitat and the transport opportunities, but the Government have specifically engaged PricewaterhouseCoopers—incidentally, I obtained my professional qualifications with PWC 15 years ago—to consider the questions of ownership and finance. Can the Minister give us an early indication this afternoon of when he expects some of the strands of the feasibility study to report to the House? Will they all come together in 2010, or can some progress reports and interim studies be laid before the House to inform our debate over the next two years?

We have already heard from one set of Government advisers—the Sustainable Development Commission, which recommended last year that the barrage should be entirely owned and managed by the public sector. Will the Minister say whether he or the Government accept that premise, or whether PWC is considering the questions of ownership and commissioning as well as the actual costs, wherever they may fall?

Many other factors and constraints will need to be weighed up that are relevant to the economic viability of a barrage, lagoons or any other engineering solutions. One factor is the capacity of the national grid to transmit the electricity that could be generated from such a major scheme to the places where it is needed. You may be aware, Mr. Weir, that there is already a fear of a capacity constraint in relation to bringing power down from Scotland—where there is great potential for harnessing the power of the wind and perhaps waves as well—to the centres of population much further south of the border. I wonder whether the national grid is geared up now to transmit 5 per cent. of the UK's energy to the areas where it is needed, which may be well away from the Severn.

Another capacity constraint relevant to the economics of all this will be skills. Various figures have been bandied about for the number of jobs that could be created as a result of the construction and operation of the barrage. One press report that I read in preparation for today's debate even mentioned the figure of 40,000 jobs, but does the UK have sufficient engineering skills to carry out such a major operation? It will probably be the biggest construction project that this country has ever carried out. Arguably, it will be bigger than the channel tunnel, and it will probably be the biggest construction project since Victorian times. Have we enough young people who are enthused enough to take on the subjects relevant to engineering, and are we doing enough to ensure that engineering graduates go into the profession for which they have trained, so that they will find it a lucrative career?

Frontier Economics has recently published a report, which was the impetus behind the hon. Member for Stroud initiating the debate. The report was commissioned by organisations such as the National Trust, the WWF—both of which I belong to—the RSPB and a coalition of angling organisations, all of which the hon. Member for Bridgwater (Mr. Liddell-Grainger) rather disparagingly referred to as the chattering classes. Those organisations have made an incredibly important contribution to this debate and to the national debate, and they would be failing in their duty to their members if they had not commissioned such a report. We should thank them for doing so.

There were two central headlines in the report, one of which referred to the estimate of the cost, which is £15 billion. Once a large figure is quoted in public, it often gets repeated over and again and it begins to gain currency. Will the Minister comment on whether £15 billion fits within the window of the Government's current cost estimate and whether PricewaterhouseCoopers could produce an assessment of the cost? However the scheme is financed, the budget for the cost will remain the same.

Frontier Economics also says that there should be no Government subsidy or involvement in the operation of the barrage, in direct contradiction to the findings of the Sustainable Development Commission last year. Matthew Bell, the author of the report, said:

[Stephen Williams]

"It is hard to think of reasons for the public sector to build or operate a barrage which would not be equally applicable to many other projects and assets that sit in the private sector."

Given the pressing economic conditions, will the Minister tell us the Government's current assessment of the private sector's ability to finance such a major infrastructure project, especially as the private sector is expected to finance a new generation of nuclear power stations, along with other renewable sources of energy? Will there be enough private sector investment around in the next 10 to 15 years to bring this project to fruition?

The hon. Member for Bristol, North-West (Dr. Naysmith) —perhaps I could call him my hon. Friend—referred to local economic conditions of the Port of Bristol, about which he and I care. I am also a former member of the docks and airports committee of Bristol city council. He and I used to disagree on whether it was suitable for the city of Bristol to own the Port of Bristol or Bristol airport. I am pleased that both are now prospering in the private sector. There are ambitious plans for the Port of Bristol to expand still further. The Bristol economy could benefit from another £3 billion of investment, which I would not want to jeopardise.

Will the Minister give both myself and the hon. Member for Bristol, North-West the local assurance that the feasibility studies will consider the effects of a barrage, lagoons or any other engineering solution on the viability of the ports that lie upstream from the likely line of a barrage? That would include Bristol and, presumably, Cardiff and Newport as well. In particular, will the studies consider the effects on the silting of the channel, the depths of the channel and the morphology of the mud banks?

This debate, which has been running in its new form for the past two years, has been given more impetus by the serious way in which we are tackling the challenge of climate change. Many previous debates on the subject, going back to Victorian times, have closed down with no action. I hope that we have made a decision on whether to proceed with the scheme by 2010. I am completely open-minded about the engineering solution, but I hope that, in 10 or 15 years' time, we will see the natural power of the Severn contributing to the sustainable power that this country needs for the future.

3.34 pm

Charles Hendry (Wealden) (Con): I congratulate the hon. Member for Stroud (Mr. Drew) on securing the debate and on the very balanced way in which he introduced it. We have seen the House of Commons at its best this afternoon. We have seen a thoughtful, well informed and impassioned—if one can be thoughtful and impassioned at the same time—debate that has dealt with the real issues in a constructive way. Hon. Members have been willing to consider both the evidence and the facts. That is the right way for us to proceed at this time.

My hon. Friend the Member for Bridgwater (Mr. Liddell-Grainger) was perhaps a little harsh toward non-governmental organisations. A consultation process is under way, which is exactly the time when people should be expressing their views, especially if there is a cut-off point in the course of that consultation at which the project might be brought to an end, and therefore they would wish their views to be known at an earlier stage.

Nevertheless, it has been a very good debate. There has also been a sense of déjà vu—a feeling that we have been here before. My hon. Friend the Member for Salisbury (Robert Key) has probably seen these debates many times over his long service in the House. Some 20 years ago, in the 1980s, millions of pounds was spent on studies considering these matters, and here we are, at it again.

During the course of the debate, we have heard that there are two principal themes. The larger one, costing some £15 billion, would produce about 8.6 GW, or 5 per cent. of our electricity supply, and would save about 5.6 million tonnes of carbon dioxide emissions, based on a comparison of gas and electricity generation being displaced. That does not take account of the immense amount of carbon that would be emitted in the course of constructing the project. The second and smaller plan would cost about a tenth of that amount, but would generate about an eighth of its power—about 1.5 GW. Therefore, we have two alternative schemes, but we need to add in the other options as well, such as the lagoons and the cost of doing nothing.

The Government's approach has been broadly correct. They have considered those options and are deciding on a way forward—if there is to be a way forward. We must recognise the extent to which this is an issue that divides opinion among experts, environmentalists and public opinion. We must have a thorough and watertight case—probably not very watertight, otherwise it would not work very well—that stands up well to careful scrutiny.

The hon. Member for Stroud said that the Government must do some big things if they are to achieve their renewables target. We need to be convinced that the Government will do those things for the right reasons and they will not be giving the go-ahead to massive investment in technologies that are there to meet an artificial and arbitrary target agreed with the European Union. We need to know that they are doing it because it is the right thing to do.

There is a suspicion that the Government have already made up their mind about the project. My hon. Friend the Member for Weston-super-Mare (John Penrose) made the point that that was because they would be allowed to have a credit with the EU which would start on the first day of construction, years before the scheme produces any energy at all. The Minister must allay that suspicion, because people need to be clear in their mind that the decision will be based on facts, and facts alone.

The Government are right to consider all the options, such as the two main barrage options and the lagoon prospects, and then to make a decision that takes into account their impact on both local communities and the environment. The importance of tourism to the area has been mentioned. The Government need to look at the benefit that extra tourism would bring and at the costs of putting in place the infrastructure that it would generate as well. Infrastructure would include new rail links, road links and the facilities that would be required to make tourism sustainable. They also need to consider the economic implications for other businesses in the area.

I take on board the comments made by the hon. Member for Bristol, North-West (Dr. Naysmith) about

the port of Bristol, which is a very important facility. As he said, it is probably the port closest to the centre of England, so many miles of road usage are avoided by using the port. If we find that the port cannot get the new freight coming in because of the draft level being reduced, that would be very damaging indeed. I know that there are plans to build the largest container port in Europe there. The risk of jeopardising that potential investment and the great environmental benefits that that could bring has to be taken into account as well.

The hon. Member for Bristol, West (Stephen Williams) talked about the national grid connection costs. The total costs of those projects need to be taken into account, and I hope that that is what the Government will do.

It would be interesting to look at the scope for tidal lagoons, as some people say that they may be the way forward. It is an intriguing possibility. Not one has been built, so many people are trying to estimate what their value and cost would be. People's views differ: some say that they would cost less but generate more electricity for the scale of the investment; others say that they would be less efficient. We need some clarity from the Government's consultation process that will enable us to understand exactly the different benefits of different systems. We need robust answers, and I hope that they will be provided.

It is absolutely clear that opinion settles on two different sides on the matter. There are those who say that the barrage will create an enormous number of construction jobs—perhaps 35,000—of which, it is estimated, half could be in the greater Severn area. On the other hand, although the barrage could be the greatest building project ever undertaken in this country, a lot of the work would be done overseas. My understanding of the construction process is that massive cement structures would be built around the world and then floated in, anchored to the sea bed and gradually drawn down. The project would involve an enormous proportion of Europe's cement construction facilities and would last for many years. There may be no carbon price for the electricity generated by the Severn barrage, but by that time, as the emissions trading scheme moves into its later stages, there would almost certainly be a carbon price for the production of cement.

We know that the construction costs will be high, but there are those who argue that because the lifespan of the barrage would be 100 to 120 years, the average lifetime costs would be quite low compared with other technologies. On the other hand, there are those who say that barrages are an inefficient and costly way of generating power. The load factor is expected to be 22 per cent. That does not compare favourably with offshore wind, which could have a load factor of 35 or even 40 per cent.

The comparative costs must be taken into account. Frontier Economics has estimated that electricity from the Severn barrage would cost £127 MWh compared with £55 MWh for wind. Tidal stream technology is thought to indicate a cost of between £60 and £100 MWh, according to the Carbon Trust, and it could provide up to 10 per cent. of the UK's electricity demand. Greenpeace and others suggest that tidal lagoons would involve lower costs. Indeed, only solar photovoltaics and fuel cells are thought to have a higher cost per megawatt hour than a large barrage. According to Frontier Economics, producing 17,000 GW of output—the installed capacity of the barrage—from wind or from combined heat and power would cost £900 million, at a cost per unit about half that of the Severn barrage. Many issues must be taken into account and assessed in the course of the study.

I hope that the Minister will also be clear about his attitude to public funding for the project. If the evidence is that there is a case for the project but that it cannot be done with private sector investment alone, would the Government be inclined to give support? I realise that we will be in government by the time the decision is made, but I would be interested to know what the Minister's view is now. Does he see funding being delivered through the system of renewables obligation certificates, or through feed-in tariffs? How does he think the project should be funded? At this stage, we need some clarity about how the Government think that it could be done.

Will the study also take account of how the money could be used in other ways? The Royal Society for the Protection of Birds has estimated that £15 billion to £20 billion spent on things such as energy efficiency measures would make a much more significant contribution to solving energy demand problems in this country. Has the Minister considered whether the money could be spent on energy efficiency measures and what the reductions in demand would be?

There are those who claim that the Severn barrage will help against flooding. Again, there are two sides to the argument. Some say that a barrage would reduce flood risks, and some say that it would increase the risk in other areas. We can make decisions on the project only if the Government reach a final conclusion on which of the positions is correct.

We also need to be clear about how electricity would be generated. The barrage would produce two surges a day. Peak flow would be for about one and a half to two hours during those surges, which will often come at the wrong time of day. As power cannot be readily used at 3 o'clock in the morning, we would have to find a way to store it. That could mean converting it into hydrogen or holding the flow back and then allowing it through later, by which time the tide may be coming in again and its impact would be massively diminished. Alternatively—this seems bizarre—the base load nuclear power stations could be turned off to allow the surge to come through at that moment. Those issues all have to be taken into account.

We are entering an exciting and constructive debate. The idea has caught people's imagination. As a boy, I heard about the Severn barrage—I am obviously younger than the Minister, who was probably a teenager at that time. It was thought to be an idea that was bound to come in good time, but the more one thinks about it and the more evidence one takes, the more one realises that there are real challenges that need to be overcome and assessed.

The Frontier Economics report concluded that

"under a range of plausible scenarios, a large barrage on the Severn is expensive compared to alternative ways of generating renewable electricity…there appears to be sufficient capacity to use other technologies to meet the barrage's output and Government's targets."

We must ensure that this investment decision is made because it is the right one, not because it is part of a

[Charles Hendry]

design to meet European targets. The onus is on interested parties to prove the case for a barrage, not the case against it. We have seen a great deal of evidence from those who are concerned about it, and we have seen an enormous amount of enthusiasm from those who are in favour of it. Most of us want to be open-minded and to judge the project on the facts. We must judge it on the facts and not on emotion.

5.46 pm

The Minister for Energy (Malcolm Wicks): This has been a useful debate. I noticed that the hon. Member for Wealden (Charles Hendry) in his characteristic way asked me a question and then predicted that he would be in government by the time it was answered, but he was clearly too modest to publish the answer in a White Paper. That would have been immodest but consistent with his aspirations for government.

I congratulate my hon. Friend the Member for Stroud (Mr. Drew), as others have done, on securing this debate. His thought-provoking speech prompted a useful short debate, which has been entered into in the right spirit.

Our decision on a tidal power scheme on the Severn is some way down the line yet, for good reasons which I shall outline. We are carrying out a feasibility study to look at the costs, benefits and impacts of a tidal power scheme, which could be a barrage in one of several possible locations, or a lagoon or lagoons. It could involve another technology—ideas are being put to us about other technologies—or a combination of schemes. My hon. Friend asked for reassurance that we are not looking only at a barrage. As for successes with the Government, he was looking for his hat trick. I think that he is probably on about two and a half out of three, but I should not encourage him much further, given his well articulated opposition to the barrage.

Only when we have completed our study and analysed all the issues, including the costs, will we make a decision on whether to support a scheme and, if so, on what terms. The decision will be taken in the context of our wider energy and climate change goals. I shall not say too much about them, but there is always a danger that if we discuss one approach, whether nuclear power, windmills, the Severn barrage or lagoons, people think that we are forgetting the other things. Of course we are not.

For fundamental reasons relating to the nation's energy security as well as the need to tackle climate change, we have made a bold and right decision about nuclear power. We are demonstrating the technology of carbon capture and storage, and we have published ambitious targets, but the targets will not distort the decision-making process for the barrage. I heard the concerns voiced about renewable energy, and we should consider the barrage in that context.

I shall not say more to the hon. Member for Salisbury (Robert Key) about climate change, because I am sure that he will agree that unless we tackle global warming, the geography, climate, flood levels and poetry of Shakespeare's England will be rudely unsettled by climate change. Doing nothing is not an option, but I am not sure whether in respect of this project it would be right to consider the flood tide in the affairs of men—and, to be up to date, women.

Let me say more about where we are on the Severn tidal power scheme, which is certainly an important option to consider. Come the time, the decision will be an important one. As we heard, with its 14 m tidal range—the second highest in the world—the Severn estuary has the potential to provide 5 per cent. of the country's electricity needs from a renewable, indigenous resource. We need to examine the estimates, but that would be a huge contribution to our goals. Of course, once a barrage is built—if it is built—it could no doubt be there for a century or more, producing clean and green energy.

That is why, back in 2006 when I was running the energy review, I asked the Sustainable Development Commission to look again at the potential for tidal power in the Severn estuary. Its report last year concluded that tidal power can indeed be generated in the estuary within sustainable development principles. However, as the commission advised, much more work needs to be done before a decision can be taken on whether or not to support a tidal power scheme, hence our feasibility study.

We need to do much more work on the potentially considerable environmental impacts of such a scheme, and I take the ecological issues involved here most seriously. The estuary is, after all, of international nature conservation significance and we must take the time, through our strategic environmental assessment, to gather a detailed evidence base to ensure that we understand the impacts of any barrage scheme. We also need to consider the regional, social and energy market impacts. Of course, we also need detailed, up-to-date—I emphasise that they must be up to date—cost estimates for the potential schemes, and therefore a new economic assessment.

Let me say a little more about the economics. The SDC report began the process for us. The SDC estimated the key costs and benefits of two potential barrage schemes using the data available; however, those were old data. Construction costs were £15 billion for a Cardiff to Weston barrage and £1.5 billion for a Shoots barrage. The SDC considered the unit cost of electricity relative to other renewables, in a similar approach to the Frontier Economics study that my hon. Friend the Member for Stroud mentioned, along with potential ownership options. The SDC also began to consider the regional economic impacts.

However, as the SDC made clear, there are significant limitations with these assessments, as much of the available information is out of date and in some cases incomplete, with the last detailed studies dating back, after all, to the 1980s, as we have heard today. The SDC called for further work to address the gaps in information and that is what we are doing through the feasibility study.

We are revisiting in detail all of the issues that the SDC looked at: costs; financing and ownership options; and regional economic impacts. As I said at the outset, we are not just examining two barrage options; we are considering a full range of possibilities, including lagoons and other technologies for which there are no current cost estimates. In the course of the study, we will also be making detailed assessments of all shortlisted schemes, considering all the associated costs and benefits, such as environmental impacts, flood benefits and regional impacts.

The hon. Member for Wealden asked about the economics. When we have the final arithmetic about

which we can be reasonably confident, of course we will assess it against other uses of that money that could produce renewable energy or, more broadly, policies that help us to tackle climate change. That will be a sensible approach and I hope that people will accept that that will be the Government's approach. It is worth noting here that the Frontier Economics report only considered one barrage option—the Cardiff to Weston option—using previously produced cost estimates in reaching its conclusions. An analysis that includes other options and that uses new estimates may reach different conclusions. We will have to wait and see.

The report does not "scale up" the International Energy Agency cost estimates for wind. To meet our 32 per cent. central renewable electricity scenario, we are likely to need an additional 28 GW of wind, of which 14 GW is offshore. At this scale, some higher-cost installations will be needed, beyond those included in the estimates calculated by the IEA. This is not a criticism of the IEA; rather, it is a reflection of how radical our renewable energy goals are. Our analysis for the renewable energy strategy suggests that the costs of electricity from a Severn tidal power scheme are comparable with the costs of offshore wind, but we need to refine and revisit that judgment. Having said that, before we can make an accurate comparison we must, of course, complete all of our work through the feasibility study.

The Frontier Economics and SDC reports both presented views on the roles that the public and private sectors should have in any potential tidal power project. Those are important matters, and that is why we have already appointed PricewaterhouseCoopers to consider options for ownership and finance. With respect to the hon. Member for Wealden, I cannot say more about those options today; we need to do the work first. We will be looking at a range of potential ownership and delivery options, from publicly led, as the SDC recommends, to private ownership, as the Frontier Economics report suggests. We need to assess how best to manage the different risks associated with each project, to ensure that it is delivered in a framework that results in value for money, and to take account of the implications for wider energy policy in terms of delivery and ownership structures. We need to acknowledge that, owing to risks that may be best managed by Government, the private sector would be unlikely to develop a project on its own. I therefore believe that it is right that the Government lead the feasibility study, but that does not necessarily imply Government ownership.

I expect to have some early cost estimates and findings from the financing and ownership report in the autumn. These findings will feed into our internal decision later this year on whether to proceed with phase 2 of the study. I will happily discuss the new information, when it is available, with hon. Members through our Parliamentary Forum on the study. We will also publish the report, following that decision. What I am saying is that, fairly soon, if we see any big show-stoppers, the show will stop. We will not continue with the feasibility study if it is clear that that would be foolish.

Of course, we also need to consider the regional economic impacts of a tidal power scheme, and we expect to appoint consultants later this month to lead this work for us. We will look at both the construction and operational phases and investigate the impacts on the regional economies of Wales and south-west England, and on specific sectors and activities, including, importantly, the region's ports.

Let me say something now about Bristol port. As my hon. Friend the Member for Bristol, North-West (Dr. Naysmith) said, we both met representatives of the Bristol Port Company; we had some useful discussions with the owners and took a good look around the port, which I found invaluable. One of the issues that the owners raised with me was the need for locks in a barrage. That is clearly an important matter and one to which I am sympathetic. I am looking into what is possible in terms of committing to locks soon, but we cannot provide guarantees on lock specification without considering the consequences for the technical and engineering aspects of a tidal power scheme. After all, we also cannot say at this stage that the tidal power project, if it goes ahead at all, will be a barrage.

I listened to my hon. Friend the Member for Stroud talking about a possible testing site. We are investing in other testing sites, but I am happy to discuss his ideas further.

The hon. Member for Weston-super-Mare (John Penrose) also spoke. I looked across at his beautiful constituency from Brean down only recently and I think that I waved to him on the beach; I am not sure about that. No, no—he was attending to his duties; local reporters could be here. He is very concerned about the draft directive, and I want to reassure him. It is a draft directive. We are looking at the 5 GW threshold, perhaps to argue that it could be reduced to less than even 1 GW. The feasibility study will look at seven tidal power projects against other options, based on standard cost-benefit analysis.

In brief, I want to reassure the hon. Gentleman that it would be outrageous for anyone to think that, just because we need to hit a target and to be flexible about that, we would somehow give the go-ahead or favour a project on this scale. I am happy to discuss the matter with him, because I really want to reassure him that that is not where we are in our considerations. What we are saying is that, if large projects in Europe that are being built are a year or two late surely it is not unreasonable that they could count before the target, but not before time. They would not provide full benefit until the project is commissioned.

John Penrose *rose—*

Malcolm Wicks: Can we talk later, because I have only got two minutes left and there were one or two other things that I wanted to say?

One thing that I wanted to say to the hon. Member for Bridgwater (Mr. Liddell-Grainger) is that I heard what he said about non-governmental organisations. I think that it is a pity that any serious organisation can make up its mind about a project of this sort now, in advance of the feasibility studies. In the long term, the environmental impacts of climate change will be devastating and the more of us who can keep an open mind, the better. However, I will not say more about that issue, because I think that I ruffled a few feathers, when I spoke about it the other day. I ask all hon. Members and all those with an interest to keep an open mind, as I will, until we have developed our evidence base and are in a position to make an informed decision on whether

[Malcolm Wicks]

the huge potential of the Severn estuary should play a part in meeting our energy needs.

Finally, as we approach the hour, I would like to say that I want to keep in contact with all the various interests, including all the voluntary organisations and industry interests. I certainly want to remain involved with Members of Parliament and I look forward to our continued dialogue through the Parliamentary Forum, the next meeting of which is likely to be on 24 October in Cardiff.

Child Poverty

4 pm

Kerry McCarthy (Bristol, East) (Lab): Usually, on such occasions, I am delighted to see my right hon. Friend the Minister for Employment and Welfare Reform, but I hope he will forgive me if I express a little disappointment today. When I submitted my request for the debate, I was hoping that a representative of the Department for Communities and Local Government would answer.

Only a few weeks ago, my right hon. Friend joined us for an excellent Westminster Hall debate some three hours long on the Work and Pensions Committee report on child poverty. I am sure he will listen to today's debate and answer with his usual courtesy and skill, but I would have liked to involve the Department for Communities and Local Government, because so far it has not been clear what its involvement, if any, is in respect of child poverty.

I was told that my debate would be responded to by a Minister from the Department for Work and Pensions, because it leads on child poverty. Perhaps the Minister will clarify that when he responds, as I have been told at various other times that the Treasury and the Department for Children, Schools and Families lead on child poverty. It would be useful to know where the buck stops. Furthermore, I gather that a Cabinet Committee is examining child poverty. Certainly, the cross-departmental child poverty unit is considering it. Is the DCLG represented anywhere in those discussions?

I regret that I did not request a 90-minute debate, which would have given the Opposition Front-Bench spokesmen the chance to respond. I notice a Conservative Member on the Opposition Benches. Perhaps he will intervene at some point. In a 90-minute debate we might have heard the Conservative party spokesman explain exactly why their party leader seems to believe that being fat and poor is people's own fault. In case anyone accuses me of misleading the Chamber about what the right hon. Member for Witney (Mr. Cameron) said, that came from a *Daily Mail* headline. In my view, if you live by the sword, you die by the sword.

To make a more serious point on the same subject, when we debated child poverty in Westminster Hall a few weeks ago, referring to the Work and Pensions Committee's report on child poverty, I mentioned the dangers of focusing on what I described as "the dysfunctional poor" and on what some people call emotional poverty, rather than on material poverty. There is a danger that what the right hon. Member for Witney has been saying in this past week feeds into that agenda and, in doing so, does many people living in poverty a great disservice. I hope right hon. and hon. Members present will indulge me if I dwell on the point for a moment longer.

The right hon. Member for Witney said:

> "We talk about people being at risk of poverty, or social exclusion: it's as if these things—obesity, alcohol abuse, drug addiction—are purely external events like a plague or bad weather. Of course, circumstances—where you are born, your neighbourhood, your school, and the choices your parents make—have a huge impact. But social problems are often the consequence of the choices that people make."

He jumps from talking about people's being at risk of poverty and social exclusion to talking about obesity, alcohol abuse and drug addiction. Perhaps I have got it wrong, but it looks to me as though he is portraying people who live in poverty as drinkers, drug-takers and junk food eaters. That conjures up negative images, not images of decent, hard-pressed families trying to make a little go a long way and not images of a single parent struggling to find child care, working for the minimum wage and paying a fortune in rent to a buy-to-let landlord.

There is no mention of external factors that might be completely beyond a family's control. When the party led by the right hon. Member for Witney was last in government, child poverty tripled, and that was, by and large, due to the huge increase in unemployment. That cannot be laid at the doorstep of people who unfortunately lost their jobs during that time.

I mentioned the speech made by the right hon. Member for Witney on my blog and received a comment saying,

"As the son of an electrician and a dinner lady, I can confirm much poverty is voluntary."

I am not denying that some people—some parents, in this context—make the wrong choices in life and that some do so recklessly or selfishly without any regard for their children's well-being, but 50 per cent. of children living in poverty have a parent who works, many more have parents who want to work, and the vast majority of parents of children living in poverty want to do what is best for their child and will put their child's needs and interests above everything else. I put that on the record because it needs restating.

I should like to move on to the real subject of the debate: what can be done locally by local authorities to help fulfil the Government's child poverty agenda and help us meet the targets, which we have set for ourselves, of halving child poverty by 2010 and abolishing it within a generation. I shall rattle quickly through some of the areas where councils could and should be doing more.

Housing benefit administration has been a problem for decades. It is undeniably a barrier to seeking work and a cause of poverty when people move back on to welfare from work. Sometimes, councils take too long to process claims and sometimes, they get it wrong. Often, claimants get it wrong, because the system is too complex or too confusing, or they have too much else on their plate to cope with making a claim at a particular time.

Being able to pay the rent and keep a roof above their heads is one of the most important considerations for parents in making the decision to move from welfare into work and being able to provide for their family. However, not enough is done to publicise the availability of in-work housing benefit. Although Jobcentre Plus advisers can tell people about it, the fact that people do not realise that such a thing exists often means that they are reluctant to go anywhere near Jobcentre Plus, thinking that they are in the housing trap because they could not possibly afford to cover the rent if they went for a low-paid job.

We know that for many people, particularly lone parents, moving from welfare to work can be something of a revolving door. They start work, find it difficult to cope, move back on to benefits, struggle to make ends meet, look for work again, and so the cycle continues. That is when the bureaucracy of the housing benefit system defeats them, with new claims taking too long to assess and delays in payments pushing families even further into poverty. That is a major deterrent, for example, to people taking on temporary or seasonal work, because they dread what will happen when they have to move on to housing benefit at the end of it.

I have had representations from parents with mental health problems, who feel particularly anxious about the time that it would take to get their benefits reinstated if they could not cope with moving into the world of work.

Mr. Oliver Letwin (West Dorset) (Con): The hon. Lady is talking about exactly the matter that I came to ask her about. I agree with what she says. I have experience of that in my constituency. Does she agree that part of the problem is that there is no flexibility built into the housing benefit system, and that people are either receiving something or not? Does she agree that we ought to be seeking some transitional provision—I accept the difficulties of doing so—that enables people to put their toe in the water, go back to work and come back out again if they have to, without having sacrificed everything in the meantime and without the bureaucratic nightmare that she describes?

Kerry McCarthy: I thank the right hon. Gentleman for his intervention. I agree. I am sure the Minister will be able to tell us a little more. We have considered introducing a taper for out-of-work benefits, so that lone parents, particularly, can receive some money to make the transition while they are meeting the new costs of going into work. That could be done with housing benefit.

In Bristol, Jobcentre Plus and the council have established joint working pilots, with the aim of speeding up communication between housing benefit administration and the work-related benefits side at Jobcentre Plus. However, I have long been of the opinion that housing benefit administration is not best placed with local authorities. The system would be able to give people a much better service if all the benefits administration were placed in one area—with the DWP, locally. Doing so would reduce bureaucracy, give claimants one point of contact and make it easier to compute better-off-in-work calculations.

As we move to a more sanctions-based benefits system for people, including lone parents when their child reaches a certain age, and as we tighten up the incapacity benefit regime, particularly when people drop out of work or refuse to take work, we need people who understand the financial situation of those on benefits across the board. That is difficult to do when the council is doing one thing and Jobcentre Plus is doing another. Perhaps the Minister can say something about that.

John Battle (Leeds, West) (Lab): I am grateful to my hon. Friend for requesting, and I congratulate her on securing, the debate. In respect of the DWP's changing the regime for incapacity benefit and for lone parents, I have been encouraged about the way that the councils in Leeds got together with Jobcentre Plus and the primary health care trust. However, would it not be better if local authorities looked at pulling together a much more complex response to poverty? I shall give a practical example.

[John Battle]

Does my hon. Friend agree that the system is totally insensitive to part-time low-paid workers who are also full-time carers—usually women—who are in poverty? Unless we support the caring system, with councils and social services getting together with Sure Start, the Department for Work and Pensions, Jobcentre Plus and the health care system, and adopt a holistic approach from the bottom up, we will not eradicate poverty.

Kerry McCarthy: I could not agree more with my right hon. Friend, who I know has a real interest in the subject. Without joined-up working at the local level, we will not be able to tackle child poverty. That is why I wanted the debate.

The concrete facts of how much money a person receives is not the only factor affecting whether they live in poverty. Rather, that is determined by the daily facts of their lives and the difficulties they experience, such as not being able to get a bus to where they want to work or not having the right child care or respite care. There is a range of issues, and virtually every department within a local authority ought to bear them in mind.

A major concern is the provision of affordable social housing. Not much needs to be said on that, because it is obvious that housing costs are a major deterrent to people seeking work, particularly in London, but in other areas of the country as well. Many councils are trying to address that, but much more could be done. I know that the London Child Poverty Commission is particularly focused on housing.

Local authorities have a key role to play in economic development and regeneration. When I last spoke on the subject, I mentioned that Bristol has a major city centre retail development that will create around 4,000 new retail jobs. That development is flanked on one side by three of the most deprived wards in Bristol, including the most deprived ward in the south-west, which is in my constituency.

The figures that the Joseph Rowntree Foundation published after looking at the south-west in 2005 show that 26 per cent. of children in Bristol were living in households claiming out-of-work benefits, compared with a national average of 21 per cent. In Lawrence Hill ward, to which I have just referred, the percentage of children in those circumstances was 55 per cent., although that is probably a massive understatement, as many of the people living in that ward are refugees and failed asylum seekers who are outwith the system.

Those wards are on the doorstep of the city centre retail development, so the local authority has a role to play in ensuring that some of those jobs are filled by those living in the most deprived areas. My checklist for those local authorities includes affordable and reliable child care, including workplace crèches; expansion of children's centres; advertising of the child care element of the tax credit systems and in-work housing benefit; extended school hours, with breakfast clubs and after-school clubs; greater provision of skills training and classes in English for speakers of other languages; and perhaps better support for informal child care arrangements. Local authorities are not necessarily the providers of all those services, but they are certainly in the driving seat when it comes to local strategic partnerships and as the organisation that pulls things together at the local level.

Local authorities need to do more to child poverty-proof their policies. The Child Poverty Action Group recently introduced a toolkit on its website, which I hope can be disseminated to local authorities. Local authorities need to give due weighting to child poverty when handing out grants to the voluntary sector, which can obviously play a major role in supporting families living in poverty to move into work and cope with some of their other circumstances. They can build on programmes such as Sure Start and the family intervention project, which we have in Bristol, for tackling more difficult family issues. I would like to see Bristol bid for one of the new child poverty pilots.

I would also like local authorities to collect data on children whose parents are serving custodial sentences, as very little is currently collected. Again, I appreciate that that is outside the Minister's remit. The needs of those children are often overlooked. They are sometimes placed in temporary care with unsuitable foster parents or with relatives and friends, and they are slipping through the net. When I have tried to find out what local authorities are doing to assess how many children are in those circumstances and what can be done to help them, I have drawn a blank.

In Bristol, the local authority has a role to play in protecting the children of failed asylum seekers, who live in the most severe poverty. There is a question about what we should do with children of parents who do not have leave to stay in the country and have exhausted all legal avenues. They are not allowed to work or study, but because of the situation in their home countries, they are unlikely to be deported. In Bristol, we have anything up to 20,000 Somalis. Not all of them fall into that category, but a significant number do, and the vast majority of those people will not apply for the available hardship support because they do not want to sign up to return home. Those families and children are living in absolute destitution, and if the local authority does not step in, it is left to the voluntary sector to do so.

Finally, councils have a role to play as local education authorities. One of the frequent problems that arise when parents move from welfare into work is that they suddenly have to meet the cost of school meals. Why are more councils not following the example of Hull by offering free school meals to all pupils? I know that the Liberal Democrats scrapped that policy in Hull, but it certainly seems to have been successful when it was operational.

I have already mentioned the extended school programmes. There is a case for reviewing the length of school summer holidays so that parents would find it easier to balance chid care and work. Schools also have a role to play outside their normal remit, because they are often the main contact point with parents and can act as a conduit to offer them advice on job opportunities, benefits take-up, child care, ESOL and other training, perhaps by letting local advice centres do outreach work on their premises.

Some of the schools in my constituency already do excellent work on that front. They have coffee mornings for parents to attend after dropping their kids off at school, and the parents can sit and listen to those who have come in to talk to them about their concerns. Some of the parents who come in are quite isolated, perhaps having arrived in the country pretty recently. Those

programmes in schools are the best way of reaching such women. Obviously, it is not only about the parents, but about equipping children with basic literacy and numeracy skills, ensuring that they leave school with good qualifications and encouraging them to stay on in education and training. Only by doing that will we break the inter-generational cycle whereby a child born into poverty is far more likely to end up living in poverty as an adult.

I served for five years as a councillor some time ago. In preparation for the debate, I had to refresh my memory and get up to speed on some of the ways that local councillors operate. I found that I was engulfed by a deluge of performance indicators, national indicators, public service agreements, local area agreements and local strategic partnerships. I found an awful lot of plans, charts and boxes being ticked or not ticked.

I did not find a sense of commitment to the idea that local councils ought to be responsible for tackling child poverty, or that improvements were achievable if they played their part. Regardless of whether councils have adopted national indicators or others in their local area agreements, they should be addressing child poverty on a daily basis and it should be at the heart of their work.

4.17 pm

The Minister for Employment and Welfare Reform (Mr. Stephen Timms): I congratulate my hon. Friend the Member for Bristol, East (Kerry McCarthy) on securing the debate. The commitment to eradicate child poverty by 2020, which was first set out by Tony Blair in 1999, has animated much of what the Government have done since. I vividly recall the commitment to that goal underlined by the then Chancellor when I was first appointed a Treasury Minister in the summer of 1999, and that commitment continues to be at the heart of what the Government are doing.

My hon. Friend asked how that policy is being led in the Government. The public sector agreement, which is the key target, is led by the Treasury. We also set up a child poverty unit, which is jointly responsible to the Department for Work and Pensions, the Department for Children, Schools and Families and the Treasury. The Cabinet Committee is chaired by the Chancellor. The Department for Communities and Local Government is represented at a senior level on the officials' child poverty board, and officials in that Department work closely with the child poverty unit. I think that that is the right way to handle such things. The unit does a great deal of good work, and it needs to work with DCLG and other Departments across the Government because this drive is so central to so much of what we are doing. I welcome the consistent and thoughtful support for the target that my hon. Friend shows in much of her parliamentary work.

John Battle: I am grateful to the Minister for giving way, particularly as the debate was secured by my hon. Friend the Member for Bristol, East. By way of pulling that work together, could the child poverty unit give advice or an instruction to local government to set up the same kind of integrated committee locally to drive the campaign and work to get rid of poverty at the base? That might be happening nationally, but I am damn sure that it is not happening locally.

Mr. Timms: That must be a matter for local authorities to determine, and I shall comment on what local authorities are doing. It is right to highlight in this debate the importance of local authorities' contribution. Ending child poverty cannot be achieved by central Government alone. Local authorities, voluntary sector organisations and employers all have a role to play. We have made good progress during the past decade, but we need to do a lot more. Local authorities need to think "family" and to recognise the extent to which their policies and work impact on families and child poverty. Local authorities must lead local action, harness the resources of local communities and support parents to enter and stay in work.

I am pleased that the commitment to tackling child poverty is reflected in a number of local area agreements that have just been concluded between the Department for Communities and Local Government and local authorities. That process gives local authorities and those who work with them the flexibility to find local solutions to local problems in the light of local circumstances.

Our current measure of child poverty in local area agreements is the proportion of children who live in families dependent on out-of-work benefits. We can produce that data at local authority level, but we are working on a combined measure to include both in-work and out-of-work poverty. By early next year, we expect to be able to publish data on both the current measure and the new one at individual local authority level, and our commitment is to publish that annually. That will enable comparisons to be made between different areas, and make it possible to track progress locally, year by year.

More than 40 authorities have selected the child poverty indicator as one of the 35 for inclusion in their local agreement, and more than 20 with relatively high levels of child poverty, including Bristol, as my hon. Friend knows, have selected a range of indicators that will have an impact on breaking intergenerational disadvantages in the future—for example, the take-up of child care in low-income families, under-18 conception rates and narrowing the attainment gap in education. In Bristol, officials from a number of Departments will meet Bristol Partnership in the coming months to discuss in more detail Bristol's plan within the local area agreement to reduce child poverty.

It is encouraging that so many local authorities have taken up the issue in their local area agreements. We are building on the new local focus on child poverty by challenging local authorities to develop their own approaches, particularly in areas where national policy is not yet achieving the desired result. It was announced in the Budget that we are setting aside £125 million for child poverty pilots, one strand of which is funding for pilots to enable local authorities and their partners to design, develop and test new ways of tackling child poverty. My hon. Friend said that she would like her local authority to participate in that, and this summer we shall be inviting local authorities to express interest in taking part in the pilot schemes. We envisage the project being launched early in 2009.

My hon. Friend is absolutely right to underline the importance of housing in this debate. In the separate strands of the child poverty pilots announced in the Budget, housing is a key theme. Poor housing certainly

[Mr. Timms]

aggravates poverty, and children growing up in poor housing are, for example, 25 per cent. more likely to suffer severe ill health and disability during childhood or early adulthood.

We have made good progress. We have ended the long-term use of bed and breakfast for families in temporary accommodation provided under the homelessness legislation, and we now want to halve the number of households in temporary accommodation to just over 50,000 by 2010. The data that I have seen suggest that there has been good progress in Bristol.

We are also investing more in homelessness prevention, but I completely agree with my hon. Friend that the prompt delivery of housing and council tax benefits is important. We have worked hard with local authorities to cut processing times, and the national average time for processing new housing and council tax benefit claims has fallen from 56 days in 2002-03—I am embarrassed to say that—to 26 days in the last financial year. I am told that, in Bristol, the time has fallen from 44 days in 2005-06 to 30 days in 2007-08, with further improvements expected this year. My hon. Friend is right in saying that it is an important target for local authorities to encourage people to have the confidence to move into work.

Picking up the interesting point raised by the right hon. Member for West Dorset (Mr. Letwin), we need people better to understand that housing benefit is available for those in work on low incomes. People often believe that, when they move into jobs, they will automatically lose all housing benefit and will not be entitled to anything, whereas they are frequently entitled to housing benefit, albeit a smaller amount. We need local authorities to help us to make people aware of that.

Mr. Letwin: I agree with the Minister's point, which the hon. Lady also made, that people need to know that they may be entitled to housing benefit in work. The Minister referred to 20, 30 or 40 days' delay. Does he accept that, if someone goes into work and finds that it does not work out, so comes back out, and perhaps goes back in a month later before coming out again, they may have three or four conflicting positions on benefit as a result? That bureaucratic mess can end up with claims for repayment and all sorts of other problems. We should not be satisfied with a 30-day delay. We need a different system.

Mr. Timms: We need to do more, although we have introduced housing benefit run-on, which helps to deal with exactly that problem and has removed the difficulty for some people.

I want to draw hon. Members' attention to the fact that we have been working with half a dozen local authorities and with Her Majesty's Revenue and Customs—tax credits are also important—on improving the service for people who, as the right hon. Gentleman said, move frequently in and out of work. There have been real difficulties in quite a number of cases. Turning benefits on and off quickly and more effectively is a key enabler to encourage people to take the first step into work and to feel confident about doing so, or perhaps to take up short-term work. I am pleased that my Department, the HMRC, the Treasury and the Local Government Association have recently agreed to extend this more joined-up approach nationwide. The six local authorities that we have been working with have shown considerable improvements in reducing processing time for housing benefit and tax credits. We want those benefits to be extended nationwide.

I should have liked to make a number of other points, but I shall make one in response to what my hon. Friend said about 4,000 jobs being created in central Bristol. Local employment partnerships between Jobcentre Plus and employers are starting to have some real momentum in providing opportunities for disadvantaged jobseekers—lone parents, people on incapacity benefit and people who have been out of work for a long time. In fact, the week before last, for the first time, 1,000 people went into jobs through local employment partnerships, and so far, a total of just over 12,000 have done so. The target is 250,000 by the end of 2010, so I hope that quite a few employers in Bristol will have local employment partnerships in place and agreements with Jobcentre Plus.

The deal is that Jobcentre Plus invests to equip disadvantaged jobseekers for the jobs becoming available, and employers undertake to ensure that those applicants get a fair crack at the jobs with, for example, work trials, guaranteed interviews and mentoring after appointment to ensure that people who may have been out of work for a long time get a good chance of moving into employment.

My hon. Friend was right to refer to the importance of education. The take-up of free schools meals is low among the poorest pupils, and some local authorities have examined the reasons for that, addressed the problem and increased take-up. We would like all schools and local authorities to do that. My hon. Friend was also right to remind hon. Members that local authorities have the power to provide free meals for all.

Invaluable support is being provided by children's centres and children's trusts. Adult services in local authorities need routinely to think "family", rather than focusing only on adults' needs.

Post Office Closures

4.30 pm

Mr. Geoffrey Cox (Torridge and West Devon) (Con): It is a great pleasure to have secured this debate on the impact of the post office closure scheme on my constituency of Torridge and West Devon. The debate has excited a considerable amount of attention in my constituency—indeed, a number of postmasters and postmistresses have travelled up to listen to what the Minister has to say. Mr. and Mrs. Jeanette Hendrie are the postmaster and postmistress of St. Giles in the Heath; Mrs. Shirley Hoskin is the postmistress of Meeth; and Mrs. Naomi Nardi is the postmistress of Bridestowe village. They are all here because of their acute concern about not only the fact that their branches have been identified in the Post Office's closure proposals, but the way in which the consultation has been handled. I shall devote my opening remarks to those issues.

My constituency is among the worst affected in the country by the closure proposals. Post Office Ltd has proposed closing 45 branches in Devon and replacing 38 with an outreach service. Torridge and West Devon will bear a disproportionate number of those post office closures—five branches are to close outright and a further 15 are to be replaced with outreach services. Therefore, 20 post offices are to close in total, which represents a disproportionate number of the already disproportionate number of closures that Devon will have to bear. In fact, 35 per cent. of post offices in my constituency are to be closed. Only one other constituency in the country—Hexham, I think—will have to sustain a larger closure rate.

Despite the target that Post Office Ltd has set of only affecting on average 18 per cent. of services in any area, Devon as a whole will lose 22.8 per cent of services, as 83 branches are to close. I submit to the Minister that a number of bodies, including the county council and Postwatch, are concerned about the growing evidence that Devon has had to sustain a far harder blow from the axe—a far keener burden of the closures—than any other closure area to date. I would be grateful if the Minister and his Department examined that concern in the light of the fundamental importance of fairness. If closures in other parts of the country have not met the Post Office's targets, it is quite wrong for post offices that feature down the list, particularly in the vulnerable rural areas that I represent, to have to sustain an unequal burden of the closure programme.

From the start of this process, I have argued that local people need to show Post Office Ltd why they so desperately need their branches. The first point that the Post Office has made in answering questions from Members of Parliament is that there has been no or very little response to the consultation. I am glad to say to the Minister that that has not been the case in Devon, and it has certainly not been the case in Torridge and West Devon. Thousands of people have made relevant, well informed and well argued submissions to the Post Office about why their sub-post office branch should not close. A flood of letters, e-mails and phone calls from across the constituency and county has inundated my office and the network change team. Astonishing numbers of people have flocked to public meetings in the affected villages. Postmasters who I know and those who are here today have said to me that they have been deeply touched by the depth of support and affection expressed for the service that they provide across the community.

As I have already said, the consultation and closure scheme has been conducted in a way that has attracted expressions of grave concern about its competence and fairness, not only from Members of Parliament but from the country council and Postwatch. Let me give the Minister some examples of why the communities I represent fail to have the confidence that the consultation ought to inspire. In St. Giles on the Heath, where Mr. and Mrs. Hendrie operate the shop and post office, the proposal made by the network change team indicated that it was not the last shop in the village. In a remote, isolated, rural community, such as parts of the constituency I represent, whether the post office is the last shop in the village is clearly an important consideration. Of course, it is not a decisive factor and it is certainly not a conclusive factor, but, as the network change team has indicated to me, it is something that must be properly taken into account. There could be an argument about whether it should be a decisive factor and the argument could also be made—it is one I would adopt—that the Government should have said that if the post office is the last shop in the village, that ought to be a disproportionately influential factor when considering whether to save it. I will come to that point in a moment or two.

The Post Office identified that there was another shop in St. Giles. In its proposal, which was circulated around the parish—most of the post offices and shops have a number of parishes dependent on them—it said there was a farm shop in St. Giles. That caused a considerable amount of consternation among residents in the village because they had not been aware of a farm shop. If it existed, it was not well advertised and none of the local inhabitants of the village or the parish knew of it. The truth is that a local will say that, when driving up the road between Launceston and Holsworthy, one can see there is something called Box Shop Farm. Of course, what had happened was the Post Office team had driven past, seen Box Shop farm, swapped the words farm and shop, and thought it was a farm shop.

That might seem to be an amusing anomaly, but the Post Office is asking hundreds of people to accept the loss of what they regard as their staff of life—the lifeline and heart of their community and a facility on which the elderly, the infirm and the disabled depend—on the basis of a drive past that is superficial in its assessment of the impact on that community. The Post Office team considered that a sign meant they did not have to worry about the post office being the last shop in the village—and they did not even bother to go in.

I am sure that the Minister will agree that that is an astonishingly superficial approach and one bound to inspire the deepest distrust and cynicism from the communities that have to suffer as a result of such incompetence. There is no other shop in the village of St. Giles but the "Pint and Post", which Mr. and Mrs. Hendrie operate, so by losing the post office, it is almost inevitable that the village will lose the shop.

4.38 pm

Sitting suspended for Divisions in the House.

4.59 pm

On resuming—

Mr. Cox: I shall do my best to resume in mid-flight, as it were. I was talking about the superficiality with which the consultation and, worse, the assessment of the impact that closure would have on communities seem to have been carried out by the Post Office in Torridge and West Devon and in Devon as a whole. It is worth observing that Postwatch has told me—indeed, it said as much in its written representations to the Post Office, which, I suppose, eventually escalated to the Secretary of State—that the scheme in Devon appears to be one of the worst. I said worst, but Postwatch would say that the scheme was not as well put together as those in most if not all other areas of the country.

The experience of the people in St. Giles is one example, but let me deal with the experience of the people of Meeth. The other day I had the great pleasure of visiting Meeth; I go through it frequently because the main road between the north and south of my constituency, the A386, passes through it. It is a fast road: cars are frequently seen passing through at 60 mph and sometimes even faster. Juggernauts and 40 ft lorries go past and through the village almost every hour, yet the Post Office has proposed that the post office, run by Mrs. Hoskin, should close and that the village should have a mobile post office instead, which will park in a lay-by about 600 yd out of the village, around two blind bends.

As the Minister will appreciate, the village has a large proportion of elderly and infirm residents. Indeed, my constituency has a disproportionate number of the elderly among its population. Based on the 2001 census, 28.3 per cent. of households in Torridge and West Devon are comprised only of pensioners, compared with a national average of 23.71 per cent. That is simply one indication of the deprivation, both geographical and otherwise, that communities in my constituency are suffering. Yet, the inhabitants of Meeth—the elderly, the frail, the infirm, and even the young—are being asked to walk around two blind bends on a main road, 600 yd out of the village. There is no pavement or walkway, and not even a grass verge. It will be a death-trap.

When confronted with the astonishment at the proposal, the Post Office simply says, "We haven't really worked it out yet." That, too, does not inspire the confidence that the programme and consultation should inspire. Many of the decisions that have been taken in my constituency and, no doubt, in others in Devon, are extraordinary, even inexplicable. Eight shops that are the last in their village are scheduled to go, and many, including Bridestowe, which is run by Mrs. Nardi, are successful.

Mrs. Nardi's post office business has increased for the past six years. Only a few months ago, the Post Office awarded the shop the ability to deal with foreign currency such as euros. It had to hit a minimum criterion of business to do that. One hundred and fifty self-employed people and businesses depend on it. If there is an example of a sustainable rural branch, it is Bridestowe. It is in the upper 46 per cent. in customer numbers compared with similar concerns around the country, which is an impressive achievement.

There has been an overwhelming response from people in widely dispersed communities and parishes around Bridestowe, all of whom depend on that post office. I met a gentleman of 101 years of age from a care village and residential home who came out to visit the branch to show his support. It is not to be supposed that these post offices and the people who depend on them will conceivably be able to rely on a mobile solution that might visit their village for but an hour or two, at an inconvenient time, on a wet and rainy day, or even a day of snow and cold, as villages around Dartmoor such as Bridestowe so frequently experience.

The councils, the postmasters and mistresses and I have made detailed, well argued—I hope—submissions to the Post Office. We hope, given that the decision is being taken now, that the Post Office will listen not only to the pleas, but to the arguments that have been put to it, which are based on facts, statistics and detail.

It would take too long for me to give the details of each of the threatened post offices in my constituency. Shebbear and Buckland Brewer, among others, are successful. Indeed, in cases such as St. Giles, villages have received public money for the post office. Some £27,000 of public money from Devon Renaissance was spent on regenerating the post office in Buckland Brewer, yet it is scheduled to close. Why was that money given? It was given because the authorities that looked at the need for rural regeneration in that area—I appeal to the Minister—decided that there was such rural deprivation that they ought to spend nearly £30,000 of taxpayers' money to bring the shop back to life. Now the Post Office says, "We will kill it."

That is an astonishing misuse of taxpayers' money. Three years ago, £27,000 of taxpayers' money could be spent, but now the Post Office is ignoring not only the fact of that expenditure, but the fact that it was spent because of objective evidence of rural deprivation. Bridestowe is the 20th most deprived parish in England. Something like a dozen parishes in my constituency are in the top 500 of 32,000 such parishes in the country. On geographical deprivation terms and criteria, it is clear that many of these vital post offices would not close.

What about Postbridge in Dartmoor national park? There is a statutory duty on the Government, under section 62 of the Environment Act 1995, to consider and foster communities on the high moors, in the national parks, yet the Post Office has come along, apparently without the Government knowing, and proposed to close Postbridge post office, which is miles from the next post office, and to replace it with a van. How are those things compatible? Will the Minister explain how they are compatible with Government policies to tackle rural deprivation and look after high moor and national park areas, where communities are exposed and isolated on hillsides? How is it conceivably compatible with Government policies to foster the rural economy and encourage diversification?

What are the 150 businesses that surround Bridestowe parish and Bridestowe post office, which are served so well by Mrs. Nardi, to do? What are the businesses such as Hookways coaches in Meeth, which pours parcels and post into the Meeth post office, to do? What are the businesses and people around St. Giles supposed to do? St. Giles was given public money only a few years ago for the same reason as Buckland Brewer, namely, its deprivation and rural isolation. It does not appear to the people I represent to be joined-up thinking or that the Government's priorities are being taken into account

by the post office closure proposals. That is why the consultation so fundamentally lacks the kind of authenticity and sincerity that would command the confidence of those whom I represent.

I should like the Minister to answer this question. Why does the Post Office deny to the communities that I represent the financial figures that would help them to fight their case against the closure of critical facilities in the community? Four criteria are applied to the closure of post offices; one is access, another is the financial benefit to the Post Office. Try how communities might, they cannot winkle out of the Post Office those desperately important financial figures, which would help them to answer their question: what is the Post Office saving by closing the branch in Ashwater, or Bridestowe, or Shebbear, or Buckland Brewer, or Chillaton?

I am going to do something that has not been done to date, but I have considered it carefully. I wrote the other day to the Post Office chief executive, Mr. Alan Cook, asking for the financial savings that the post office would make from the closure of each post office. Mr. Cook told me that he will give me the figures because Ms Vennels, who is the network director, told the Business and Enterprise Committee that they would be given, but he said that he would like me to keep them confidential. I do not intend to keep them confidential. I intend to adopt the privilege of a Member of Parliament in this Chamber to say what he thinks is right in the interests of his constituents. However, before revealing them, I have decided to ensure that each of the postmasters and mistresses whose branches are affected consent and agree to the course that I propose to take today.

I have been told by the Post Office that it does not want me to reveal the information, and I have been told—indeed threatened—that if I do, it might not reveal such information to Members in the future. However, given that only a handful of Members know of the availability of such information, and having spoken to the Chairman of the Select Committee, I do not think that that is a profound deterrent.

I say, therefore, to the communities that I represent, to you, Mr. Weir and to the Minister that closing the post office in Ashwater will save the Post Office £6,000 a year. What is the community in Ashwater to make of the fact that they are to lose the last shop in their village—a village 9 miles from the nearest other viable facility—for just £6,000 a year? Of course the Post Office does not want people to know the figures, because there will be an uprising of outrage that for £6,000 a year, communities will lose the social cement and glue that is the essence of the survival of their village. The closure in Bridestowe will save the Post Office £8,700, and yet hundreds of businesses and several thousand people in the area depend on the post office. It is wrong that those figures are being kept from public view.

Each of the persons whose figures I have mentioned have consented to—indeed want—me to say what the savings are. The truth is that the savings are paltry in comparison with the damage that they will cause to the communities that I represent. It is simply wrong that those figures are being kept from communities so that they cannot assess the true value to the Post Office of their loss. The closure in Chillaton will save £10,800; the closure in Meeth £11,300, and the one in St. Giles £10,500—paltry figures! And I am concentrating on areas where vital shops are being lost. There might well be a case for closing a fragile office with 20 customers a week, of which there are a number in my constituency, but why are we closing these vital lifelines to communities?

I would like the Minister to answer those questions and to say whether it is right for Torridge and West Devon to sustain so disproportionate a burden for so paltry a saving. What does he make of the consultation based upon so superficial an impact assessment? I have given him just a few examples. Why has there been no assessment of the impact on the rural economy of closing Bridestowe when it is the Government's policy to encourage the rural economy? There has been no such assessment or depth of research, and no thorough examination of the impact on rural economies, communities and deprivation.

This has been a botched process driven by cost. The real and underlying driver of cost is being concealed from the communities, which is why with due deliberation and consideration I have decided to go public with some of those figures. The truth is that my communities and postmasters want them to be known.

5.13 pm

The Minister for Energy (Malcolm Wicks): I shall do my best in the little time available to me to answer the hon. and learned Gentleman's questions. I congratulate him on securing this debate and on presenting his arguments so well on behalf of his constituents. He spoke eloquently and passionately about the challenges that face his constituency as a result of its deeply rural character.

The Minister for Employment Relations and Postal Affairs, who could not be here today, has no role in decisions to close or retain individual post offices, which is rightly—in our judgment—a matter for Post Office Ltd, following local consultation, involving Postwatch, local people, MPs and other representatives. The post office closures in Devon are part of a wider programme announced in May 2007 by the then Department for Trade and Industry. Under the network change programme, up to 2,500 post offices will close and 500 new outreach services will be established, taking the network to around 11,500 branches. There will be roughly similar numbers of closures in urban and rural areas.

Before addressing the issues raised by the hon. and learned Gentleman, it is important to set out the background to the network change programme. It involves substantial numbers of post office closures and has understandably given rise to much concern and protest. However, the network is facing significant challenges: it is losing about £500,000 a day; it has 4 million fewer customers a week than just three years ago; and three out of four post offices run at a loss to Post Office Ltd. If the Post Office was run as a commercial network, there would probably only be about 4,000 branches. Some very rural branches have so few customers that the cost per transaction is £17.

Faced with all that, the Government are not walking away, leaving the network to decline, with no plan for where or how branches would close, but have provided a subsidy of £150 million a year. That supports 7,500 non-commercial branches that would otherwise close and is part of an overall programme of public support for the Post Office of £1.7 billion up to 2011. I hope that the hon. and learned Gentleman agrees that that is a

[Malcolm Wicks]

considerable sum. It is precisely because we recognise its important social and economic role that the Government are committed to a national network with reasonable access to post office services and are investing such financial support.

Governments also have a duty to the taxpayer, however, including the hon. and learned Gentleman's constituents and mine, so the subsidy cannot be unlimited. Across the whole country, the subsidy is very considerable, including for rural areas. I appreciate his concern about the number of proposed closures in his constituency. However, out of 71 existing post offices in Torridge and West Devon, Post Office Ltd is proposing the outright closure of just six branches—about 9 per cent. of the total—two of which are mobile van services available in each village for just 30 minutes a week. Those villages are Buckland Monachorum and Peter Tavy—I apologise for the lack of a south-west accent.

Alongside those six branch closures, Post Office Ltd is proposing that a further 16 branches be replaced with outreach services, as part of the 500 new outreach services being introduced nationally to mitigate the effects of closures in rural areas and to provide a more cost-effective means of continuing to provide post office services in areas that would otherwise lose them. Under Post Office Ltd's area plan proposals, 92 per cent. of customers in Devon will see no change to their nearest post office, and 99.4 per cent. of the county's population will either see no change or will remain within one mile—as measured by road distance—of an alternative post office branch.

It is important to be clear about what the consultation process is about. It is not a vote or referendum on whether particular post offices should close, but about ensuring that Post Office Ltd has the best available knowledge on which to make informed decisions about which offices should close. It is about how that is to be done, not whether it is to be done. The decision to reduce the size of the network was taken in May 2007. I will ensure that the Post Office is made aware of the inaccuracy that the hon. and learned Gentleman has drawn to my attention today—I took that point about shops very seriously.

None of that means that there can be no change in the plans. For example, in Devon, nearly 17 per cent. of the initial closure proposals were changed as a result of detailed pre-consultation input from key stakeholders, including Postwatch, which is the consumer body, before they were put out to local consultation. Across the 26 area plans for which Post Office Ltd has announced its final decisions, 54 closure decisions have been withdrawn, with 32 alternative branches proposed for closure.

I note the hon. and learned Gentleman's concern about the need to consider the potential impact on the Dartmoor national park, and I understand that the park authority has been consulted and has submitted its views on the Devon area plan proposals as part of the local public consultation.

The hon. and learned Gentleman mentioned the availability of financial information. It is difficult for Post Office Ltd to give specific detailed financial information for individual branches, without breaching commercial confidentiality or obtaining the sub-postmaster's permission, but Post Office Ltd has confirmed that the average saving to the Post Office of a branch closing is around £18,000 per annum. In rural areas, the average saving is about £13,000.

Mr. Cox: The average saving in my constituency is less than £10,000, and in many of the cases in which the shops are closing, we are talking about £6,000 and £8,000. In each case, I have secured the assent of the postmaster to give the information. Can the Minister say why, when the postmaster has given consent, the Post Office should still want to maintain confidentiality?

Malcolm Wicks: The Post Office is running a business and has rivals of different types, but the hon. and learned Gentleman has chosen to make the information available.

This process is not easy, and I appreciate the concerns raised by the hon. and learned Gentleman, who has argued his case well. Our policy is designed to achieve a managed reduction in the network's size and to ensure reasonable access to services across the country, with the aid of new outreach services. The only point that I will add is that the public can make a difference. One reason for the difficulties that face sub-post offices—whether in my constituency or the hon. and learned Gentleman's—is that although many members of the public will sign petitions, they are not using sub-post offices in sufficient numbers. Where people want to maintain local services, they have a duty to use them.

The sitting having continued for two and a half hours after half-past Two o'clock, it was adjourned without Question put.

Adjourned at twenty-one minutes past Five o'clock.

Westminster Hall

Thursday 10 July 2008

[MR. MARTYN JONES *in the Chair*]

Reconstructing Afghanistan

[Relevant documents: Fourth Report from the International Development Committee, Session 2007-08, HC 65; and the Government response, HC 509.]

Motion made, and Question proposed, That the sitting be now adjourned.—*[Ms Diana R. Johnson.]*

2.35 pm

Malcolm Bruce (Gordon) (LD): The members of my Committee are pleased to have the opportunity to debate our report. Although many things have happened in the fairly long period since we began our inquiry and published the report, we feel strongly that the role of the British Government in Afghanistan is crucial to that region.

I shall open the debate by summarising in a couple of sentences what is needed if we are to secure a future for Afghanistan. The country needs improved security, a crackdown on corruption and a strong human rights culture, especially in relation to women. The international community is helping, and should be striving to help, the Government of Afghanistan to achieve those three key things.

I will not delay right hon. and hon. Members by summarising the report: they can read it for themselves, and probably have done so already. When Committee members visited Afghanistan last October, we took the opportunity to try to get as broad a view of the country as we could. For that reason, not only did we spend time in Kabul and the surrounding Shamali plain, but we divided, with half going to Helmand and the other half, including me, going to Balkh province in the north and to Mazar-e-Sharif. When we came together, we had a complementary idea of a diverse country, with a great variety of things happening in different parts of it.

I say at the outset, perhaps for the benefit of opinion and the media in this country, that Afghanistan should not be confused with Iraq: the reasons why we are there, what are doing there, and the purposes and circumstances by which we came to be there are fundamentally different.

Mr. Tobias Ellwood (Bournemouth, East) (Con): I am grateful to the right hon. Gentleman for giving way so early in his speech. I commend him on his report. Many hon. Members have had an opportunity to visit both Afghanistan and Iraq. On analysis, there is a clear concern that the pace of reconstruction and development under the fragile umbrella of security was not apparent in Iraq and is not apparent in Afghanistan, for exactly the same reason. There are therefore lessons for each country to be learned from the other.

Malcolm Bruce: I accept that there may be lessons to be learned on reconstruction, but my point is that often the two engagements are conflated in the British press as though they were similar in context, and they simply are not. That important point needs to be made. Whatever people's views are on Iraq and Afghanistan, the situations in those countries should be treated as two completely separate engagements, rather than two sides of the same one.

There is evidence of strong support among the Afghan people for the international community's engagement within their country. Indeed, we were repeatedly told that, if anything, people were concerned that we would not stay, or would not stay for long enough. That we should not be there was not a message that we heard to any significant extent.

Nobody should underestimate either the challenges, which are huge, or the uncertainty of the outcome; our report makes that absolutely clear. More than 100 British service personnel have died engaging with insurgents in Helmand. It is perhaps understandable that that has become a strong focus of the United Kingdom media, and rightly so. It is, however, encouraging to note the comment of Sir Jock Stirrup, Chief of the Defence Staff, last month:

"Make no mistake, the Taliban influence is waning, and through British blood, determination and grit, a window of opportunity has been opened."

Windows open and close, but an opportunity has been created.

It is important to recognise that the aim of UK policy in Afghanistan is to assist the country to build up a viable and efficient state, and for public services to create a climate for development and poverty reduction. Although the number of competent administrators is limited—one estimate that we heard when we were there was that there were as few as 200—the education, health and rural development Ministries are markedly improving delivery of basic services. Six million children are in school, more than one third of them girls, a high proportion of the population have access to basic health services, and agricultural production has improved in some parts of the country.

Part of the international community's work has been to train the Afghan national army, where there has been positive achievement. That was borne out in the successful NATO-supported action to recapture Musa Qala. On the other hand, training the police force so that local people can trust them is proving to be a challenge, and the general perception still seems to be that the administration of justice throughout Afghanistan is dire. There has been a shortage of police trainers. The Government, who have said that the number of UK policing experts in Afghanistan is rising, are providing support to the EU police mission to Afghanistan—EUPOL Afghanistan—and working with the US-led police training programme. Will the Minister tell us how many EUPOL trainers there are in Afghanistan, how many are UK police, and what progress has been made in increasing the number of female police officers?

Providing security, especially in the south of the country, is crucial to the future, and that makes the role of British forces key. It is important to remember that Afghanistan is a diverse country, which needs to develop national administration that is free from corruption and accessible by all, especially women. During our visit, it was disappointing how often we heard people say, "We appreciate what the British are doing in Helmand; it is a pity that you are not engaged elsewhere in the country." In reality, the overwhelming majority of our aid and development budget is being delivered to the national Government to provide services throughout Afghanistan, yet the focus is on Helmand.

[Malcolm Bruce]

On the role of women and their rights, the context is not the same as in any western country. Afghanistan is an intensely male-dominated society where women's rights have traditionally been limited. It is disappointing that since liberation and the establishment of democratic government, the country seems to be moving backwards. When the Government were created, there were four female Ministers and between eight and 12 female deputy Ministers. Today, there is only one female Minister, and three female deputy Ministers. Apart from the deputy health Minister, the others are all in the Ministry for Women's Affairs. In other words, women are being patronisingly compartmentalised.

Yesterday, I met an Afghan journalist, Horia Musadeq, who gave me further cause for concern. Promises that a vacancy for a senior judge would be filled by a woman have not been kept and the post has now been filled by a man. The implementation of the justice action plan is not progressing, and the human rights component of the electoral commission is being diminished, leading to concerns that perpetrators of human rights abuses will continue to dominate the Parliament. Horia also told me that freedom of expression is being restricted by the application of the new media law and the use of blasphemy laws.

I suggest that the international community should make it abundantly clear that the long-term commitment to Afghanistan depends on the country establishing international standards against corruption and upholding the rights of its citizens, especially its women. If Afghanistan is to survive and to develop as a viable state, it needs improved security, a crackdown on corruption and a strong human rights culture. Will the Minister tell us how the Department for International Development, in co-ordination with other bodies, will monitor and prioritise that, and specifically—this was mentioned in the Government's response to our report—how it will apply the gender equality action plan in Afghanistan?

The other focus of interest whenever Afghanistan is discussed is inevitably poppy cultivation. Partly through a policy of substitution that has made 20 provinces poppy-free, and partly because of a market glut, overall production is expected to fall. It is interesting that rising prices for other crops—notably wheat—have also helped. Although it is not always understood, there is a direct correlation between poppy production and insecurity. Some people think that all we have to do is to destroy the poppy crop, but that debate has no resonance because the Afghan Government will not allow that and, frankly, I do not blame them, because it would destroy the soil's reproductive capacity. There is no point debating destruction of the poppy crop because that is not going to happen.

It is more to the point to ask why farmers grow poppies. It is not the best crop for money, but the criminal elements who buy it come to the farm gate with cash and take the crop away, which eliminates the need to travel off the farm and thus the risk of bribery and ambush on the way to market and intimidation by criminal elements. If farmers were provided with security in the form of protection from intimidation and with access to the market at reasonable cost and safety, other crops would become more attractive.

Mr. Philip Hollobone (Kettering) (Con): I am impressed by what the right hon. Gentleman is saying. In paragraph 131 of the report, his Committee emphasises:

"Controlling drug trafficking between Afghanistan and Pakistan"

is "a necessary condition" to tackle the issue. Paragraph 80, which covers a related issue, says that

"greater international pressure should be placed on Pakistan to control more effectively the Federally Administered Tribal Areas."

What he is saying about cultivation and security rings true in two powerful paragraphs in his report.

Malcolm Bruce: Those paragraphs demonstrate that targeting poppy farmers is the wrong approach, and that it is necessary to target the perpetrators of the traffic. It is encouraging that the new Pakistani Government have indicated that they intend to take strong action in the frontier territories to tackle the Taliban and other criminal elements. One must remember that the border is huge and infamous. It is not internationally recognised—only the UK and Pakistan do so—and has a notorious reputation in world and specifically British history. That reputation has not changed much in recent years.

Mr. John Horam (Orpington) (Con): I am interested in what the right hon. Gentleman is saying about drug trafficking and so on. What impression did he get of the border with Iran? What actions are the Iranian Government taking to stop drug trafficking?

Malcolm Bruce: We received a little information in passing on that, but we did not go to that end of the country, nor did we take specific evidence. Clearly, there is a lot of traffic across the border between western Afghanistan and Iran. There was evidence that the behaviour of the Iranian Government could have a positive or a negative effect, and at different times it had had both those effects.

Richard Burden (Birmingham, Northfield) (Lab): I endorse the right hon. Gentleman's last point: our strong impression was that although there had been incidents on the Iranian side, stability in the relationship with Iran is crucial, and the wrong sort of activities on the other side or directed towards Iran could set up a chain of events in Afghanistan that would be far from helpful.

Malcolm Bruce: Yes. The relationship between the Governments and people of Iran and Afghanistan, and the traffic that crosses the border, are complicated. The Iranian Government do not want a lot of drugs imported into their society, so to some extent they take strong action against it, which is helpful. However, they want a relationship with those whom they consider to be their kith and kin over the border. At other times they are a little less engaging. One can tell that when they are doing the right thing in that context, the problem is diminished, and when they are not, the problem is not diminished. That is another dimension to the international problem of how to deal with Iran, although that it not the subject of this debate.

Mr. Ellwood: The right hon. Gentleman says that Iran is not part of this debate, but Afghanistan is a mixture of identities, religions, ethnic groupings and so on. Afghanistan is a patchwork quilt of loyalties, not

just one country, and that is where the constitutional model has gone wrong. Does he agree that where things have gone well in the east, it relates to Iran being the only country to invest in a railway line going to Herat? That will allow the east of Afghanistan to start trading. It is trade and investment that will replace poppies.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): The west.

Mr. Ellwood: Sorry, I meant the west.

Malcolm Bruce: Of course, I accept that entirely. Although we did not go to Herat, we had many reports of how successful that area was. Certainly, those of us who visited Mazar-e-Sharif saw some pretty lively economic activity. That is important, but at the end of the day, if Afghanistan is given security, good roads, a decent education system and so on, it will have the capacity to create a successful economy. However, there are a lot of presumptive buts and ifs attached to that, which is precisely why the focus of this debate is how we create the climate for it to happen.

I shall now go to the next stage and move from the subject of poppy growing to that of the agricultural support that the Committee thought was necessary. We have recently had a wider debate about agriculture and the extent to which the world community has taken its eye off the ball in supporting agriculture as part of the development strategy throughout the world. We should not suddenly come rushing back to agriculture because it is fashionable in this year of high prices; we need to deal with the matter in a way that is coherent and has been thought through.

Let me give a practical example. We visited a village in Balkh where the community had been persuaded by old-fashioned methods—namely, threats—to stop cultivating poppy. The villager had therefore started to grow water melons, of which they had no previous experience. I have no expertise in relation to water melons, but I understand that the problem is that they are prone to attack from a particular kind of flea. When the villagers' water melons suffered such an attack, they could not find anyone to advise them on how to deal with the problem. As a result, they did not say they would be better off with poppy; what they said was, "We've got a crop from which we're not deriving much of an income." They also said, "Thank you for the support you've given us in providing a clean water supply for the humans in the village, but we don't have enough water for our animals, which are dying." The people need irrigation to feed animals and for proper extension services to be provided by the Afghan authorities—perhaps with our support and expertise—to enable farmers to switch to other produce. We also need to ensure that people know how to manage and deal with those alternatives, as it will enable farmers not only to come out of poppy growing, but to find a long-term future from alternative sources.

Mr. Andrew Mitchell (Sutton Coldfield) (Con): The right hon. Gentleman's excellent speech and the point that is dealt with in some detail in his Committee's report, which has been the subject of a number of interventions, leads me as a matter of courtesy to say to the Minister that it would be extremely helpful if he set out for hon. Members in the clearest possible terms what the Government's counter-narcotics strategy is in Afghanistan. We are spending a lot of money on this important work, so it would be extremely helpful if he told hon. Members from the Committee and other hon. Members precisely how that strategy is determined and what it aims to achieve.

Malcolm Bruce: I thank the hon. Gentleman for that intervention. I have a question about the agriculture strategy that relates to his point. The Government have committed £345 million to development in Afghanistan in the 2008-11 spending review. Will the Minister indicate, either now or in writing, how much of that resource will go into horticulture, livestock, agriculture and rural development, and in what form? That is part of our recommendations.

It is fair to say that there are vested interests in the UK in terms of agricultural research, academia and other areas and that, of course, the people involved with that have an agenda; however, it is not one that is not legitimate. Such people say that they have underutilised expertise that they feel could help. We obviously want to build up the capacity of the Afghan Government, not import capacity from outside, but I believe that we can work alongside Afghans and train them to improve the quality of their extension services.

John Battle (Leeds, West) (Lab): The right hon. Gentleman will find that there is a parliamentary question in my name asking for a breakdown of DFID's funds. It is important to remember that our Committee is the International Development Committee and not the Foreign Affairs Committee. I make that point because it is important that we focus on poverty reduction in Afghanistan and make sure that the funds—certainly those from DFID—go into poverty reduction in Afghanistan and do not trickle into other areas. Of course security is important, but if we lose that funding focus, we will not crack the problem of poverty eradication.

Malcolm Bruce: I am grateful to the right hon. Gentleman for making that pertinent, timely and extraordinarily important point, which reinforces again the distinction between Afghanistan and Iraq. Iraq is not a poor country, whereas Afghanistan is one of the poorest countries in the world. We should be engaged in helping to reduce that poverty. The truth is that if Iraq were a stable non-threatening country, we would not be there, other than as a trading partner or whatever. That is a fundamental and radical difference.

The right hon. Gentleman is right to make that point and to make it clear to other hon. Members here who are not members of our Committee that our focus is fundamentally on development. However, as in so many cases, it is impossible to avoid the security, defence and foreign affairs dimensions to these matters. I will come to that point at the end of my speech. We completely understand that there are other complex reasons for our being in Afghanistan, but we should never lose sight of our development priority. It is right to ensure that development money is not diverted to other purposes that might be legitimate, but for which development money has not been provided. It is easy to be misunderstood, and people often misrepresent what is happening and suggest a rather confused idea of what the British Government are doing in Afghanistan.

[Malcolm Bruce]

On a practical point—I do not want this to be seen as in any way ironic—when we visited Afghanistan, we would not have been able to cover the ground and see what we did in the week we were there if we had not had access to a plane that was seconded to the use of the British embassy at that time, particularly because our Committee split and went to opposite ends of the country during a very short visit. At the time, we were concerned—we have mentioned this in the report—that the plane was available only for the short term and was likely to be withdrawn. We have made a specific recommendation stating our hope that the British embassy and British development staff will continue to have access to a plane, because we feel that that would greatly assist their ability to cover the ground. We know that it is expensive, but the reality is that without the plane, those staff would essentially be confined to operating in Kabul and Helmand, and they would not be able to reach the rest of the country, especially given that many of them are on a short-term rotation for security reasons. Will the Minister say whether a decision has been taken and, if so, what decision has been made on the future of the plane or making a similar arrangement?

I reinforce the point that nobody should underestimate the challenges and difficulties of operating in the post-conflict environment of today's Afghanistan; our Committee certainly does not. Conversely, however, nobody should underestimate the cost of failure. Afghanistan is the fulcrum of an immensely unstable part of the world. It is the source of the world's drug traffic and the hub of the world's terrorist training network. A stable, developing Afghanistan has positive implications for its neighbourhood; a failed Afghanistan would hugely destabilise what is potentially the most volatile region in the world. Anybody who suggests that Afghanistan is a far-away place of which we know little and that we should not be there fundamentally fails to understand why it is central to our national interest now, as it has been in the past.

Afghanistan is also a point of concern and focus because of the plight of its people, who have been battered to hell from all kinds of sources and from every different direction. Understandably, they are doubtful and frustrated at not knowing what their future might be. Time and again, we were told that because of their experience, the people of Afghanistan fundamentally do not trust anybody; they simply do not believe that anybody will stay long enough or be consistent. That is why Ministers and others in the international community repeatedly say, "This is a commitment for a generation. We will be there be 20 or 30 years." That is not some sort of bold, post-imperialist statement; it is a real attempt to reassure the people of Afghanistan that we understand that building up a viable state is not something that will be achieved in the short term and that we are there to work with them to deliver that.

Progress is being made, as the Secretary of State highlighted in his speech in Kabul on 29 June. He also highlighted the challenges and opportunities. Afghanistan is our business in terms of both contributing to security and helping some of the poorest people in the world to lift themselves out of poverty. There will be setbacks and shortfalls, but as long as we can engage with constructive partners in the country and recognise the case for long-term commitment, that is what we should do. I urge the British media and the British public to understand and to recognise that what we are trying to do in Afghanistan is a noble venture, and we must stick to it.

3 pm

Mr. Nicholas Soames (Mid-Sussex) (Con): I intend to talk only about DFID's reconstruction work in Helmand. I start by commending to the Minister—who I hope is better prepared for this debate than he was yesterday upstairs—the words of my hon. Friend the Member for Gravesham (Mr. Holloway), who recently made an excellent speech in this Chamber on the situation in Afghanistan and the work of DFID and the Army. The key to our success, as I hope the Minister understands, is consent, and consent can be gained only if the people whom we are trying to help believe not only that we are in it for the long haul but that we are delivering on what we said we would do and on what was set out in a number of high-sounding declarations about how things would work in Afghanistan.

DFID has deployed many very good people to Afghanistan. I acknowledge that many of them are courageous and are doing a very good job, but DFID is not geared to operations in a fundamentally hostile environment. It is not a place with which DFID people are familiar. They do not do danger. They are not trained to do it. Their ethos is not for it; in fact, their ethos is wholly alien to the soldiers alongside whom they are serving, broadly speaking, in Helmand.

In my view, DFID needs to second the budget that it has laid aside for reconstruction in Helmand to the British Royal Engineers or to other people who will come in and do the reconstruction. The truth is that the British Army, taking serious casualties, will continue to take down the Taliban wherever and whenever it can and will continue to try to spread security on very dangerous operations, often without the helicopters that it needs to do that. When those personnel go out, they need to be able to hold the ground and stay there and bring in behind them people who can immediately set about reconstruction and thus deny the territory to the Taliban. If we do not fix this, all those soldiers will have died in vain, because those personnel can go on doing their best to control the military situation, but they cannot do the reconstruction. Unless DFID gets the reconstruction aid together in Helmand, we will see the failure of this operation. It will go on, because it is a very long-term operation, as the right hon. Member for Gordon (Malcolm Bruce) rightly said in his excellent report. We are in this for the long haul, and we know it.

John Battle: The hon. Gentleman raises a significant and interesting question—the relationship between troops trying to maintain security and the reconstruction. DFID does operate in situations of danger all over Africa and elsewhere. Our troops might not be there, but some DFID staff operate in the most difficult circumstances in the world. I went, as a Minister, to Bosnia after peace had been declared, and the Royal Engineers were asking me whether we could get DFID to come in to help with the reconstruction of the water and electricity infrastructure, engineering plants and the rest of it. Has the hon. Gentleman had conversations with the Royal Engineers about how that interface might work? Are they asking

to be given the budget or to work with DFID? In Kosovo, I got the opposite message from what the hon. Gentleman is saying.

Mr. Soames: The sentiment that the right hon. Gentleman heard expressed in Bosnia among sappers would not be expressed in Helmand. It is a totally different theatre of operations and a totally different scale of danger. In Helmand—one of the most dangerous, if not the most dangerous, theatre of operations in the world—people will not find DFID digging wells. They will find the military taking the ground and then begging the sappers to come in to dig the wells to get things going immediately.

Mr. Ellwood: Perhaps I can answer the question. In Musa Qala, people have been calling and waiting for a mosque to be built. The locals have asked DFID. This is a question of winning over hearts and minds, but it has never happened. Guess who is building that mosque now? It is not DFID but the Royal Engineers. The international security assistance force—ISAF—is taking over. There is mission creep. Nothing is happening, and our boys are exposed. They realise that they have to win over hearts and minds. They have to get on with the reconstruction and development. There is one non-governmental organisation working for DFID in Helmand province. I agree totally with my hon. Friend that DFID does not do danger. It has tackled poverty. We need to reconstruct our whole focus and how we work in dangerous areas across the globe.

Mr. Soames: I am grateful to my hon. Friend, who has done a great deal on this issue. He has been to Afghanistan regularly and has the advantage of having seen the situation. As a former soldier, he understands very well that this is not a generalised criticism of DFID. The circumstances in which DFID works in other parts of the world are in no way comparable. The dangers in Africa—

John Battle: Will the hon. Gentleman give way?

Mr. Soames: No, I will not give way. The dangers in Africa are in no way comparable to what people are facing in Helmand.

John Battle: What is the answer to the question?

Mr. Martyn Jones (in the Chair): Order.

Mr. Soames: I repeat that, unless we get this right, we will not see a successful conclusion to the operations in Helmand. I do not know whether the Minister has ever seen this, but I commend to him the way in which the American forces regularly, in very hostile environments, use development and aid by bringing in USAID—the United States Agency for International Development—immediately behind, with sappers, to get on and do the business immediately, with force protection. That is no place for a civilian.

I know that the Government recognise that there is a major problem. I have talked privately to Ministers and others. I have talked to the generals and the brigadiers. I know exactly what people's thoughts are, and everyone knows that the situation has to be improved. It is time for the Government to be bolder and more assertive and to understand that if we go on taking very heavy casualties without succeeding in pushing forward the reconstruction in Helmand, that will be a very, very bad thing for the British interest and effort in Afghanistan. The Minister needs to understand that his people cannot do it and they need to pass that responsibility to people who can and will operate in the most dreadful, difficult and hostile circumstances.

3.7 pm

Richard Burden (Birmingham, Northfield) (Lab): I, too, was one of the party from the Select Committee that visited Afghanistan last year and I endorse what the right hon. Member for Gordon (Malcolm Bruce) said in introducing the report. My comments will be based partly on what was said by the witnesses who appeared before the Committee, but also on the evidence of my own eyes—I was one of those who went to Helmand. There is a health warning about that, because when we go somewhere, particularly a place as insecure as Afghanistan, we get only a snapshot. I suspect that that applies to all of us. To think that we get more than that and that when we come back we are experts is not right. We are not; we get a snapshot. However, we do see some things, and certainly I saw some things while I was there.

I will in a while express a slightly different view from that of the hon. Member for Mid-Sussex (Mr. Soames) on the roles of DFID and the military, but the first thing to do is to endorse what the right hon. Member for Gordon, the Chair of the Committee, said about the importance of our being in Afghanistan. I was opposed to the war in Iraq; that is on the record. Afghanistan is a different situation. There are real issues about how we co-ordinate our efforts, both as the UK and with partners. There are issues about the relationship between development and military action. Those things have to be assessed on an ongoing basis, but I did not get the impression while I was there—I do not think that colleagues on the Committee did either—that anyone was saying that it was feasible to get out or that people wanted us to get out. That was true of people whose main job it was to combat poverty, those who were doing something about poppy cultivation and those who were involved in the important gender work that the Chairman of the Committee mentioned. It was also true of those involved in development, those trying to create a functioning state that is responsive to the needs of its citizens and certainly those involved in military activities. It is therefore important that we say clearly on the record that it is right that we are in Afghanistan, and that means that we will be there for the long term.

I pay tribute to all those—the military, the embassy staff and the DFID staff—who operate in the area. I saw real strength in the approach of virtually all the British personnel operating in Afghanistan, whether they were based in Helmand or Kabul. There was a sensitivity to the local situation, and those involved looked for what worked, which is not something that one finds among all the foreign countries present in Afghanistan. By and large, British personnel had a really sensitive approach to counter-narcotics and rejected the simplistic focus on eradication that comes from some other quarters. Although the guns and soldiers are a constant reminder that danger is ever present, the military and the development people whom we met understood that the development effort and the military

[Richard Burden]

effort must go hand in hand—it is not a case of one or the other. Neither of those efforts will be successful unless those involved win the hearts and minds of local people, and I think that that was understood by everybody we came across who was involved in the British effort. I am not sure that it is always understood by some of the other countries operating in Afghanistan, but I will not go into that, given the time.

I want to endorse something that the Chairman of the Committee said about our staff in Afghanistan. If they are to do their job effectively, we need to be sensitive to the conditions in which they operate and the stresses and strains of working in a highly insecure and dangerous environment. However, that takes us in two directions. On the one, people will need a regular break, but on the other, there is an issue about building expertise and experience in the country, and that can sometimes take us in the other direction. I am not sure whether we have got that entirely right yet, and we need to think about it.

Malcolm Bruce: If I may say so, the expression "DFID people do not do danger" is not something that should linger in the air for too long, because it is unfair and unreasonable. Does the hon. Gentleman agree that all DFID staff in Afghanistan volunteered to go there because they were so committed to being part of the reconstruction project? They know that there are risks, and we had the security training, even around Kabul, to prove it.

Richard Burden: I completely agree. Although the hon. Member for Mid-Sussex (Mr. Soames) said that he was not criticising particular DFID staff, and I am sure that he meant what he said, he needs to understand that his words will be heard. Blanket statements such as "DFID people do not do danger" are not only empirically wrong but devalue the dangerous job that DFID staff are doing in Afghanistan. They are in danger right now, and we should understand that.

On security, there has been great progress on building capacity in the Afghan military. The Chairman of the Committee also rightly mentioned the police, and the sections about the police are an important part of our report. We certainly came away with the impression that, unless we make a concerted and successful effort to build a police force, we will not meet some of the development and other objectives that are so important to Afghanistan. The EU police mission in Afghanistan is a great initiative, but it is short of resources, and that raises another issue. When British troops or other ISAF troops are in Afghanistan, that is where they are posted—that is where the battalion or the regiment is. Individual police officers, however, are often seconded from their day jobs, so to speak, to spend time in Afghanistan. We must put some effort into building the Afghan police force and we need a more systematic way internationally of ensuring not only that sufficient numbers of international police officers are available but that their day jobs back home are fully covered so that they can do their work in Afghanistan. When my hon. Friend the Minister winds up, I hope that he will address the question, which we raised in our report, of how many UK police officers there are in Afghanistan and how we can increase the number.

Before I sit down, I want to address the issue of security and development. I have not been to Afghanistan since autumn 2007, so I accept that my knowledge is not completely up to date. However, I did not pick up at all from the troops operating in Helmand the kind of messages that we have heard today. What I did pick up from them, however, was the clear message—this is mentioned in the report—that we need to do three things in Helmand: clear, hold and build. The troops understood that doing those three things required different kinds of expertise. Clearing and holding is a military operation, and there is no way round that. However, the impression that we got from the military, as well as from DFID staff and, indeed, from Afghans themselves—let us remember that they have some kind of say in this—was that we need a partnership if we are to do the building because that requires a combination of different kinds of expertise.

If there are delays building a mosque that is required, the problem is one of delay—it is not whether DFID, the military or someone else is involved. I agree that co-ordination issues need to be addressed, but I must tell the hon. Member for Mid-Sussex that DFID does not go round digging wells as he suggested they do. Indeed, it should not be digging wells anywhere; the people who should be doing that are the Afghans themselves, and our job is to ensure that they have the security and the wherewithal to do so. If there are co-ordination problems, that is what we need to address. Suggesting that everything will be sorted out if things can just be handed over to the Army does not connect with anything that I saw. That is no reflection at all on the troops we saw, who had a really rounded view of what was going on and an understanding of the need to work across departments.

They also had an understanding of the need to build capacity among the Afghans themselves. A constant theme that we came across was the importance of building capacity through things such as the national solidarity programme and the community development councils and by linking those to a comprehensive approach to sub-national governance. I hope that the Minister will say a bit more when he winds up about what we are doing in practice to support things such as the Independent Directorate of Local Governance so that disparate initiatives such as the community development councils, the regional councils and the local shura can be meshed together in a way that achieves results and builds confidence in the Afghans' right to build a state of their own.

It will be difficult to ensure that we are sensitive to local traditions, history and culture, while not allowing that to become an excuse for going soft on issues of gender and basic justice, because those things all too often come into conflict with each other. However, the Committee came away from Afghanistan with the clear impression that we must do those two things side by side if we are to tackle the development and other needs of the Afghan people—children and adults, women and men.

I hope that my hon. Friend the Minister will address the issues that I have raised when he winds up. What are we doing on sub-national governance? How are we to square the circle by tackling issues of justice and gender while being sensitive to local traditions? What are we doing to co-ordinate the work of DFID and the military? What are we doing to build the police force, to ensure

that it has the right capacity and that it tackles corruption? When my hon. Friend sums up, I am sure that he will join me and most hon. Members present in paying tribute not only to our personnel in Afghanistan—whether DFID or Foreign Office staff, troops or NGO personnel—but, most of all, to the Afghan people, because they, not the different outposts of the British Government, are what this is about.

3.19 pm

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): I want to reinforce the message expressed by the Committee Chairman and the hon. Member for Birmingham, Northfield (Richard Burden) about the importance to development of our being in Afghanistan, to tackle poverty in one of the poorest countries in the world. We should be there, whether or not we have a strategic interest and a military purpose. However, we do have a strategic interest: 2001 showed us the dangers of a history of neglecting Afghanistan and its needs. It is rather sad that, having learned the lesson in 2001, we immediately forgot it and rushed off to Iraq to distract ourselves from continuing to understand that the needs of Afghanistan are deep and long and require a major commitment, not a short-term fix.

I pay tribute to the military, which played a vital role in trying to bring stability and security to the country, and to the civilians who brought development and change to Afghanistan. Above all, as the hon. Member for Birmingham, Northfield said, I pay tribute to the Afghan people, who are trying to take advantage of the opportunity to do something for their country—to build a country that can come away from its terrible time under the Taliban regime.

I thank DFID, embassy and military staff for all that they did to make the Select Committee's visit possible and to support us. I particularly thank the close protection people who made sure of our security. One of the minor benefits to Members of Parliament in such an insecure environment is that life is made much easier; the close protection personnel deal with everything, not just security, and make sure that life goes very smoothly. I also thank the Committee staff for all the organisation that went into achieving what was a useful and informative visit.

As my right hon. Friend the Member for Gordon (Malcolm Bruce) said, security is at the heart of bringing development to Afghanistan. That is a long-term commitment. The message that we must send is that the tactics now being adopted against our military are designed to undermine the morale of the population back home. A briefing from the all-party group on the Royal Air Force pointed out that, for the Taliban, injuring but not killing one's opponent is intended to make life even more difficult for the military operation, tying it down with even more work to evacuate and support casualties and bringing suffering to families at home. The move from a tactic of straightforward engagement to insurgency is seen by the military as a sign of achievement, but it also means that great resolve is required. Therefore, there is a duty on us all to ensure that resources and information about what is being achieved are supplied to our people.

As to bringing stability, the Afghan national army has been praised for the way that it has taken on a lot of the training and for beginning to be part of operations. However, as has already been explained in the debate, the police are a totally different story. The hon. Member for Birmingham, Northfield made the point, I think, that countries have standing armies and, if they are not at war somewhere, those armies, while they go through training cycles, are available to be deployed for security missions; countries also have standing police forces, but they are always engaged in day-to-day operations, rather than just training. There is not a body of police who are spare and can be moved to a zone of instability to bring training and justice. Therefore, the international community probably needs to build up a resource of police trainers. Those should be the best police, to take the message about how to engage in policing. So much of what we are trying to achieve in Afghanistan cannot be enforced unless the police can deal with corruption and the drugs trade, and work for the stability that we are trying to bring to the country. We need a way to bring that justice into our development.

One of the most frustrating things, for anyone involved in development, concerns the desire to know that the money that is put in is used effectively. The US puts in six times the amount of development money that the UK does, but it achieves only twice the impact on the ground. It would be good to hear from the Minister about our dialogue with the US Government on trying to improve their aid effectiveness. That resource could achieve so much more for the people of Afghanistan in the long run and for the stability of the region. Donor co-ordination is crucial to securing that aid effectiveness.

I welcome the Minister's news about the opening of the maternity unit in Lashkar Gah. Perhaps that was a case in which we saw on-the-hoof aid co-ordination, because the UK capital grant went to building the accommodation block for the midwife training unit, on the understanding that the US would fund the training; but nothing was in writing and the US then said it did not have the money for the training. However, because the block is there, the US money has now been secured and the training is going ahead. I welcome that positive development.

I want to reinforce what the Committee Chairman said about poppy cultivation. There are no quick-fix, simple solutions. The issues are security and alternative livelihoods. The message also needs to come across that the poppy is not the easiest of crops. It is highly labour-intensive and would not necessarily be the crop of choice in a free environment. I do not think that many people realise that something else that emerged during our visit: how much damage poppy cultivation does to the local community. The children who help to harvest the crop develop an addiction just from handling the poppies. There are local addiction problems that need to be tackled as part of our investment.

I also want to reinforce the issue of the status of women. Failing to engage the women of Afghanistan means denying half the resource of the country to its development and its future. We saw many positive things in that context. We visited the microfinance initiative in Kabul and saw women entrepreneurs. Women got the microfinance loans, because they could be trusted to repay them. The men were far too unreliable a business investment.

Mr. Soames: Nonsense.

Sir Robert Smith: The hon. Member for Mid-Sussex (Mr. Soames) says from a sedentary position, "Oh, balls," but that was the practical reality on the ground that was discovered.

Mr. Ellwood: I am not sure he said that.

Sir Robert Smith: Perhaps he did not; it was something to that effect.

Mr. Martyn Jones (in the Chair): Order. The hon. Gentleman must have misheard.

Sir Robert Smith: I must have misheard him, yes.

On the ground, that was the practical experience. Many business women starting up small businesses and bringing development to the economy of Afghanistan were refugees coming back from Pakistan and re-establishing life in their country.

The need to develop local governance also needs to be emphasised. Afghanistan is a big country and cannot be managed from the centre with a one-size-fits-all solution. The community development councils are an important start, but I worry that they may not be built on without a lot of will and pressure behind the relevant development.

I declare an interest in relation to the next issue that I want to raise: I have shareholdings in Shell and Rio Tinto Zinc. During our visit, we heard about the country's resources, which include the second largest reserves of copper in the world. What training and guidance are being given to the Government of Afghanistan to ensure that they get the best benefit from their mineral resources and do not end up being exploited when those resources are developed? What advice and development will be given on negotiating contracts and ensuring that they are effective?

A perennial problem is helicopter infrastructure—the lack of helicopter support to our military—and it cannot be over-emphasised how much the deployment of helicopters could assist in development. Helicopters are required for development transport as well as military transport. I stress the need for a dedicated plane to be used at the behest of the civilian operation. Not only is that useful for getting experts on to the ground when and where they are needed, efficiently and effectively; it also enables people to be brought to conferences from the regions of Afghanistan and to have an input to development conferences and development decision making.

The hon. Member for Mid-Sussex has highlighted the tensions between co-ordinating military and civilian work. In their response to paragraph 85, the Government say that there is a move towards key military personnel having a longer period of rotation in theatre to ensure greater co-ordination and effectiveness between the two sides. I would be grateful to the Minister if he highlighted how the overlap of deployment is developing. The Government say in response to paragraph 45 of our report that there is more effective joint operation on the ground between civil and military authorities. Will the Minister update us on what has been achieved in Musa Qala?

One concern raised by the Committee was the converse of that raised by the hon. Member for Mid-Sussex. In Sangin, where the military had engaged with the local community, it was decided that a school was the right thing to build, whereas those involved in the development thought that that was probably not the right thing to do at the time, as the resources needed to make use of the school would not be available and could not be co-ordinated. That is an extremely important point. Whether we need military people to deal with hostility on the ground or to do some of the physical work, we still need the expertise in and experience of how development works best that have been built up around the world. Only effective development will bring the rewards of long-term stability and security. Three months ago, the Minister told us that the school in Sangin would be staffed within three months. It is three months since that reply, and it would be interesting to hear whether the school has been staffed.

On our visit to the hospital in Lashkar Gah, we heard that immunisation and health support crosses into Taliban areas. In our report, we say that more should be done to boost the provision of health care, as crossing borders and providing support, without recognising who is in charge militarily, can create greater good will with the public—the local community that we are trying to win around. In response to paragraph 64, the Government say that they are looking to improve the effectiveness of health delivery. Will the Minister come back to us on that?

I reinforce what was said when we started. The message that we must get across to the public, through the UK press and broadcasters, is that Iraq and Afghanistan are different stories. British troops are losing their lives in both countries, but the political reasons for being there are very different. The need for us to be there, too, is very different. Afghanistan will be a success only if we make it a long-term commitment.

We have seen the price of neglect in the past. As the hon. Member for Birmingham, Northfield said, we see snapshots on our visits of the life and work of the Department. I remember many pictures from that visit. I remember the spirit of the small business women, many of them refugees, who were developing their businesses with microfinance. I remember the courage of the woman MP whom we met who had lived through the Taliban regime and was now a Member of Parliament in her own country. She had not returned to the country as a refugee but had lived there throughout the Taliban regime and knew exactly what harm had happened to her country. I remember the farmer whose clean well water I was able to drink safely thanks to DFID investment in Lashkar Gah.

The message is that, whenever possible, we should put our resources through the trust fund managed by the World Bank, so that we can build up the capacity of the people of Afghan to deliver their own needs. That is an effective and positive way of doing it, but it means that we sometimes need to reinforce the message of what we are doing. We received feedback on our visit that people did not realise that British money was behind those projects. People had heard that we were spending money, but they wanted to know what it was being used for. We are achieving so much through integration with the Afghan Government, but we are not necessarily receiving the recognition that we are helping to make some things possible. It is important to ensure that people understand why we are there and that we are playing a major part.

I remember, too, that the hospital doctor was able to treat more patients—another positive message. Above all, however, was the enthusiasm of the young girls to be seen on the cover of our report. They were sitting in their classroom, and we saw them sharing their work and showing their enthusiasm for their work. Untapping the potential for the future of Afghanistan gives a positive message about why we need to be there. It reinforces the dedication of the UK civilian and military personnel, who have made possible so much. However, there is much more to do. With our support and good will, so much can be achieved.

3.35 pm

Dr. Roberta Blackman-Woods (City of Durham) (Lab): As chair of the all-party group on Afghanistan, I am pleased to have the opportunity to participate in this debate.

I welcome the report of the International Development Committee, which was published in February. I am particularly pleased that it presents a well balanced and evidence-based assessment of current DFID activity in Afghanistan. I pay tribute to the right hon. Member for Gordon (Malcolm Bruce), the Committee Chairman, who introduced the report in an excellent speech. Indeed, his speech and the Committee's report fully recognise the important work that Britain is doing on reconstruction and development, yet they also drew attention to the challenges of delivering ongoing development in an area of conflict. The country needs help at almost every level—with its infrastructure, houses, hospitals, jobs, state institutions, police force and civil society.

I am pleased that the report supports the three main objectives of DFID's programme: to build effective state institutions; to improve economic management, and the effectiveness of aid to Afghanistan; and to improve the livelihoods of rural people. Those are the major challenges. I also pleased that the Committee supported 80 per cent. of the DFID budget going through the Afghan Government. That happens mainly via the Afghan reconstruction trust fund, which is administered by the World Bank. In passing, it is worth noting that the trust fund's accounts are audited by an external agency, PricewaterhouseCoopers. That helps us to assess the effectiveness of our aid, which is not always possible for other money going to Afghanistan.

In that context, the allocation of additional funds for development and stabilisation assistance announced by the Prime Minister in December are particularly welcome. The additional £450 million between 2009 and 2012 breaks down into about £115 million for each financial year, with another £105 million for the new interdepartmental stabilisation aid fund. That is really important, given the context of our debate and the thoughtful contributions of hon. Members—with the one exception of the hon. Member for Mid-Sussex (Mr. Soames). I shall return to that in a moment.

The additional funds include £30 million for the new Afghanistan investment climate facility, which aims not to tackle climate change but to assist business development in Afghanistan. There is also further support for the reconstruction trust fund, and stronger support for provincial and local government. A number of hon. Members alluded to the fact that we need to build up not only the central Government of Afghanistan, but local councils and governors' offices.

There are new programmes to support civil service reforms, including a new national justice programme, and an additional £10 million for microfinance initiatives has been provided. That money is extremely important to women, particularly those who have been widowed, to enable them to start businesses and support their families. Most important, there is additional money for horticulture and livestock, and agricultural development in Helmand itself. Again, I pay tribute to the Committee for noting the work that still needs to be done on rural development, in particular the assistance still needed in Helmand.

We should also note that £55 million was given last August to help to pay the salaries of Afghan teachers, doctors and nurses, and that an additional £3 million was given to help tackle the growing food shortages. Those things are really important. We know why tackling the food shortages is important, but the money for teachers, doctors and nurses is critical, because it helps to build the legitimacy of the Afghan state. It is important that such amounts have been made available for teachers and doctors, but they need to keep up with the growth in wages in the private sector in Afghanistan so that there is a good capacity of teaching staff.

It is important that we note that such measures are being taken, but we should also ask whether they are effective. As has already been said, reconstruction in Afghanistan is happening at different rates in different provinces. Five million children are in school in the country, but more needs to be done, especially in rural areas. Access to basic health care has risen, from 9 to 82 per cent., and the proportion of women who receive antenatal care has increased from 5 to 30 per cent. MPs visiting Helmand have spoken of improved opportunities and growth in the number of jobs, although they recognise that a huge amount of development needs to take place. It is not a uniform picture.

Having made it clear that progress is being made at different rates around the country, I should like to turn briefly to Helmand, with the caveat, which we must all remember, that Helmand is not Afghanistan, and we should therefore treat the two differently. Last month, I welcomed the chairman, deputy chairman and two female members of the Helmand provincial council to Parliament. What they told the all-party group is instructive to us all. They made it clear that they wanted enhanced health care, more education, better road systems, the opportunity to grow vegetables and other staple crops, and factories to be constructed, by which they meant factories in their population centres. The councillors' comments were insightful and informative, and I could not help thinking how fortunate Afghanistan is to have such committed and articulate local politicians. The women, even if they were reticent at first, were incredibly articulate and forthcoming about women's needs in that country. It was clear that they knew exactly what to deliver for local politicians and how to go about it, if only they were given half a chance.

The members of the provincial council had a clear understanding of their development needs and how, with international help, development could be delivered. They told me that it would be impossible to achieve the sort of Helmand that they wanted in future without international aid. They asked us a number of times to give a commitment that Britain and other international donors were there for the long term. Obviously, we

[Dr. Roberta Blackman-Woods]

could not speak for other countries, but we did our best to reassure them that we felt that in this country there was cross-party consensus in favour of staying for the long term.

The councillors were honest about the lack of development of state institutions. Nevertheless, they were able to point out that progress was being made with local government, the governor's office, their council, and the training of Afghan nationals for the police and army. Of course, they acknowledged that there was a long way to go, but they did not give a negative presentation; rather, they said that steady progress was being made.

It was clear from their visit and other evidence that channelling aid to construct a state is essential, and that a new generation of Afghan politicians who want progress and who understand democratic systems of government are emerging. They also emphasised that the provincial reconstruction team in Helmand was engaging with the local council and community development councils at a more local level to determine priorities, which I know from my own experience in Afghanistan. Those things were at an early stage, which is acknowledged by almost everyone, but the fact that the discussions on how money was going to be spent locally were taking place at all is worth mentioning.

On a previous visit to Afghanistan I met the DFID team in Kabul and their representative on the PRT in Helmand. I can only pay tribute to how they were working with local agencies and fledgling Government structures to improve the lives of ordinary Afghans, so I could not disagree more with the hon. Member for Mid-Sussex. Indeed, I listened to his speech with a growing sense of alarm and unease, because I have heard the same from other Members, including the hon. Member for Bournemouth, East (Mr. Ellwood), who might wish to correct me when he speaks. I can see a narrative developing that says that DFID is not delivering in Afghanistan and that only the Army can deliver aid to the country. I am not sure that we have evidence to support that argument.

Mr. Soames: I tried carefully to differentiate Helmand and the rest of Afghanistan and acknowledged the marvellous work that DFID is doing in the latter. Both the Government response and the Committee's report specifically refer to the UK effort in Helmand. In their response, the Government

"note that it is extremely difficult for the civilian teams to move out from the base to meet with local people".

That is precisely because they are faced with a very dangerous situation. I am simply asking that the Government consider carefully how they can better and more speedily run the programmes in Helmand to get the urgent results that we need.

Dr. Blackman-Woods: I hear what the hon. Gentleman is saying. I met with DFID representatives in Helmand and I shall go on to talk about how action can be speeded up, and about some of the difficulties of delivering aid in the province and how they might be overcome.

I spent some time in Helmand talking to representatives of Civil-Military Co-operation. There is an interesting headline on their website, "It's not pink and fluffy, it's difficult and dangerous!" There is already a mechanism and structure to bring civilian and military groups together to deliver aid in Afghanistan and, indeed, elsewhere. CIMIC says that it is listening to local communities to find what they and the military can do to help each other. It wants aid to be delivered through a partnership approach. We should pay attention to that. CIMIC uses non-governmental organisations when that is appropriate, and although not many international NGOs operate in Helmand, some Afghan NGOs operate there, which we should not forget.

Delivering 80 per cent. of aid through the Government of Afghanistan has attracted some criticism. Someone said earlier that usually the criticism is that even if the money is directed through the Government, too much of it ends up being delivered by the military, which NGOs do not want. There is a balance to be struck, and we have probably got it about right. The CIMIC teams and the military, working through the PRTs and local councils, are delivering quick-impact projects and helping to reconstruct everything from electricity power stations to roads. It is not that the work is not happening, but it must be undertaken through the proper structures—in particular, structures that recognise the important voice that the Afghan people should have in setting priorities and building their country.

In terms of aid effectiveness, we could consider a greater role for the United Nations Assistance Mission in Afghanistan. I do not think that the United Nations has been mentioned in this debate. When I last spoke to the representative who co-ordinates UNAMA's work in Afghanistan, the representative was concerned that UNAMA was not operating in Helmand, as it probably should be.

The Committee's report and the Government response deal effectively with the thorny issue of lack of aid co-ordination. Sometimes that is what the problem boils down to. It is getting better, although we need to consider what UNAMA could do, but there are two major obstacles. The first is the lack of a high-level joint UN-NATO-EU co-ordinator. We can only lament the fact that no one was put into that role earlier this year, and I am keen to hear from the Minister what is being done to encourage the Afghan Government to get on with making an appointment to that post.

The second obstacle is the operation of USAID, which is another bone of contention between me and the hon. Member for Mid-Sussex. I do not deny that things are delivered through USAID, but almost everyone whom one speaks to in Afghanistan says that aid delivery would be much more effective if only the US would work with everyone else.

Sir Robert Smith: To reinforce that, and for the House's benefit, I should highlight how important it is to engage with local communities in delivering aid. We drove in Lashkar Gah, where the British were building an extension to the road. When we discussed it, the locals said, "Please don't copy the Americans and use cobbles. All our vegetables are destroyed on the way to market, and none of our animals can use the road." They built six miles of lovely road for the people, but it is useless to the local community.

Dr. Blackman-Woods: I thank the hon. Gentleman for that intervention. It demonstrates my point exactly. If aid is to be delivered effectively, it must be delivered in partnership with Government agencies and local people, and with the military where appropriate.

Malcolm Bruce: We allude to that in the report. Our analysis was that a high proportion of US aid is spent in Washington DC rather than in Kabul or Helmand. That is part of the problem. The US Government's refusal to participate in the trust fund administered by the World Bank means that the Afghan Government do not have control over the funds that they need to provide development to the people they want to provide it for. The point of putting the photograph we did on the front of the report is that it depicts something that cannot happen in Helmand, because the girls would be massacred by the Taliban. They need protection to go to a state-run school in safety.

Dr. Blackman-Woods: The right hon. Gentleman makes an excellent point. I hope that DFID has renewed its efforts, as outlined in the Government's response, to encourage the US and other donors to channel a greater proportion of funding through the Afghanistan reconstruction trust fund, as parallel structures do not help to develop Afghan capacity. We could all give lots of examples of that.

Some in the UK have been making loud noises recently about the need to channel more aid through military structures. I hope that we will hear those sentiments with great caution. We should pay tribute in this debate to the armed forces, which are seeking through great sacrifice to create a more secure and stable Afghanistan, but we should also say that surely their role is to create secure and stable conditions within which development can take place rather than to take on an additional development role themselves.

For long-term development of Afghanistan, it is essential that a properly functioning state and its institutions are created, have legitimacy and develop effective economic management. To achieve that, the Government must take control of reconstruction aid and how it is prioritised and developed in conjunction with the international community, local government and local people.

We must remember that developing a state from scratch is not easy. Of course there will be setbacks—development is not guaranteed to be linear—but we must not allow our impatience to dictate a course of action that will distract us from long-term goals, particularly those set by the people of Afghanistan. Eventually, Afghanistan will have to govern itself. It will have to use its army and police to good effect, build a tax base and use the money efficiently to benefit its whole population. International security forces may be able to help to deliver infrastructure gains, but that must be seen by Afghans as a process controlled by the Afghan Government, not by those outside the country.

I could talk for ever about Afghanistan and what it needs. Suffice it to say that I think that the report is excellent. It points to the successes without papering over the remaining challenges. I am also pleased that the report mentioned some of the complexities, including the difficult issue of poppy cultivation. When I was in Afghanistan and since then, I have met a number of people who have said again and again that there are no straightforward answers. We will eradicate poppy cultivation through long-term investment in Afghanistan's businesses and alternative livelihoods, and that is not likely to happen overnight. The solution is also linked to winning the battle of hearts and minds, which I think we are well on our way to doing.

I finish on this point, because it was mentioned in this debate as well as in the report. It is important that we do what we can to support progressive voices in Afghanistan, including those within the Government, and let them know that they have our support for the long term.

3.58 pm

Mr. Tobias Ellwood (Bournemouth, East) (Con): I pay tribute to the hon. Member for City of Durham (Dr. Blackman-Woods) for her contribution to this important debate. She is the chairman of the all-party parliamentary group on Afghanistan, an important group. I agree with a lot of what she said, particularly about the importance of microfinance projects, but I must say that if she did not like the contribution of my hon. Friend the Member for Mid-Sussex (Mr. Soames), she might take issue with mine too. I do not think that it is right that our involvement in Afghanistan, which has now lasted longer than the second world war, should have continued so long. Something is going wrong when what is happening there has lasted longer than the second world war.

What my hon. Friend was stressing was that as long as our boys are exposed at the top of the hill because not enough action is happening at the bottom, they will continue to get killed. We need to ask what can be done to rectify that situation. That was the genesis of my hon. Friend's contribution, and that is why we pose the basic question whether DFID is the right vehicle for reconstruction and development in places such as Helmand, not in the rest of Afghanistan.

Sir Robert Smith: Will the hon. Gentleman give way?

Mr. Ellwood: Not now; I want to make some progress. The hon. Lady made an important distinction, which has been echoed elsewhere. Afghanistan and Helmand are two completely separate scenarios and need to be treated as such because of the security differences. I pay tribute to the right hon. Member for Gordon, who chaired the Committee, wrote the report and has had an extremely difficult job.

I wish to ask the Minister why DFID, in relation to such an important issue that we all feel passionate about, is sending out its Select Committee to do a slice of the scrutiny when the MOD and the FCO sent people out to do their bits.

Malcolm Bruce: We sent ourselves. It is Parliament that does that.

Mr. Ellwood: Absolutely, but the old Department of Trade and Industry exports system had a Committee created to scrutinise the whole issue, so should not that sort of arrangement be adopted, rather than Departments taking their own slice of the spectrum? That means, as we have just heard, that the right hon. Gentleman can speak only about the section for which he is responsible, and that can be a little confusing. That is the point that I am trying to stress.

What is our mission in Afghanistan? What was our mission and has it changed? Originally, the aim was to get rid of al-Qaeda, which we have done. Is our aim now just to sort out the poppies or to make Afghanistan peaceful? What is the objective, how will it be measured and at what point do we say that we have succeeded or failed? Those yardsticks are missing, and where we are trying to go can be blurred as a result.

[Mr. Ellwood]

Year after year, we send more troops, but we have to ask ourselves, six years after the initial invasion, is life any better for the average Afghan? I am afraid that optimism is being replaced by pessimism in certain areas of Afghanistan, not because of the military but because of the failure to reconstruct during the small window of opportunity after the military went in to win hearts and minds and because not enough progress is being made while the military is holding the peace.

Sir Robert Smith: The hon. Gentleman made an analogy with the length of the second world war, but Britain and the US did not decide half way through that war to stop, go somewhere else and come back later. Surely, the big mistake in Afghanistan and the reason why we missed many windows of opportunity was the mad distraction of going into Iraq. That divided our resources, and we took our eye off the ball and missed the central point that unless there is follow-through, al-Qaeda will be back.

Mr. Ellwood: I could not agree with the hon. Gentleman more.

Several hon. Members *rose—*

Mr. Ellwood: I would like to make some progress, because many of the comments that other hon. Members want to make will be similar to mine. I will give way to the hon. Member for City of Durham later because I shall be particularly interested in her feedback as we progress.

We should first understand that the Afghan Government are not the great organisation that we would like them to be: a western-type, constitutional structure that can influence every single region. They are wafer thin. President Karzai's influence is limited to Kabul, as those hon. Members who visited Afghanistan will have realised. He is often called the Mayor of Kabul because his influence in some areas is so thin. The Ministries are led by enthusiastic individuals, many of them returned exiles, but they are wafer thin. We expect them suddenly to provide results, but that will not happen without important outside influence.

The other most important point to stress about Afghanistan is that it cannot really be called a country. It is a patchwork quilt of individual alliances, allegiances and religions that have only ever come together when someone else has gone in to try to take over. Once that is finished, they get back to doing what they do best, which is fighting among each other. It is only now, after a little bit of peace, that people have bought into the plan to make an Afghanistan.

My biggest concern about the current constitution—the blueprint—is that it gives insufficient local autonomy to the provinces to develop at their own speed. When I visited Nangarhar province, I found that that was the case. The governor wanted some operational money to build three small dams—not Hoover-sized dams—to hold back the water to feed the crops during the summer months. Kabul denied him that funding because he was not allowed to spend any money himself, and that sort of error is frustrating the wish of many governors to develop their province at their own speed. The governor made it clear that civil war was very much a possibility in a couple of years because not enough progress was being made. Everyone is getting impatient, so weapons are cached and money is stored for when things fall apart, which would be a sad situation.

The international community is pivotal to the prevention of such a situation. We have heard that the USA has a different approach from that which has been adopted by DFID. It is absolutely right that there should be some sharing of experiences so that those differences are ruled out. More importantly, individuals following their own agendas, possibly with the influence of their host country, cause a colossal waste of money. I thought that the new UN co-ordinator in Afghanistan had an influence in that regard. I am saddened that Paddy Ashdown did not get the job, because he would have been fantastic for the post. Unfortunately, he was not corrupt enough, and if we are honest, that was the case. He was going to kick out people such as Wali Karzai, who is an adviser in Kandahar and the brother of President Karzai. He should really be given a job on an island somewhere, quite separate from Afghanistan, and have no influence in the new country that we are talking about.

There is a fundamental lack of economic vision. Let us consider what Afghanistan does well. Thirty years ago it produced crops, dried fruits and agricultural products, and it was one of the greenest countries in the region. The Soviets came in and destroyed the agricultural and irrigation systems. Consequently, much of the area is now desert. Ninety-two per cent. of the water that comes out of the ground disappears out of the country and is not harnessed. Only 8 per cent. of the water supply in Afghanistan is harnessed, and that is where things are going wrong, because harnessing the water supply will suddenly provide life and allow locals to grow things. There is no top-scale vision to implement that, which is one of the fundamental flaws in the redevelopment.

Also, if one has a widget and wants to get it to market, one needs the ability to get it from A to B. There are three main arterial routes in Afghanistan: one to the east, one to the west, which we talked about before and is now beginning to look like a railway line, and one to the south. Although those routes have improved somewhat, I am afraid that they have not improved a huge amount since 2001. Bringing in Swiss engineers to build a railway line to link up with Jalalabad, Islamabad and up to the trans-Siberian railway, and linking up a better road to the south with the ports in the Indian ocean would start to link Afghanistan to the international markets and the world. That has not happened, so the only market that works is the good old black market, and that is why local Mr. Afghan has decided to stick with what he knows best and continues to grow poppies. I believe that those two aspects are still missing from the vision. There is not enough time to talk about the issues surrounding the police, other than to say that the only way they can make money and supplement their poor incomes is by setting up road blocks.

I am afraid that failure to make progress has left our troops exposed, which is why many of them are dying. We have not learned the lessons from Iraq or the fact that going into an area creates confusion. We have about four months to get it right by sorting out local governance, winning over the hearts and minds and

showing the locals that we mean business. If that is not done, the locals start to question what the point is. They turn around and conclude, "Life was pretty much better under the old lot." They then start to work, support and be influenced by the Taliban, and we find ourselves in a struggle with the Taliban.

Dr. Blackman-Woods: Does the hon. Gentleman accept that he is putting forward a really negative picture of what is happening, even in Helmand, and that we have seen growing confidence over the past six months in the new governor's office and the ability of the provincial council to set its agenda, which includes economic development? Does he also accept that the Afghan people recognise the limitation of what has been done so far, but are not negative about the possibilities for the future, or even the present, to the extent that he suggests?

Mr. Ellwood: The hon. Lady makes an absolutely valid point. I could stand here and list an array of improvements that have taken place and congratulate ourselves on the work that Britain is doing, but the point is that lives are being lost. As long as lives are being lost, it is important to scrutinise what we are doing and ask ourselves whether we can do it better. Indeed, Hugh Powell, who is now the Foreign and Commonwealth Office main man in Helmand, is starting to knock heads together, co-ordinate activities and move things forward. My concern is that it is very late in the day for that.

Mr. Soames: Does my hon. Friend agree that everyone involved in these operations, from Brigadier Carlton-Smith down, understands that things in Helmand are not going as well as they should, and that the only way to make them go better is to make the military and civilians work together better? Until that is done, we will be faced with very serious consequences, and British soldiers will lose their lives almost daily.

Mr. Ellwood: I fully agree with my hon. Friend, who has spoken to many people not only in DFID but in the Ministry of Defence and the Foreign and Commonwealth Office. We speak regularly with such people, and some are concerned that we are not as efficient as we could be. Hon. Members who have jumped up and criticised the speeches made so far by the Opposition should be aware that we do not wish to dismiss DFID and what it does. We are simply saying that aspects of its work perhaps need scrutiny, which is what we are asking for.

Richard Burden: The hon. Gentleman misunderstood what we said. If I understood the hon. Member for Mid-Sussex (Mr. Soames) correctly, he said that essentially the solution for Helmand is to give DFID's budget to the military, but it is not that simple. We need effective co-ordination, and of course we need greater scrutiny. That is why we went there.

Mr. Ellwood: This is where we come to the crux of the argument. Helmand is a dangerous place. According to a parliamentary answer, we are firing 10,000 rounds of ammunition every day, which either means that our military are having a good old heyday shooting their weapons, or that it is extremely dangerous. I suggest the latter. Furthermore, they are very exposed and now involved in the very reconstruction and development that we hoped DFID would engage in two to three years ago.

If the right hon. Member for Leeds, West (John Battle) wants evidence for that, I suggest that he read the answer to parliamentary question 209680, which lists all the projects with which the Royal Engineers have been involved in Helmand province—education, security and law, health, roads, building a mosque and so forth. The list goes on and on. When I asked DFID that same question, I was told that it was paying for just one NGO to operate there at the moment, because it is so dangerous. When I asked how much it cost to employ a DFID person in Afghanistan, I was told that it was £250,000 a year. That is a colossal amount of money compared with the cost of a colonel from the Royal Engineers, who could be employed for £50,000 and do a pretty similar job.

My hon. Friend the Member for Mid-Sussex made the point that in some circumstances DFID does a fantastic job—I was in Sierra Leone two weeks ago—of investing money in the local system and ensuring that it trickles down to the front line. That is fantastic. However, in other circumstances, the infrastructure simply is not there for any of that money to reach the front line. It does not get from Kabul to Kandahar to Lashkar Gah, because the line is broken. A new form of expeditionary force, working under dangerous circumstances, might bridge the gap between war fighting, peacekeeping and nation building better than DFID. That would get the job done quicker, which would mean that our soldiers were less exposed. That is what we are talking about.

I do not dismiss DFID's important work, but we must ask ourselves what is most important—Maslow's hierarchy of development needs, one might say. Security, the rule of law and governance are the crucial aspects. Of course, schools and hospitals are important, but ask General Jones, General Craddock, General McNeill, or anyone else on the ground, and they will say, "You secure the area first, then you get some of the locals to start making their own decisions." We did not do that in Afghanistan; we created a constitution that gave power to Kabul, ignoring the local jirgas and wise owls operating in the districts and councils. Only recently have we started to listen to them—about four years late. That is the trouble: we have taken a long time to work out that we will win over hearts and minds through local power bases.

I will draw an analogy. We are about embark, I guess—the Government seem to be pointing in this direction—on a huge programme to build nuclear power stations. If I was to go to Bournemouth and say, "Build me a nuclear power station," nobody could do it. This country has no experience of building nuclear power stations. All the expertise did a runner to Canada and America, because that was where such projects were continuing. We will need help from outside—this is what the Department for Business, Enterprise and Regulatory Reform is doing—because we do not have the ability. The same applies in Afghanistan, which does not have the ability to build a railroad—I do not think that it has ever built one. It cannot build roads on the desired scale to create the markets that will allow products to get from A to B safely.

Five months ago I met a Bangladeshi in Lashkar Gah drinking alcohol—that was the only way he could get his mind around it—before driving a truck full of fruit from Lashkar Gah to Kandahar to get his produce to market. It was costing the person who owned that fruit

[Mr. Ellwood]

$4,000 to get through all the checkpoints, and to pay the driver enough money to rent the vehicle and to get there. That is not the way to build a market or the way the infrastructure should work. Those are the details that need considering, and possibly the Royal Engineers can play an increased role.

I have a final point to make about the Royal Engineers. Musa Qala, which has been taken more times than Tobruk—I think—is now in our hands. It kept falling, because we never won over hearts and minds. People in that town want one thing: a mosque. They asked DFID to build it, but for whatever reason—I am still investigating—it could not provide the goods. The Royal Engineers are now building that mosque that the people want so much. If hon. Members doubt that, I have the parliamentary answers to prove it. The Royal Engineers are managing that construction, and ISAF is paying for it. So we are seeing mission creep.

The hon. Member for City of Durham says that I am negative, and I am sorry if that is how I come across, but I have massive concerns about what we are doing in these dangerous situations. When DFID was created—15 years ago?

John Battle: That's correct.

Mr. Ellwood: I am glad that I got that right. It was created as a sort of spin-off of the FCO to make us better able to identify and scrutinise where aid was being spent. We now have to ask ourselves whether the world is a different place, and although DFID can work well, it is not necessarily the right vehicle to provide the transition from war fighting to peacekeeping.

Mr. Soames: The right hon. Member for Leeds, West (John Battle) made a very good point about how successful DFID was in Bosnia. When I was Minister of State for the Armed Forces, at the height of the Bosnian campaign, it was too dangerous for development staff to be there. I remember a lance corporal who was given £3,000 and told to build a school. He came back with £1,000 change, having built a school with his section and got it up and running in four days. When it was safe, DFID came in and ran a marvellous reconstruction programme, which has put Bosnia back on its feet. Nobody is disputing the good work that DFID can do. However, sometimes, it is simply too treacherous, difficult and fundamentally dangerous for civilians with—frankly—a profoundly anti-military ethos to enter such an area and successfully do what we have to do if we are to stay on the ground.

Mr. Ellwood: My hon. Friend reminds me of Bosnia, where I served as a captain. In fact, when he was Minister of State for the Armed Forces, he visited our battalion in Paderborn as we were preparing to leave for Bosnia. He turned up without his wellington boots, and we had to find him a pair so that he could come out on to the training ground with us—but I do not want to digress. The important point is that after the war fighting, the first thing that I did, with 102 men, was to think about what I could do to keep those men busy and keep on the good side of the very people with whom we had had a bit of a fracas. We started building schools and sorting out the roads. I found out that I had a couple of brickies with me. I investigated getting some funds, which we got. It was the military that did that, because I was able to punch in, form a perimeter and do something in the centre. That is exactly where I believe that some form of expeditionary force needs to be considered.

Malcolm Bruce *rose—*

Mr. Ellwood: The right hon. Gentleman rises, but I would like to make one more point. Perhaps the Committee would like to investigate how DFID performs in such areas, and whether it is worth re-evaluating its ability in these dangerous circumstances.

Malcolm Bruce: May I recount the conversation that we had with the Education Minister when we met him in Kabul? He said, "Please don't build me any more schools. It is not schools that I need, but teachers." DFID was funding his teachers.

Mr. Soames: We are not talking about Kabul.

Malcolm Bruce: That is where DFID's budget is going, across the whole of Afghanistan. It cannot put teachers into schools in Helmand because of the security situation, and security is what our military needs to provide. Of course, there is an issue of co-operation between civilians and the military, but the hon. Members for Bournemouth, East (Mr. Ellwood) and for Mid-Sussex (Mr. Soames) seem to be very confused about the role of DFID. Building mosques is probably not top of DFID's priority list.

Mr. Ellwood: The right hon. Gentleman makes my point for me. Mosques are what the locals want, and are what will prevent them from joining the Taliban. Understanding hearts and minds, and the needs of the individuals, is paramount. If the right hon. Gentleman does not understand that, and he says that DFID does not do that, somebody must do. If DFID is pouring money into the top and paying for teachers, that is fantastic and long may it continue, but what I am saying is that we are not resolving issues at the pithead where things are tough. The Taliban are able to recruit because nothing really changes.

Last year, a senior DFID employee, who was giving evidence to the Defence Committee, said:

> "While the military has been doing the best that it can with limited resources in Helmand Province, the abject failure of DfID to deliver tangible benefits to the ordinary Afghan people is a disgrace. DfID is culturally anti military and they would rather see no reconstruction than seriously fund the military to take on the role."

I do not know whether or not that is true; I hope that it is not. However, I know—having seen it myself—that there is a turf war going on between the Foreign and Commonwealth Office, DFID and MOD. Hugh Powell is knocking heads together and doing a fantastic job.

I conclude by saying that time is running out in Afghanistan. We will be facing a civil war unless we review our ability to make an impact. The patience of the Afghans is limited, and we urgently need to review the transition from war fighting to peacekeeping to nation building.

4.22 pm

John Battle (Leeds, West) (Lab): The hon. Member for Bournemouth, East (Mr. Ellwood) had a distinguished career in the Royal Green Jackets. I welcome the practical military experience that he brings to development work. He described for us the roads and the lack of access to markets. We should listen to that detail.

I offer the hon. Gentleman and the hon. Member for Mid-Sussex (Mr. Soames) about nine-tenths of my support with regard to the question about Helmand. I do not perhaps share the view of DFID expressed by the hon. Member for Bournemouth, East. I would be disappointed if I felt that there was an anti-military ethos in DFID or in the NGOs. We have completed about half a dozen reports in the past few years on conflict resolution and the relationship between development workers and the military.

My experience of dealing with people in the military—I have visited places such as Afghanistan, Bosnia, Sierra Leone and other African countries—is that they are very subtle thinkers who are asking development questions, which is reflected in the hon. Gentleman's speech. I welcome that. I do not want people to dismiss the military as though they were just gun toters holding the line. They think through such questions. At the same time, people in the military have to ask questions such as, "What is DFID doing? What can it do best? How does it best deliver with its own particular skills, experiences and abilities?"

When I was first elected to the House, Afghanistan was the poorest country in the world. It was at the bottom of every indicator: economic, health, education and life expectancy. We forget how far back Afghanistan was. Afghanistan poses a three-cornered problem: the security, military and violent conflict problem; the development problem; and the problem of poppy cultivation, production and distribution. That third factor makes the situation in Afghanistan different from that in Sierra Leone and Iraq, which is why we need to focus on it.

As a jibe at the hon. Gentleman, I have to say that I recall campaigning for Lord Baker, who was in charge of urban development programmes, to say that we should help to fund mosques in Britain to win hearts and minds—the hon. Member for Mid-Sussex was a Minister at the time. The Conservative Government seemed to be opposed to that and also to giving mosques charity relief like Christian churches. If we had started down that road 30 years ago, we might have a slightly different problem in Britain now. The mosques are about hearts and minds. I am not sure whether DFID should be building them, but the whole cultural question is about development.

In the moments that I have left, I want to focus on a particular part of the report. I do not want to tackle the security issues; I just want to park them and say that I do not dismiss them. I want to focus on the deadly serious issue of drug trafficking. About 90 per cent. of the world's heroin comes from Afghanistan. Drug availability is perhaps the most serious issue in my constituency. Heroin is killing people in the streets around me. Unless we tackle the development and security issues in Afghanistan and the issue of poppy cultivation, people in my constituency will die. I know that people serve in the military and die, but many in my constituency die of heroin. We must get a grip on heroin and hard drugs, because they are killing people in our constituencies.

Let me focus on a few paragraphs in the report that relate to poppy cultivation, drug trafficking, crop eradication and alternative livelihoods. The report said that the majority of farmers surveyed reported that

"they would be ready to stop poppy cultivation if access to alternative livelihoods was available."

In fact, the Select Committee was told that, if a farmer was told that 50 per cent. of his field was to be destroyed, he would simply plant 50 per cent. more poppy. In addition, it found that eradication in 2007 mainly destroyed marginal fields and that deals were often struck between village elders and eradication teams that always resulted in the poorest farmers being targeted.

If we are to deal with poppy cultivation, we must adopt a new approach. We must tackle the issues and consider alternative livelihoods. In a sense, it is a micro-problem. What is the methodology of DFID and development thinkers that relates the eradication of the poppy with alternative livelihoods? Is it just words that are put together or is there really a strategy? The report says:

"A different approach is emerging which seeks to mainstream counter-narcotics into broader development policy. This involved moving away from small local projects and adjusting the focus of development programmes so that they take account of the impact of interventions in different sectors on opium poppy production. Thus alternative livelihoods would become a more integrated and holistic approach to rural livelihoods."

I say amen to that. Then we look at the Government's response, which says:

"We agree that eradication alone will not lead to a sustainable reduction in poppy cultivation. That is why the UK is investing significant resources to support a range of programmes under the Afghan Government's National Drugs Control Strategy, including on legal livelihoods"—

whatever that might mean—

"criminal justice and law enforcement, and communications. We also strongly agree that it is important to look at a number of measures of success in our counter-narcotics work, rather than focusing exclusively on acreage under poppy cultivation."

I vaguely assent to that. Then we go on to the welcome that it gives:

"We welcome the Committee's conclusion that insecurity"—

as the Chairman of our Committee spelled out—

"is a major driver of poppy cultivation... We agree that strengthening alternative livelihoods is a long-term agenda that needs to be taken forward in an integrated and holistic way."

I cannot wait another 30 years in my constituency, because young kids are dying of heroin addiction. We must get a grip on the problem, and quickly. We have to make a sense of those words "integrated and holistic". I wrote in the margins of my copy, "We need to know what they mean, how they might work and what an integrated and holistic strategy looks like." I have to tell the Minister that I am not yet convinced that development experts or DFID are yet there.

I want to make a couple of suggestions. Yes, 20 provinces are poppy free. The question is one of controlling traffic and all the rest of it. It is that relationship between alternative production and poppy control that needs more focus. Let me give an example. Opposition Members have referred to USAID working with the military. Well, they may not know that USAID follows quite a

[John Battle]

protectionist policy, set by the US Government, and that protectionist policy blocks access to certain crops and seeds that the US Government see as being in competition with their own crops back home in America. In other words, there is a restriction on what seeds and crops the Afghans can grow, because of protectionist agricultural policies in America. That is why the Afghans cannot buy the seeds. If there is a restriction on alternative crops and seeds, yes, they will grow melons, because they cannot grow other more productive crops. That is part of the problem that needs addressing by the international community, because protectionist US agricultural policies, backed up by agribusiness, deny access to crops that would knock out the poppy but would also inevitably compete in a world marketplace.

I would like to give another example that may be worth looking at. The other most difficult place in the world is probably Colombia, where of course all the cocaine comes from. The same issue applies: how do we deal with security and the cultivation of coca? I simply want to say to the Minister and through him to DFID that there are strategies for alternative livelihoods and those are whole-village strategies, as they call them in Colombia. They are run not by the Government or DFID, but usually by local communities or churches, as part of whole-region strategies.

Those strategies relate to points made by my hon. Friend the Member for City of Durham (Dr. Blackman-Woods). I think that she read out a letter or referred to the remarks of the visitors from Afghanistan who came here. They said that they wanted better health care, schools, roads and the ability to grow vegetables and to build carpet and rug factories in their country. That is exactly what was said in Colombia. Let us adopt an integrated village approach, so that we tackle all those problems in a co-ordinated way, and we might then have a vision of what a holistic, integrated alternative livelihood strategy might be. Simply saying, "Can we plant one set of seeds that are different? And you are not allowed to plant the seeds that would really get you to the marketplace and make you money," is not a strategy. That is where the whole process seems to me to be falling down now. Can we make sense of that? In a sense, it is a question of the methodology of the development thinkers and activists. Can they think out a strategy that makes sense of that integrated holistic thinking? What are those alternative livelihoods?

I had the great privilege to travel across Afghanistan with a Member of the House of Lords, John Sentamu—the Archbishop of York, as he now is—who went across Afghanistan all the way to Herat. What I got from that trip was a strong sense of village and local community. We need viable, sustainable local communities that are economic communities. So that means, yes, providing economic development but also providing schools—I agree with the right hon. Member for Gordon (Malcolm Bruce) on that—and clinics and, indeed, mosques all together in a village, so that the villagers have some sense of longer-term development for themselves and their kids. Unless those seeds are sown, the conflict will go on and on.

As the right hon. Member for Gordon, who chairs our Committee, has pointed out many times, agriculture has been neglected for a generation as a factor in development. However, agriculture should not be seen as just one element; it must be seen as an integrated community question in development. I say that because even though half the world's population now live in cities, the other half live in rural areas, and this issue is about village support and life. That is probably more true of Afghanistan than other countries.

I urge my hon. Friend the Minister to get to the World Bank. The World Bank is a factor that has not been mentioned. I was tempted to interrupt the hon. Member for Bournemouth, East and say, "You know, the mosque building should be part of the World Bank strategy, actually. It should be part of the pattern to have the World Bank working with the military."

Mr. Soames: Will the right hon. Gentleman give way?

John Battle: I certainly will; the hon. Gentleman was generous enough to give way to me, so I will give way to him.

Mr. Soames: I am grateful to the right hon. Gentleman. Very briefly, I want to say that I agree with that point. However, the imperative in this case, as my hon. Friend the Member for Bournemouth, East (Mr. Ellwood) will tell him, is the speed with which military action can be taken. That is the thing—the military need to get the quick win. The Minister will say that there are quick win programmes, and there are, but there has been so much paffing around that the people are increasingly frustrated. What matters is an immediate delivery.

John Battle: I am almost tempted to say that I welcome the way in which the World Bank evokes the almost Pavlovian response that we are faffing around, as soon as it is mentioned, because it takes so long for things to happen. That applies not just to the World Bank, but the hon. Gentleman makes an important point: the time gap could cost lives and not just the lives of soldiers; it can cost the lives of the people in Afghanistan itself and the lives of the people in my constituency who are dying of heroin. So it is important that we shorten some of those distances and bring people together, to have more direct strategies. That is why I welcome to some extent the "Bournemouth, East" strategy—if I can call it that—because there is a practical intent of marching down the road and getting there, rather than discussing it for ever. I take that point.

I am not convinced, however, that we have had—what was it?—the strategies and poverty reduction reports from the World Bank. I am not sure whether the World Bank is sharp enough yet, whether it really understands development yet and whether it understands development in a conflict situation, which is the situation in most of Africa, where the World Bank is supposed to be working. I do not think that the World Bank has got it yet.

Perhaps this spark of a focus on Afghanistan might lead us to ask some deeper questions, which is why I welcome the report. I respect the way in which Opposition Members have raised these issues. We need to ask some deeper and more pertinent questions and inject a sense of urgency into the debate that might push development thinking, as well as military thinking, for the future.

We do not have an international Government to walk in and out of places and sort out the Zimbabwes and the problem countries. We must try to get it together.

However, at some point, we must get practical action on the ground, or we will continue to dribble away. It is people's blood that dribbles away in the end, while we sit round commentating on it and we spend every Prime Minister's Question Time regretting another death. I do not want to spend the rest of my days in this place, including every Prime Minister's Question Time, having a count of the people who have died trying to solve these problems. We must take more serious action, and with some more urgency.

To close on this issue, local people need to get a sense of local economic community development. We should experiment with that development in Afghanistan and get the agencies, NGOs, DFID and the World Bank to push for that. The people in Afghanistan need markets and connections to get goods to and from those markets, and not cobbled roads, as the hon. Member for West Aberdeenshire and Kincardine (Sir Robert Smith) pointed out. They need practical answers and a range of economic options. That is also the way that we will tackle drugs on our streets, in our own towns and neighbourhoods. By ensuring that there is local economic and social development as well as political and security development in Afghanistan, we will solve some of the problems here in Britain as well. So the debate—and the report—perhaps ought to be taken rather more seriously than just taking place at the back end of the day, on a wet Thursday afternoon.

4.36 pm

Bob Russell (Colchester) (LD): I shall be very brief. I thank those hon. Members who have spoken for giving me an opportunity to comment.

The photograph on the front cover of the "Reconstructing Afghanistan" report is one of the most powerful I have ever seen. Unfortunately, it is not a photograph that I have seen in any of our national media, because of the confusion of Afghanistan and Iraq that still persists.

The particular reason why I wanted to speak today is that the past month has been particularly difficult for the garrison town of Colchester, which I represent, because eight soldiers from 16 Air Assault Brigade have lost their lives. About 3,000 soldiers based in my constituency are in Afghanistan. It is important in a debate such as this that the message goes out to the media and the people in this country that Afghanistan is not just a military exercise and that our soldiers, airmen, sailors, marines and all the people who, in varying ways, are serving in Afghanistan, particularly southern Afghanistan, know that they are valued and appreciated. For me, there is no difference between the various Brits, be they in uniform or working for DFID or for NGOs: they are all contributing to the reconstruction of Afghanistan.

Like the hon. Member for City of Durham (Dr. Blackman-Woods), who is the chairman of the all-party group on Afghanistan, I had the honour of meeting the chairman of the Helmand provincial council, the deputy chair and the two lady council members. Their message was one of appreciation: they really appreciate what Britain is doing to help to rebuild their province. They had come from Lashkar Gah, a place that I visited earlier this year with the armed forces parliamentary scheme. They had a message of hope. They asked us, "Please keep on helping us to rebuild our country, which has suffered 30 years of awful internal warfare."

I share the view that if Afghanistan drifts back to what it was as recently as 10 years ago, not only will the drug culture continue to export itself to the civilised world but terrorism will be exported around the world again. It is therefore in this country's interest that we build a settled, prosperous and peaceful Afghanistan. And yes, it will take a long time.

In paying tribute to all the members of Her Majesty's armed forces, I disagree with recommendation 26 of the Committee's report, which states:

> "We ask the Secretary of State to discuss with the Ministry of Defence the feasibility of extending UK military commanders' tours of duty in Helmand to, say, one year."

The obvious continuation of that is that the tour of the brigade would also continue for a year, and I do not think that that is a reasonable option. I hope that when he sums up, the Minister will say, perhaps on behalf of his Ministry of Defence colleagues, that the Government will not pursue that recommendation.

I believe that it is in the interests of this country and of NATO that we succeed in Afghanistan. I end by repeating a point that I made at Prime Minister's questions last week, which was made then in a military context, but is made now in the context of reconstruction. The rest of the civilised world has to make a far bigger contribution to the work in Afghanistan, because the whole civilised world will benefit from a successful outcome in that country.

4.41 pm

Mr. Michael Moore (Berwickshire, Roxburgh and Selkirk) (LD): What a debate this has been. Like many right hon. and hon. Members, I have spent many an hour in Westminster Hall over the years, but few of them have been as worth while as the past two.

Let me be the latest to pay tribute to my right hon. Friend the Member for Gordon (Malcolm Bruce), to all the members of the Select Committee who are here this afternoon, and to others who have participated in the debate. The debate has neatly summarised all the questions that are being asked about our role in Afghanistan, but I notice that nobody is questioning the role; rather, they are asking how we could do it better. We have heard contributions from both ends of the optimistic-pessimistic spectrum, but it is important to note our shared political commitment to Afghanistan.

May I also pay tribute to the people who have lost their lives in Afghanistan, as the right hon. Member for Leeds, West (John Battle) did earlier? It is a sad feature of Prime Minister's questions that almost weekly we hear a roll call of those who have given their lives on our behalf and in the service of the people of Afghanistan, Iraq and many other places.

Like others, I also pay tribute to the bravery of people working in the Department for International Development, the Foreign and Commonwealth Office and the NGO sector. They leave the relative comfort of these islands to go far around the world to places of great uncertainty and great danger, however well prepared they are. I hope that we always protect them to the best of our ability. We owe them a huge debt of gratitude, and we must never forget what they do on our behalf.

[Mr. Michael Moore]

If we doubted the seriousness or difficulty of the security situation, the brutal attack on the Indian embassy in Kabul this week was a real reminder and a sign that the conflict is unusual. We are arguing today about development, but, frankly, too much of Afghanistan is still a war zone. That creates unique and difficult problems. I hope that the Minister will be able to answer many of the questions that have come up today and set out the vision that he and his fellow Ministers have for Britain's role there.

Like many others who have spoken this afternoon, I believe that failure would be catastrophic for the people of Afghanistan. As the right hon. Member for Leeds, West said, Afghanistan was the poorest country in the world 11 or 12 years ago. There has been a little bit of progress, but it is still in the rock-bottom section of all the world's indices and league tables in which countries do not want to feature.

The situation matters to the people of Afghanistan, but it also matters to us in Britain. The right hon. Gentleman painted a vivid, stark picture of the perils of heroin on our streets. The fact that some 93 per cent. of the world's heroin can be traced back to Afghanistan is shocking and it makes the conflict in Afghanistan relevant to every constituency in the land. Rural constituencies such as mine in south-east Scotland, where people might think that there is not a heroin problem, are affected by drugs as badly, relatively speaking, as many other constituencies. We all need to worry about drugs.

Equally, we will have security issues to face if Afghanistan cannot be sorted, or if Pakistan and Afghanistan become a bigger problem. The whole region will become unstable. That takes us right back to the original argument made after 9/11: we need to be engaged—this matters to us. It is not just about moral responsibilities or altruistic imperatives. It is about self-interest. The two themes coming together will make Afghanistan very important for a very long time.

I shall keep my comments relatively brief because it is important that the Minister has an opportunity to respond. He has a huge number of questions to answer. I do not want to repeat too much of what has been said already, but I would like to emphasise some themes and ask a few more questions.

Since the report and the Government response were published, other reports have flooded in. One from the World Bank struck me. It highlighted the fact that there has been little to show for the $1.6 billion of technical assistance that was offered and given to Afghanistan. There are real problems with the nature of the aid and types of assistance that we provide. The Agency Co-ordinating Body for Afghan Relief spoke about poor delivery and effectiveness of the aid that has been delivered. It was highly critical of the fact that so little of what had been promised had arrived.

At a donor conference only a few weeks ago, a new series of pledges were made totalling $20 billion—well short of what President Karzai asked for, but, none the less, a significant amount. I am sure that the Minister will wish to trumpet the United Kingdom's contribution. We should pay tribute to DFID and to the Government for their investment. What is not clear yet is the extent to which the pledges, whether from DFID or other parts of the international community, are new. It would be helpful if the Minister took a little time to set out how all the different amounts fit in with each other.

It is important that we focus on the effectiveness of our aid. In particular, we must look to our neighbours in the European Union. My hon. Friend the Member for Colchester (Bob Russell) made an important point towards the end of his speech about military contributions, and I emphasise and echo his sentiments in that respect. Equally, however, it is important to co-ordinate with our partners in the EU the nature of the aid that we provide.

I have just spent a week in Kosovo, which, obviously, is a tiny situation compared with what is happening in Afghanistan, but the scale of the problems arising from poor co-ordination and the mismanagement of aid is truly alarming. The report and the Committee were right to focus much of their efforts on that. Again, in the follow-through from the Paris conference, it would be helpful if the Minister explained what we are doing to tackle the basic machinery and ensure that our aid is delivered as effectively as possible.

A few weeks ago, Lord Malloch-Brown provided a briefing to Members of both Houses of Parliament at the Foreign Office. Some Members who are here this afternoon were present. He spoke about changes to the complement of British military people in Afghanistan and about a matter that goes to the heart of what has become the burning question this afternoon: the interface, particularly in Helmand, between military and civilian operations. Again, it would be helpful to unpick some of the movements. I understood that there is to be a net increase of 250 Brits in Afghanistan, but that includes a mix of civilian and military personnel.

It was interesting, for many of us who were at the briefing, to learn that there was to be a new civilian role running the military-civilian headquarters in Helmand, with an increase in the headquarters staff of 60. It was put to us—it goes with the territory that some metaphor for a plug and socket-type arrangement always has to be created—that that arrangement would try to tackle some of the problems that the Committee has recognised, which my hon. Friend the Member for Colchester mentioned, about how we deal with the handover between new military detachments and civilian contributions as people inevitably move back to the UK and others come out to Afghanistan. It would be helpful to understand when that is going to take place, how it is expected to work and whether it will answer many of the legitimate questions asked by the hon. Members for Bournemouth, East (Mr. Ellwood) and for Mid-Sussex (Mr. Soames).

On interdepartmental co-ordination, where the House of Commons has a major responsibility, we all need a bit of reassurance about how the three Departments are working. None of us question the motivations of the Ministers and civil servants, but it would be useful—the hon. Member for Bournemouth, East suggested it—if we had arrangements that allowed Ministers from different Departments to come before the House to be cross-examined on some of these matters. We used to have that type of facility in this Chamber. This is a perfect issue on which cross-departmental scrutiny and accountability could be brought into play. I hope that the Minister listens to that idea, regards it favourably and persuades his colleagues that it would be worth while doing here, because it matters that we have reassurance

and can see for ourselves how the Departments are working together and that they are working for the same aims.

This afternoon, right hon. and hon. Members have rightly focused on security and the difficult interface that it sometimes has with development. In anticipation of this debate, I gathered some staggering figures that I had checked. I am told that the United States military spends $100 million per day on Afghanistan. That contrasts with $7 million a day for all the international aid contributions. I do not dispute the $100 million figure, although I questioned its accuracy and was told that it comes from Congressional Library resources—I would not question the House of Commons Library, so I will not question that source, either. Nor do I question that that sum is necessary. However, that is an eye-opener and a reminder of the scale of the military activity still required. Beyond the international security assistance force is Operation Enduring Freedom and war that still continues. However, there is a big discrepancy between those numbers and somewhere along the line we have to get the two more into balance with one another.

I should briefly like to emphasise the point made by my hon. Friend the Member for West Aberdeenshire and Kincardine (Sir Robert Smith) and the hon. Member for City of Durham (Dr. Blackman-Woods) about the role of women and the importance of ensuring that we support their development and provide them with the resources that they require. We must keep to the fore of our mind the importance of balanced development, as the Committee did by putting the photograph of the young women in school on the front of the report.

Malcolm Bruce: Does my hon. Friend not think that we need to reinforce this point? The information that I gave in my opening speech about the reduction of women's participation in the government of Afghanistan is disturbing because it gives the impression that women are effectively being shut out by the domestic Government.

Mr. Moore: I agree. I hope that in their diplomatic initiatives and in every other way, the Minister and his colleagues will ensure that that point is emphasised.

The hon. Member for City of Durham mentioned the Afghan people wanting a normal life—she was quoted by the right hon. Member for Leeds, West—and all the different things that they want to get on with to be normal. We in this country also want the positive benefits that come from that normal life and that viable state. It is important that we ensure that our efforts in Britain are co-ordinated and effective, and that we deliver on that aim.

4.55 pm

Mr. Andrew Mitchell (Sutton Coldfield) (Con): This has been a fascinating, worthwhile debate, as is usually the case when we discuss the reports of the International Development Committee. This report is no different from some of the others that we have discussed: it is detailed, comprehensive and deals with the key issues facing the Department for International Development in Afghanistan, where it is working in a volatile, difficult and challenging environment, as hon. Members from all parties have pointed out.

First, I shall say a word or two about how the visit to Afghanistan that I have just completed affects my view of the report. Secondly, I shall comment on where we are as regards development in Afghanistan today. Thirdly, and briefly, because the Minister already has a lot of other points to argue, I want to mention 10 aspects of the report where the Committee has made recommendations, some of which have already been mentioned, and invite the Minister to give a view on those points. If the hon. Gentleman does not have time to respond to those points or if the answer eludes him, perhaps he will write to all Committee members, and those right hon. and hon. Members who have attended today, to give them the answer.

I cannot begin without paying tribute to the courage and professionalism of our armed forces in Afghanistan, from where I recently returned after a visit with the shadow Minister for International Development, my hon. Friend the Member for North-East Milton Keynes (Mr. Lancaster), who has served as an officer in Afghanistan. Every person I met, from the highest ranking to the lowest, is guided by an ethos of professionalism and a sense of purpose. The military clearly understands that the ultimate solution to the situation in Helmand and Afghanistan can only be political, not military. I remember standing by the memorial to the British dead at Camp Bastion. When I was there, not many days ago, there were 97 names etched on to the brass plaque, each commemorating a British soldier who had died in Afghanistan. Since then, 13 names have been added to that plaque, bringing the total to 110.

We should also remember the many hundreds of Afghan troops who have been killed in the service of their country. I pay tribute to the British civilian staff in Afghanistan, including the dedicated and knowledgeable team at the DFID offices, who are working incredibly hard in unusual, testing conditions to try to ensure that real development gains are made. We are fortunate to have such an able team from the Foreign Office, led by the outstanding Sir Sherard Cowper-Coles. We should not forget the locally engaged Afghan staff, including translators and support workers, who work for the British Government. These people often run risks in doing their work and we in Britain have a duty to offer them the maximum possible protection.

During my visit, I met representatives from the United States, all major European nations engaged there, the major donors, the United Nations and the World Bank. I also saw the impressive work done by many non-governmental organisations, including Mercy Corps, and Turquoise Mountain, under the guidance of Rory Stewart, who is doing such a good job in Kabul. I met President Karzai as well as senior members of his Government, including the Ministers responsible for education, finance and agriculture.

I visited the military hospital at Camp Bastion. Most of the patients I saw there were Afghan civilians, including children who had been injured in terrorist attacks. One man there was a mechanic who had been blinded when an improvised explosive device blew up outside his workshop. His bandaged face and the worried looks on the faces of his family who clustered by his bedside were a chilling reminder of the human toll of these indiscriminate attacks. I pay tribute to the doctors and staff at the hospital.

I flew to Lashkar Gah to meet the provincial reconstruction team in Helmand province. I met the

[Mr. Andrew Mitchell]

new governor of Helmand, Governor Mangal, who is rightly held in high regard, but who has already survived a number of assassination attempts. He has a key role to play there. We also met the directors of various line Ministries in Helmand. The picture they painted was not optimistic: it was reported that schools in many areas of Helmand are being shut down due to insecurity. We visited DFID-funded development projects around Lashkar Gah, the counter-narcotics police, and a rehabilitation centre for Afghan opium addicts. Back in Kabul, I met leading female Members of Parliament and NGOs working on women's empowerment issues.

It seems to me that the first question to answer today is the one posed by my hon. Friend the Member for Bournemouth, East (Mr. Ellwood) in his eloquent speech about the mission in Afghanistan and the extent to which we are demonstrating that mission to our fellow citizens. The answer is that international troops are in Afghanistan not as occupiers, but at the request of the Afghan Government. We are there not because of any selfish desire to occupy the country, but in an attempt to allow it to stand on its own two feet as a stable, secure and prosperous nation. Those who claim that we are there as conquerors are either malicious or simply wrong.

That brings me to recommendation No. 2 of the Select Committee's report, which makes the point eloquently that DFID and all of us must do more to make the case for being in Afghanistan. I do not chastise the Government for failing to do that, but they must do more and explain the many other aspects of British activity to make the case in Britain for being in Afghanistan, because we will be there for many years. The Minister goes round the country, as I do, talking to communities, groups and schools. He will know from those visits that the reason for being in Afghanistan is not well understood. We must ensure that it is much better understood. No one should be in any doubt that this is a long-term commitment. I emphasise what the right hon. Member for Gordon (Malcolm Bruce) said in his opening remarks.

What is the audit of development, gain and failure in Afghanistan today? It seems to me that clear gains are being made. The number of children in school is clearly a significant gain: 5 million are enrolled, 1.5 million of them girls, signalling a complete transformation of the education and opportunities for children. Health care coverage in one form or another—it is sometimes very basic—now reaches 82 per cent. of the country. Training work with the Afghan military is successful and is going very well. We are assisting in building an Afghan army that can be effective in doing its proper job. The Ministry of Rural Affairs is making substantial gains, reaching out into many parts of Afghanistan and bringing development gain with it.

The other side of the coin is equally challenging. First, pervasive insecurity throughout large parts of the country continues to undermine everything else. The national police force is a disaster area—we were told that more than 50 per cent. of the police are drugs addicts. Very little progress has been made with the police. The Ministry of the Interior is another disaster area. There is widespread corruption and organised crime. We must face the fact that our efforts so far, which are no doubt worthy and well intended, have simply not been successful. The insecurity that I have described is made worse by the food crisis, which is a global problem. The audit suggests that much has been gained, but there is a long way to go in many areas, which remain challenging and where no effective progress has been made.

I turn to the 10 points that I want to make to the Minister, some of which will pick up points that have been made during the debate. First, I want the Minister to be clear to the Committee about the nature of the Afghanistan reconstruction trust fund. It is often said that Britain chooses to pour its money into the Afghan state with no form of audit, unlike other principal donor nations. That is simply not true, and the Select Committee was right to welcome the British focus on working through the Government of Afghanistan via the Afghanistan reconstruction trust fund. My understanding is that the money that is disbursed by the World Bank from the trust fund is paid out only on receipt of accounts that are audited by an accredited international firm of accountants. Will he set the record straight today on that important point about the way that taxpayers' money is being deployed and accounted for in Afghanistan?

My second point relates to recommendation No. 25, which covers burden sharing and caveats by other NATO countries. One of the strengths of the international mission in Afghanistan is the multinational nature of the forces deployed there, but other NATO countries are refusing to take up their share of the burden, and national caveats restrict the effectiveness of some of their forces. What recent discussions have the Government had with counterparts in other contributing nations to encourage the relaxation of such restrictions?

My third point relates to recommendation No. 23, which covers the position of Pakistan and neighbouring countries throughout the region. A complaint that I heard frequently in Afghanistan was that the coalition's diplomatic approach is insufficiently co-ordinated. What is the Minister doing to ensure a comprehensive, joined-up diplomatic approach that deals with all the key regional players? Too often, neighbouring countries in this region, which has been accurately described during the debate, are basically on the side of the coalition—they do not want us to fail—but do not strive over-zealously to ensure that we succeed. Will the Minister explain what the Government are doing to progress that agenda?

Fourthly, I have already touched on the police, but when I met the chief of the Helmand anti-drugs police, he explained that the majority of the regular Afghan police are allegedly addicted to various narcotics and are deeply corrupt. The Germans are in charge of police reform. What recent discussions has the Minister had with the relevant German authorities about improving performance?

My fifth point relates to staff turnover and, obviously, there are a number of different facets to this issue. The hon. Member for Colchester (Bob Russell) said that he does not want the terms and length of duty to be extended. The Minister will appreciate that in DFID and the military there is a powerful argument for trying to ensure that tours of duty are extended. Otherwise, people amass great expertise but then leave Afghanistan. The DFID staff I met in Kabul and Lashkar Gah were dedicated, talented and insightful, and clearly do a very good job in difficult conditions, but it is a problem, as it

is in the military, that as soon as a staff member has built up solid experience of life in the country, they move on.

The Government response to the Select Committee's report rightly underlines DFID's duty of care to its staff and the need to ensure that they do not suffer from working in such stressful situations. However, will the Minister give more thought to ensuring that talented, effective and experienced staff who want to stay on in Afghanistan are able to do so?

Bob Russell: Will the hon. Gentleman clarify whether the logical conclusion is that if the brigade commander's term of deployment is extended to nine months, a year, 15 months or whatever, that should follow through to his entire brigade? If not, how can we have a brigade commander not commanding his brigade?

Mr. Mitchell: The hon. Gentleman mentions one of a number of difficulties. The argument is not cut and dried, but I hope that he accepts that it is sub-optimal if senior commanders in the field leave after six or nine months.

By and large, the DFID staff I met in Afghanistan are young and often single, and it would be helpful if the Minister explained what he is doing to try to ensure that older married and more experienced staff, whose skills we need, are encouraged to deploy there.

The Government's response to the Select Committee's report sets out the detailed security procedures in place for DFID staff. That is obviously right, because safety is paramount, but those constraints often make it difficult for staff to do their job. For example, following one of our meetings, a senior British police adviser trained in the use of firearms had to wait for many hours for a car to be available to take him, with security, the five-minute drive from his meeting to the provincial reconstruction team. What steps is the Minister taking to achieve a balance between security concerns and letting people do their job, so that common sense and flexibility prevail within the absolute requirement to do everything we can to keep people safe?

Sixthly, the subject of helicopters has already been raised. The lack of helicopters in Afghanistan imposes clear a limit on the manoeuvrability of British troops and other staff. The Government have pledged to increase capacity in that area. Can the Minister update us on the Government's efforts to get more helicopters in-theatre? I do not want to rely on my own limited and dated military experience, but it seems that the whole British effort in Helmand and Afghanistan was woefully short of helicopter support.

Seventhly, the need for better aid co-ordination has been underlined. Many senior people from the international donor community whom I have met freely admit that the international aid effort is confused and poorly co-ordinated. Different donors do different things in their own areas, and often even do different things in the same Ministry. The Committee specifically mentioned that in the antecedence to recommendation 19. The whole job of getting a grip on that now falls to the new UN special representative. What recent discussions has the Minister had with him and what actions will he take to promote a joined-up international aid effort? The Paris donor conference signed-off additional funding. Will the Minister state clearly that that money will be well spent?

In my intervention on the right hon. Member for Gordon, I mentioned drugs. As many hon. Members have said and as is set out in recommendation No. 35, opium poppy production is causally linked to security. The Committee makes it clear that it believes greater efforts on the part of the president and donors are essential to ensure that involvement in opium poppy production is stamped out at every level of government. I hope that the Minister will state exactly what the Government's anti-narcotics strategy is. What are the aims and benchmarks for success and what does he expect to have achieved this time next year, or in five years' time?

My penultimate point is that the Committee makes important recommendations on justice. The Government response sets out the sensible steps they are taking to strengthen the justice sector in Afghanistan. In my meetings with the anti-narcotics police chief in Lashkar Gah, it was explained that the judicial capacity in Afghanistan is incredibly weak and that only a tiny number of prosecutions are brought every year. Will the Minister confirm that improving that situation will be a priority? Huge importance should be attached to enabling the Afghan state to prosecute those who currently enjoy impunity in Afghanistan. The system of justice needs to be developed and beefed-up, so that justice is seen to be done.

Sir Robert Smith: I intervene to reinforce the importance of trying to get some confidence in formal justice. There is a tendency to think that traditional justice will solve the problem and to fall back on that because of the failures of formal justice. However, there are concerns that traditional justice is in no way just.

Mr. Mitchell: The hon. Gentleman makes a good point.

I wish to underline what the Committee said about microfinance and its importance, but in the last couple of minutes, I shall deal with the point made by my hon. Friend the Member for Mid-Sussex (Mr. Soames) about the distance he believes has opened up between the Ministry of Defence and the Army on the one hand, and DIFD on the other.

That matter has sometimes been reported lucidly, and I specifically sought to address it during my recent visit to Afghanistan, as it is clearly enormously important. I have been advised that the development of the PRT structure, which is often criticised for being slightly colonial in nature, has brought together the military, the Foreign Office and DFID in a way that has transformed the situation my hon. Friend described as prevailing a year or so ago. I hope the Minister will comment on that.

My hon. Friend made two specific points and made a plea that the budget be handed over—indeed, my hon. Friend the Member for Bournemouth, East argued that the budgets should be brought together. The whole structure has changed and the budgets are now brought together in the stabilisation unit. Through the stabilisation unit and the PRT, the thinking and the strategy have been brought together and that process is now working in Helmand. It would be a tragedy if the changes made

[Mr. Andrew Mitchell]

in the past year or so were not accepted by the Committee and other hon. Members. The new structure must be given a chance to work to see if it can remedy the difficulties that my hon. Friend the Member for Mid-Sussex so accurately described. My contention to him is that the position is greatly improved, and I hope that the Minister will confirm that.

My final point is this. My hon. Friend mentioned that he had spoken privately to the generals and other senior officers, who confirmed what he has said. I have spoken publicly and privately to those responsible for the strategy of DFID and the military in the PRT in Helmand and they have told me that the situation has been transformed from what he described and that much progress has been made in the past year. If that is not the case, it is the duty of the people to whom he has been speaking to speak out publicly and say so, because we are working on the basis that the problem that he described is being tackled and that effective progress has been made on it over the past year.

I hope that in its next report the Committee will continue to investigate and develop some of the arguments put in the report we are considering. It is clear that, in relation to this live conflict situation, serious questions have been raised about DFID, particularly by Conservative Members. Individuals are doing a good job within the inevitable and clear constraints, but there might be ways in which the DFID effort can be reconfigured in Afghanistan, so that it can operate more effectively in those difficult circumstances. I submit to the Chairman of the Committee that directly addressing that subject would be a good topic for a future report by his Committee.

5.17 pm

The Parliamentary Under-Secretary of State for International Development (Mr. Shahid Malik): I thank the right hon. Member for Gordon (Malcolm Bruce) for introducing the debate and right hon. and hon. Members for their mainly thoughtful interventions. Many of their comments are based on informed study of Afghanistan and on first-hand experience. Simply to answer the questions posed by the hon. Member for Sutton Coldfield (Mr. Mitchell) would take more than the remaining time. Many of the questions were more of a Ministry of Defence nature, and I will try to ensure that the respective Ministers respond to those.

It is a pleasure to engage in this debate under your stewardship, Mr. Jones—you will be pleased to know that next year I will not be entering the parliamentary pool championship, which I have won for the past three years. I hope that that will give others a chance—including you, perhaps—to carry the trophy and receive the £1,500, which I give to good causes each year.

I thank the Select Committee for its timely report, which has provided some helpful comments on the UK's work in Afghanistan and made recommendations for DFID's programme. We have accepted almost all its recommendations and will carefully consider all its comments when we make decisions about our programme over the next few months.

The hon. Member for Berwickshire, Roxburgh and Selkirk (Mr. Moore) outlined the complexity of the context and the danger that exists in Afghanistan. Suicide bombings in Kabul have claimed 41 lives. There have been seven bombings in Karachi and one in Islamabad. That is why I believe that the comments of the hon. Member for Mid-Sussex (Mr. Soames) that DFID does not "do danger" not only devalue the work of DFID, but insult the staff. Those comments have no doubt also contributed to demoralisation. The people concerned are volunteers who do an incredibly difficult job under incredibly difficult circumstances, and they deserve respect from hon. Members in this Chamber and elsewhere in the House.

I am grateful that the International Development Committee began its report by emphasising the importance of the UK being in Afghanistan, in partnership with the Government and people of Afghanistan, to help to bring peace and security to Afghanistan and to promote political reform, reconstruction and development. I am also grateful that the IDC accepts that the commitment in respect of development assistance is likely to last for at least a generation.

As many hon. Members have suggested, we must recognise the scale of the challenge and admit that there is a very long way to go. Afghanistan is desperately poor—the fifth poorest country in the world. Life expectancy is 43 years; the figure for adult literacy is only 28 per cent., and one in five children do not live to see their fifth birthday. However, we must acknowledge that some progress has been made. Eighty-two per cent. of the population now have access to basic health care—nine times the 2002 figure. Last year, the legal economy grew by 13.5 per cent. When the Taliban fell in 2001, only 900,000 children were in school, all of them boys; now there are 6 million, one third of whom are girls.

Afghans, too, recognise that there has been progress. For example, the headmaster of a school in Lashkar Gah recently said:

> "Two years ago the school was to close because of the lack of security. People were shooting on the street, coming in with guns to steal food and books, kidnapping teachers and children. The Taliban would not let us teach anything and would close a class down. Now for the first time we are looking ahead. The help of the British is inestimable. We are given promises and they are fulfilled."

My right hon. Friend the Prime Minister told the House in December:

> "Britain will continue to fulfil our obligations to the Afghan people and the international community."—[*Official Report*, 12 December 2007; Vol. 469, c. 307.]

The UK is committed to Afghanistan for the long term.

The hon. Member for Berwickshire, Roxburgh and Selkirk asked about new money. I can tell him that, at the Paris conference on 12 June, more donors pledged more support to Afghanistan than ever before, with pledges totalling $21 billion. The UK pledged a further £613 million up to 2012-13, in addition to its 2006 London conference pledge of £500 million.

I will ensure that all suggestions made by hon. Members during the debate—there were some very interesting ones—are fed into the process. A consultation draft of the country assistance plan is published on the DFID website, and we welcome comments by hon. Members and their constituents by 31 July. Our aim is to consult as widely as possible. Ministers will take decisions in the autumn.

There were many questions about Helmand, although the debate was not specifically on Helmand; it was on Afghanistan across the board. Last week, my right hon. Friend the Secretary of State for International Development travelled to Helmand and saw at first hand the impact of military operations setting the conditions for stabilisation, reconstruction and development to begin. He talked of the need for

"a seamless match between the military effort and the civilian effort".

Well, we now have a joint civilian-military plan for Helmand—the Helmand road map—backed by the stabilisation aid fund, and a senior civil servant arrived last month as the new UK senior representative for Helmand. The provincial reconstruction team is co-located with the military headquarters of the taskforce in Helmand. Of course, success depends not only on an increasingly effective civil-military effect, but on the involvement of the Afghan Government and the Helmand governor. We always need to remember that our aim is to help the Afghans to secure and govern Helmand and the wider country themselves, not to do it for them.

I know that the hon. Member for Mid-Sussex did not mean to be unkind at the beginning of his contribution. I am sure that he will respect it when I say that I am very pleased that he bothered to speak and make a contribution today, rather than sniggering from the sidelines as we witnessed yesterday, but that is where my pleasure ends with his comments. I disagreed with much of what he said. He probably inadvertently used a phrase that I might have used for much of his contribution.

Joined-up civilian and military planning and implementation have enabled the UK to extend the reach of stabilisation activities beyond Lashkar Gah to Gereshk, Sangin, Musa Qala and, most recently, Garmsir. Last week, the Secretary of State visited Garmsir—a town taken back from Taliban insurgents in May. The market had reopened faster than many had expected, but the school was an empty shell and had not seen children or teachers in months. Only now is life reverting to normal. A doctor was trying to operate in a clinic stripped of all its equipment, and there are plans to refurbish the school. The challenge is, of course, huge.

Mr. Ellwood: Will the Minister give way?

Mr. Malik: I will not.

However, we are in the business of stabilisation. In the refurbished school in nearby Lashkar Gar, there are now 1,300 children, many of them girls. One of them, 11-year-old Ehsanullah, proudly declared, "I'm the first girl in my family to go to school. Now I'll get a job instead of staying at home. I want to be a teacher or doctor, things I never thought possible." The challenge is great, but we are making progress.

Mr. Ellwood: Will the Minister give way?

Mr. Malik: The hon. Member for West Aberdeenshire and Kincardine (Sir Robert Smith) asked about the school in Sangin. I do not have a detailed answer to hand, but I will include in my follow-up letter a response to him.

Many commentators focus only on Helmand, but the IDC report went across Afghanistan. Our aid programme supports the Afghan Government's own objectives, helping them to build effective state institutions, improving economic management, aid effectiveness and the livelihoods of rural people. There is little point in winning the battle for Helmand today if we are not building the Afghan state for tomorrow.

Mr. Ellwood: Will the Minister give way?

Mr. Malik: I am afraid that in the spirit of consultation, I will not be giving way; I will continue through to the end.

What evidence is there of DFID impact in Afghanistan?

Mr. Ellwood: On a point of order, Mr. Jones. Could you guide us? Many of us have worked very hard to understand what is going on and want to hold the Government to account. That applies not least, I am sure, to the Chairman of the Select Committee, who has put this important paper together. The Minister is denying us the opportunity to cross-examine him or even pose questions. He is hiding behind a prepared speech, which is not helpful after what has been a fantastic debate.

Mr. Martyn Jones (in the Chair): That is not a point of order: it is up to the Minister whether he gives way.

Mr. Malik: Of course I reject that nonsense.

What evidence is there of DFID impact in Afghanistan? DFID funding contributes to the salaries of more than 100,000 teachers and health workers across Afghanistan, helping to improve access to education and health care for the whole population—a point emphasised by my hon. Friend the Member for City of Durham (Dr. Blackman-Woods). In that respect, DFID's funding is more flexible than that of most donors—the Afghans build the schools and we pay for the teachers. DFID has helped the Afghan Government to increase their tax revenues by $100 million each year since 2001, helping to reduce Afghanistan's dependence on overseas aid over the long term. In that way, the Afghans can pay for their own security forces—something that many donors will not do.

DFID is providing £50 million to the national solidarity programme, which has established more than 20,000 elected community development councils across Afghanistan, with more than 36,000 local development projects under way or completed. That issue was raised by the hon. Members for West Aberdeenshire and Kincardine and for Bournemouth, East (Mr. Ellwood).

With regard to Pakistan and the federally administered tribal areas, we are encouraging Pakistan and Afghanistan to intensify their dialogue and to agree further measures to combat the Taliban and other insurgent groups that oppose Afghanistan's peaceful reconstruction. The UK is helping the Afghan Government to organise the next good neighbourly relations declaration meeting with Pakistan, which is due to take place in the autumn.

We agree with the IDC on the need for improved donor co-ordination and aid effectiveness. The best way to achieve the Afghanistan national development strategy is by supporting Afghans to help themselves. That is why the UK channels 80 per cent. of its assistance through the Government of Afghanistan and why 90 per cent. of UK aid to Afghanistan is spent in Afghanistan.

[Mr. Malik]

That helps the local economy, and it helps sustainability, the growth of jobs and the improvement of skills in Afghanistan.

I was asked about the USA. It has indicated that it will put more of its aid programme on-budget, including directly to two Afghan Ministries. I can provide further details in a written answer if the House wishes.

The IDC rightly highlighted the importance of sub-national governance, and it welcomed DFID's support for the independent directorate of local governance—or IDLG. The IDC praised the role of community development councils, created under the national solidarity programme, as a vehicle for empowering communities and involving women in decision making.

DFID is providing £1.3 million for the IDLG this year and supporting municipal and community governance in Helmand, using CDCs. My hon. Friend the Member for Birmingham, Northfield (Richard Burden) asked what we are doing to support local government. I hope that, at least in part, my response answers his question.

On counter-narcotics, my right hon. Friend the Member for Leeds, West (John Battle) asked what is meant by holistic and how the strategy works. It includes extending microfinance to rural areas, so that farmers can buy seeds. It is about restoring and improving irrigation and drainage systems, so that farmers get increased crop yields, and improving roads, so that farmers can get their crops to market. I would be happy for DFID and the Afghan drugs interdepartmental unit to write to my right hon. Friend in more detail than I have time for now.

Corruption was one of the key themes raised by the right hon. Member for Gordon, the Chairman of the Select Committee. I agree with him and with the hon. Member for Sutton Coldfield that corruption is a major concern in Afghanistan. Surveys suggest that Afghans perceive corruption as being widespread, particularly in the justice, police and security sectors. We are deeply concerned about narcotics-related corruption, and we are helping the Afghan Government to address the problem through building their rule-of-law and justice sectors.

The Committee impressed on President Karzai the importance of dealing with the problem, but it does not mean that aid cannot be spent effectively and accountably through government systems. We are confident that UK funds are not being misused. Most of our assistance goes through the Afghanistan Reconstruction Trust Fund, which is managed by the World Bank and audited by PricewaterhouseCoopers. The fund reimburses the Afghan Government upon proof of legitimate expenditure. I hope that I have clarified matters for the hon. Member for Sutton Coldfield.

I am glad to hear hon. Members pressing Her Majesty's Government to take greater action. The wider international community is pressing President Karzai and the Afghan Government to do just that—a point that the Secretary of State reinforced during his meeting with the President just under a week ago.

The issue of women was one of the central themes raised by the right hon. Member for Gordon. The IDC recommended that the Afghan Government and donors should prioritise women's rights. We agree with the Committee that further analysis should be carried out, and we will address women's rights in our new country assistance plan. The right hon. Gentleman was right to say that it is a great disappointment that the number of women in government and in Parliament is decreasing. That is not helpful.

Women are not there to represent women, although it is true to say that they understand women better than men. The truth is that we want a Parliament that reflects society, which means that it should be composed half of men and half of women, and we would want that also at governmental level. We will continue to consider the matter. However, we should recognise the scale of the challenge. Gender inequality is deeply imbedded. It is a long-term problem that requires a strategic Afghan-led approach.

DFID works towards gender equality in three ways—through policy engagement with the Afghan Government, through support for national programmes and services that benefit women and through bilateral programmes. For example, DFID has funded the NGO Womankind with just under £500,000 over four years, to ensure that gender equality in schools and in the political sphere is taken seriously.

One of the main themes of the report was security and policing. The right hon. Member for Gordon pointed out that the EU is leading in the building up of an effective and legitimate Afghan national police force. Of the 68 UK personnel working in Afghanistan, the UK has seconded 11 to the EUPOL mission, including the deputy head of mission for operations. The UK plans to increase that to about 20. The Afghan Ministry of the Interior estimates that there are 160 female police officers, as against 73,000 male officers.

The sitting having continued for three hours, it was adjourned without Question put.

Adjourned at twenty-five minutes to Six o'clock.